GoldSquawk

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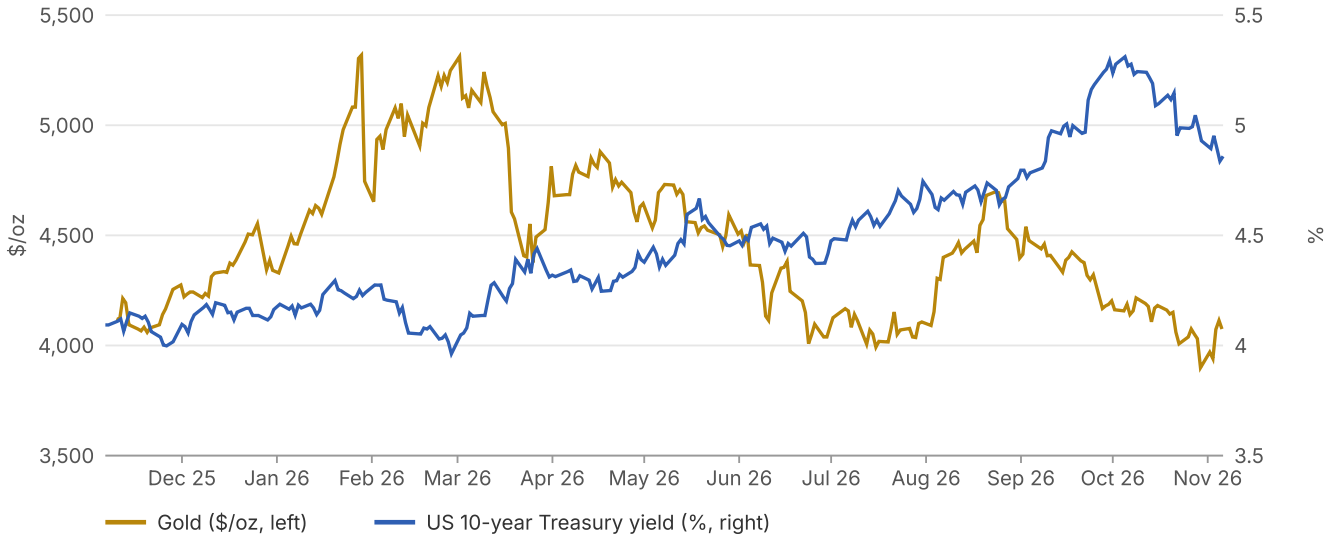
Strong U.S. data revives gold's dollar-and-yields headwind

GoldSquawk Research

Key takeaways

- The October payrolls report revived the higher-for-longer channel: nonfarm payrolls rose by 165,000, unemployment held at 4.1%, earnings rose 0.4% m/m and 3.1% y/y, and prior months were revised up by 84,000, all against a Fed that had just delivered a hawkish hold with two dissents for a 25 bp hike[1,2].
- Gold's immediate reaction matched the classic macro template. Bloomberg reported bullion fell as much as 1.5% toward $4,020/oz after payrolls, while the dollar rebounded and Treasury yields had already been climbing back into the release[3,4,5].
- The broader U.S. backdrop supports renewed gold sensitivity to rates and the dollar: Q3 real GDP grew 3.4% saar, ISM manufacturing printed 55.5, ISM services 54.5, and inflation remained elevated with core PCE at 3.1% y/y and CPI at 3.7% y/y[6,7,8,9,10].
- Real yields remain a key part of the story. The 10-year TIPS real yield was around 2.6% in the days before payrolls, implying gold was already facing a meaningful opportunity-cost headwind even before the jobs surprise[11].
- This is not a pure macro-bearish regime. Central banks bought a net 321 tonnes in Q3, taking year-to-date purchases to 675 tonnes, while LBMA says geopolitical disruption remains unusually important for gold relative to prior years[12,13].

Figure 1: Gold weakens as yields reassert pressure

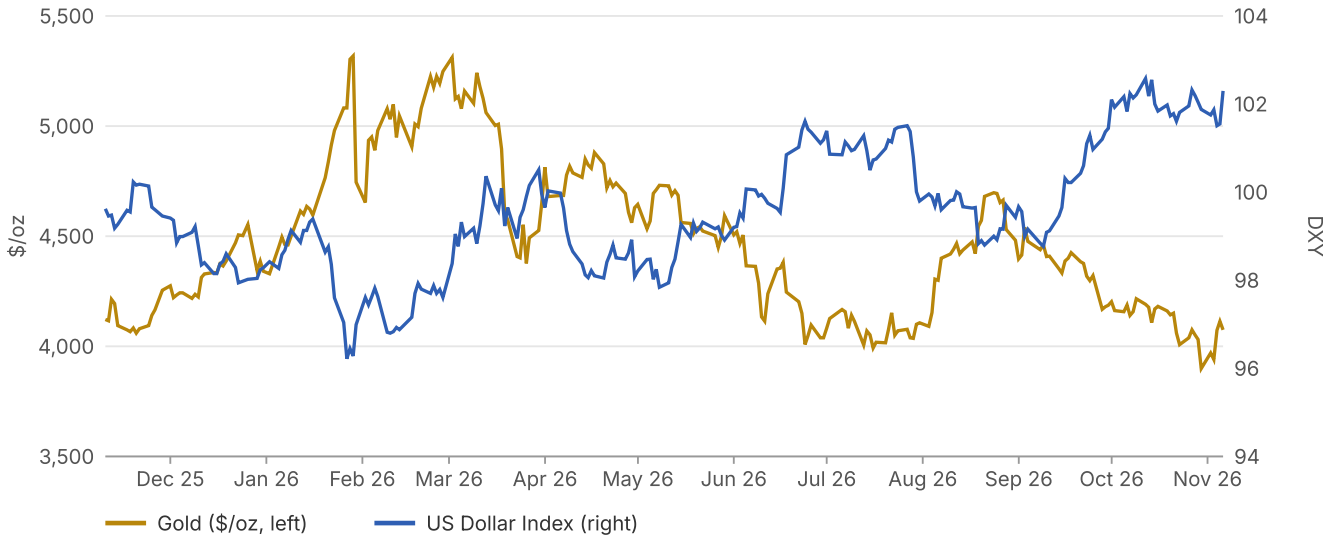


Source: COMEX gold futures and CBOE 10-year yield index via Yahoo Finance, as of 06 November 2026.

Payrolls and Fed pricing put macro back in charge

- The immediate trigger was the November 6 employment report: October nonfarm payrolls rose by 165,000, unemployment was 4.1%, average hourly earnings increased 0.4% m/m and 3.1% y/y, and August-September payrolls were revised up by a combined 84,000. Payroll growth also ran well above the prior 12-month average gain of 48,000[1].
- That report hit a market already primed for hawkish interpretation. On October 28 the FOMC held rates at 3.75%-4.00%, described the economy as expanding at a "strong pace" and inflation as still "elevated", while Lisa Cook and Beth Hammack dissented in favour of an immediate 25 bp hike; the prior meeting on September 16 had already delivered a 25 bp increase to 3.75%-4.00%[2,14].
- Market pricing had already leaned hawkish. CME commentary on November 4 put FedWatch-implied odds of a 25 bp December hike at 84.9%, up from 67.3% a month earlier, while Atlanta Fed data showed an 82.35% market probability of a hike by 2026-12-16 as of November 6[15].
- Bloomberg reported gold fell as much as 1.5% toward $4,020/oz after the stronger jobs print, while the dollar rebounded and the 10-year Treasury yield had already climbed from 4.65% on October 22 to 4.82% on October 28, reinforcing the standard stronger-data-to-weaker-gold transmission channel[3,4,5].

Figure 2: Dollar strength remains a live headwind for gold



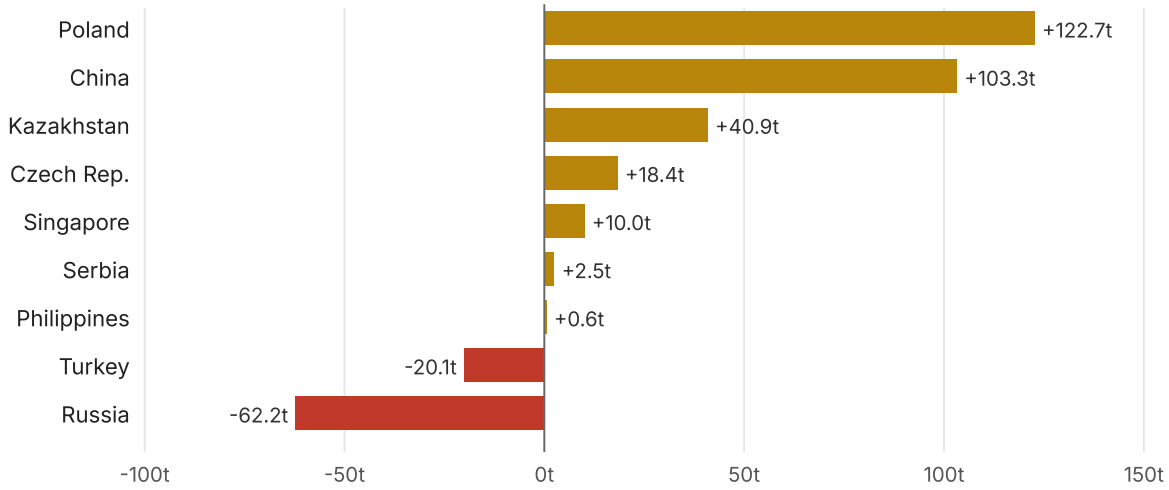
Source: COMEX gold futures and ICE US Dollar Index via Yahoo Finance; GoldSquawk calculations, as of 06 November 2026.

Why the U.S. backdrop supports renewed gold sensitivity

- The growth backdrop does not argue for imminent easing. BEA's advance estimate showed Q3 2026 real GDP growth at 3.4% saar versus 2.2% in Q2, led by investment, consumer spending and government spending, while Atlanta Fed GDPNow showed Q4 growth tracking at 3.7% on November 2 and 3.4% on November 4[6,16].
- Activity surveys also point to resilience. ISM manufacturing was 55.5 in October, with new orders, production, employment, exports and imports all growing, while ISM services was 54.5, its 28th straight month of expansion, with new orders at 55.9, business activity at 53.8 and employment at 51.4[7,8].
- Inflation remains high enough for strong activity to matter negatively for gold through policy expectations. September PCE rose 0.5% m/m, the PCE price index rose 0.5% m/m and 3.6% y/y, core PCE rose 0.3% m/m and 3.1% y/y, and September CPI printed 0.6% m/m and 3.7% y/y[9,10].

- Real yields reinforce the headwind. The 10-year TIPS real yield was 2.60% on November 5 after 2.64% on November 4, 2.65% on November 3 and 2.62% on November 2, with a weekly average of 2.63% for the week ending November 6; separately, the broad dollar had been firming into November, with the real broad dollar index up 1.3% y/y in October[11,17].

Figure 3: Official-sector demand remains a structural offset



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 08 November 2026.

What could limit the macro headwind

- The main counterweight is official-sector demand. Bloomberg, citing the World Gold Council, said central banks bought a net 321 tonnes in Q3 2026, taking year-to-date purchases to 675 tonnes, slightly ahead of the same period a year earlier[12].
- LBMA said central-bank buying continued to underpin the market, while de-dollarisation themes remained prominent and geopolitical disruption stayed unusually important relative to prior years even as U.S. data and Fed expectations remained a core driver[13].
- That matters because gold's recent price action shows macro leadership can rotate quickly. Bloomberg noted gold had rallied before payrolls as yields and the dollar fell after the U.S. congressional election results, and CME said gold futures had jumped 3% to $4,059 on November 4 as Treasury yields slid and the dollar retreated[18,15].
- Physical demand conditions are more mixed. Bloomberg/WGC reporting noted higher local prices and taxes were biting in some channels, including a rise in Indian smuggling in Q3 after a duty increase, suggesting dollar strength can still curb marginal demand outside the U.S. even if structural official buying stays firm[19].

Scenarios

- **Pressure case:** If October CPI on November 10 is firm, especially in core components, markets may reinforce December hike pricing and keep nominal and real yields elevated alongside a firmer dollar. That would maintain pressure on gold through opportunity-cost and FX channels[20,2,11].
- **Relief case:** If CPI surprises softer, markets may look through payroll strength and unwind part of the hawkish repricing. Given gold's recent rebound when yields and the dollar softened, that would support a recovery in macro sentiment toward bullion[20,15,18].
- **Offset case:** If geopolitical risk intensifies or central-bank and physical demand absorb macro-driven selling, gold may prove less sensitive to higher U.S. yields than the payrolls reaction alone suggests. LBMA and WGC evidence supports these as meaningful offsets[13,12].

Levels to watch

- Last close: $4,074.9/oz
- 50-day moving average: $4,230.4/oz
- 200-day moving average: $4,501.5/oz
- 52-week low: $3,898.9/oz
- 52-week high: $5,318.4/oz

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Glossary

Hawkish hold: A policy decision to leave rates unchanged while signalling concern about inflation or openness to further tightening.

Real yield: A bond yield adjusted for inflation expectations; for gold, higher real yields often increase the opportunity cost of holding a non-yielding asset.

TIPS: Treasury Inflation-Protected Securities, U.S. government bonds indexed to inflation and commonly used to gauge real yields.

FedWatch-implied probability: A market-based estimate, derived from interest-rate futures, of the likelihood of a Federal Reserve rate move.

PCE: Personal Consumption Expenditures, a U.S. inflation measure closely watched by the Federal Reserve.

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