GoldSquawk

SPECIAL REPORT · NOVEMBER 2026

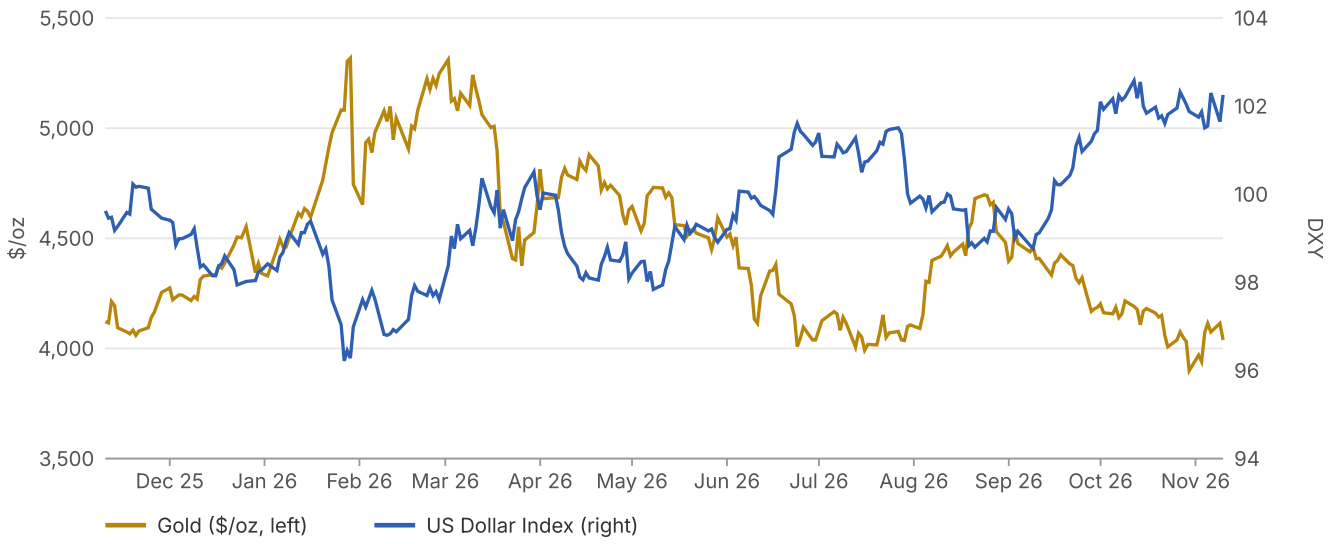
CPI shock resets gold's sensitivity back to the Fed

GoldSquawk Research

Key takeaways

- October CPI surprised on the upside, with headline CPI up 0.4% m/m versus a 0.3% expectation and core CPI up 0.3% m/m for a third straight month, reinforcing the view that inflation remains sticky rather than narrowly energy-led[1,2].
- Gold fell more than 2% / nearly 3% on 10 November as the CPI beat lifted the dollar and Treasury yields; Reuters-linked coverage cited spot/nearby pricing around US$4,051-US$4,060/oz after the print[2,3].
- The key transmission was Fed repricing: the 2-year Treasury yield rose about 19 bps to 4.74%, the 10-year yield returned to 5.01%, and markets reopened discussion of a 50 bp December move after the data[4,5,6].
- The December 8-9 FOMC meeting now matters more because the next CPI release is due on 10 December, after the Fed decision, leaving policymakers to decide without another CPI print[7,8].
- Structural demand remains a counterweight rather than a day-to-day driver: Q3 total gold demand was 1,369t, central-bank buying reached 321t, and ETF support remained strong in Q3 even if macro liquidation dominated the CPI session[9,10,11].

Figure 1: Gold fell as the dollar strengthened after CPI



Source: COMEX gold futures and ICE US Dollar Index via Yahoo Finance; GoldSquawk calculations, as of 10 November 2026.

The inflation surprise shifted the market's focus

- The October CPI report showed CPI-U rising 0.4% m/m after 0.6% in September, while core CPI rose 0.3% m/m for a third consecutive month. Economists had expected 0.3% for headline CPI, making the release an upside surprise[1,2].

- The composition matters for gold because the report looked broad enough to harden Fed concerns. Shelter rose 0.3% and accounted for over 30% of the monthly increase, food rose 0.5%, while core categories including recreation, motor vehicle insurance, medical care and education also increased[1].
- Gold's reaction was immediate: Reuters-linked coverage said bullion fell more than 2% / nearly 3% on the day as the CPI beat lifted the dollar and yields[2]. Gold's inverse relationship with the dollar remains relevant, with a three-month correlation of -0.46 and DXY at 102.26 on 10 November[12].
- A further tactical wrinkle is that the BLS did not collect October 2025 CPI survey data because of a lapse in appropriations, leaving most October 2026 year-on-year comparisons unavailable. That pushes traders towards month-on-month and short-run inflation signals, which can sharpen repricing in rates, FX and gold[1].

Figure 2: Higher yields tightened the macro backdrop for bullion



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

December Fed repricing is the main bearish mechanism

- The market impact ran through rates. Reuters said the 2-year Treasury yield rose about 19 bps to 4.74%, while AP reported the 10-year yield jumped to 5.01% from 4.88%, taking it back above the 5% threshold[4,5].
- Fed communication amplified the CPI shock. Reuters reported Governor Waller would support at least a 25 bp hike in December even if inflation cooled, and that 50 bp should be considered if the inflation picture worsens; Reuters also said the CPI reading met the bar for markets to discuss a quicker pace[13,6].
- Dallas Fed President Logan argued inflation pressures are broader than energy and tariffs alone, noting non-housing, non-transportation core services rose 3.2% over the 12 months to September, 0.8 percentage point above the pace historically consistent with the Fed's target[14].
- The practical implication for gold is that the market has shifted from asking whether December brings another hike to whether 25 bp is enough. The next FOMC meeting is on 8-9 December, but the next CPI release is not until 10 December, so today's inflation shock may carry unusual weight in the run-up to the decision[7,8,6].

Figure 3: Speculative length had already been falling before the CPI shock



Source: CFTC Commitments of Traders (futures only), as of 03 November 2026.

Macro liquidation is hitting a market with some structural support

- Positioning was already becoming less supportive before the CPI release. COMEX gold speculative net length fell to 179.5K contracts in the week to 3 November, down 6.9K on the week and marking eight consecutive weekly declines; that leaves positioning at 26% of its one-year range[15].
- ETF flow data also suggest near-term investor conviction was mixed rather than uniformly strong. GLD saw a 0.3t outflow in the latest week and 11.8t of outflows over four weeks, even though flows over 26 weeks remained positive at 7.4t[16].
- That said, the broader structural backdrop is still firmer than a single CPI session implies. World Gold Council data showed Q3 total gold demand at 1,369t, down 1% y/y, while the value of demand rose 22% y/y to US$188bn as the average gold price reached US$4,262/oz[9].
- Official-sector buying remains an offsetting support. WGC said central-bank demand reached 321t in Q3, and GoldSquawk's tracker shows 7 of 15 central banks added gold in their latest reported month, with Poland the top buyer this year at +122.7t and China up 103.3t year to date[10,17,18].

Scenarios

- **Fed-dominant case:** If traders continue to treat inflation as broad and persistent, December pricing is likely to stay centred on further tightening risk, keeping pressure on gold through higher front-end yields and a firmer dollar[1,6,4,19].
- **Supportive stabilisation case:** If the post-CPI rates and dollar surge fades, structural support from central-bank demand and broader investment demand could help gold stabilise after the macro washout[10,9,11].
- **Geopolitics-through-inflation case:** If energy or conflict developments intensify inflation concerns rather than trigger classic safe-haven buying, geopolitical stress may remain bearish for gold in the short run by reinforcing the hawkish Fed channel[14,20].

Levels to watch

- COMEX front-month gold close: US$4,039.0/oz
- 50-day moving average: US$4,213.3/oz

- 200-day moving average: US$4,492.0/oz
- 52-week low: US$3,898.9/oz
- 52-week high: US$5,318.4/oz

References

1. Consumer Price Index Summary - 2026 M10 Results. https://www.bls.gov/news.release/cpi.nr0.htm?_hsmi=376865416
2. Gold falls more than 2% as CPI tops forecasts, lifting dollar and yields | MarketScreener. https://www.marketscreener.com/news/gold-drops-1-on-hawkish-fed-comments-ahead-of-us-inflation-data-ce785edada8ff02c
3. Gold Falls Over 2% to $4,051 as Hot CPI Lifts US Dollar, Yields | Investing.com. https://www.investing.com/analysis/gold-falls-over-2-to-4051-as-hot-cpi-lifts-us-dollar-yields-200691314
4. US yields rise, stocks fall as inflation data boosts odds of larger December rate hike | MarketScreener. https://www.marketscreener.com/news/world-stocks-bounce-as-oil-slides-heading-into-us-cpi-print-ce785edadd8af024
5. US stocks fall after a discouraging update on inflation. https://apnews.com/article/ffe205fbc4fddf65c3e8e64e740355b7
6. Investors boost odds of half-point Fed hike as core CPI rise meets Waller's bar By Reuters. https://www.investing.com/news/economy-news/investors-boost-odds-of-halfpoint-fed-hike-as-core-cpi-rise-meets-wallers-bar-5016055
7. Federal Reserve Board - Calendar: December 2026. https://www.federalreserve.gov/newsevents/2026-december.htm
8. Consumer Price Index News Release - 2026 M10 Results. https://www.bls.gov/news.release/archives/cpi_11102026.htm
9. Gold Demand Trends: Q3 2026 | World Gold Council. https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2026
10. Central Banks | World Gold Council. https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2026/central-banks
11. Investment | World Gold Council. https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2026/investment
12. GoldSquawk data: Intermarket correlations. https://goldsquawk.com/data#correlations
13. Fed's Waller plans to support at least a quarter-point rate hike in December | MarketScreener. https://www.marketscreener.com/news/fed-s-waller-plans-to-support-at-least-a-quarter-point-rate-hike-in-december-ce785edadb8ef322
14. Economic and monetary policy outlook - Dallasfed.org. https://www.dallasfed.org/news/speeches/logan/2026/lkl261110
15. CFTC Commitments of Traders, via GoldSquawk data: Speculative positioning. https://goldsquawk.com/data#positioning
16. SPDR Gold Shares, via GoldSquawk data: Gold ETF flows. https://goldsquawk.com/data#etf-flows
17. IMF International Reserves, via GoldSquawk data: Central bank tracker. https://goldsquawk.com/data#cb-tracker
18. IMF International Reserves, via GoldSquawk data: China and India central banks. https://goldsquawk.com/data#china-india
19. Dollar strengthens after US inflation data boosts Fed rate-hike expectations | MarketScreener. https://www.marketscreener.com/news/dollar-steadies-as-waller-argues-for-more-rate-hikes-inflation-up-next-ce785edada8af42d
20. Inflation, housing, jobs and corporate earnings will dominate the business calendar this week. https://apnews.com/article/40dba34b39bf5bc08c71547e538e3355

Glossary

Core CPI: Consumer price inflation excluding food and energy, often watched as a guide to underlying price pressures [2].

Fed repricing: A market shift in expectations for the path or pace of Federal Reserve interest-rate changes [4][16].

Front-end yields: Yields on shorter-dated government bonds, such as the 2-year Treasury, which are especially sensitive to expected central-bank policy [8].

Non-commercial net long: CFTC positioning data showing the balance of speculative long versus short futures positions held by non-commercial traders [26].

This report is for information only and is not investment advice or a recommendation to buy or sell any asset. It was researched and written with the help of AI from the sources cited and reviewed before publication. Prices and data can change quickly; past performance is not a guide to future results.