# GOLD READ-THROUGH | EARLY AUGUST 2026

*The Bear That Broke on a Jobs Print | Oil Now Cuts Both Ways | The Physical Bid Never Left | Inside the China Bid | Micro & Macro Outlook*

*Single-Asset Briefing • Data as of Friday close, August 7, 2026 • Prepared August 9, 2026 • For Internal Discussion*

## Bottom Line

Gold's clean move is a **regime flip, not a headline pop**. The metal completed a textbook bear market in H1 — **−28%** from the January 29 record (**$5,586**, +95.6% y/y at the peak) to a base at **$3,900–4,000**, including the worst quarter since Q2 2013 (−16% in Q2) — and last week reversed with force: **+7.5%, the best week in seven months**, closing Friday at $4,315 spot ($4,348 futures) after tagging $4,411 intraday — the first trade above $4,300 since June 17. The driver is one mechanism. Since February, gold has traded not as a war hedge but as the **anti-hike asset**: the Hormuz oil shock fed CPI, CPI fed the Warsh Fed's September hike odds, and hike odds fed the real-rate and dollar pressure that crushed paper gold while silver traded as pure NASDAQ beta. The **July payrolls print (−23K, the first outright job loss of the cycle)** broke the chain — September hike odds collapsed from ~58% to ~42–46%, yields and the dollar fell together, and the configuration left behind (contracting employment, 3.5% inflation, ~$80 oil, 30Y above 5.1%) is **stagflation-lite: the most reliable gold regime there is**. Beneath the paper bear, the physical bid never left — record Q2 central-bank buying (289t, +62% y/y) straight into the decline, OTC demand +91%, ETF flows already flipped positive in July. Miners confirmed the turn with a +21% week.

## Cross-Asset Snapshot

| Asset | Level | YTD / Note | Signal |
|---|---|---|---|
| **Gold (spot)** | $4,315 | +7.5% wk (best in 7 mo); ≈flat YTD; +27% y/y | Reversal |
| **Gold (futures)** | $4,348 | Friday close; $4,411 intraday high — 7-week high | Momentum |
| **Record / trough** | $5,586 / ~$4,000 | Jan 29 peak; June–July base; −28% bear completed | Base built |
| **Silver** | $64.10 | +4.2% Fri, ~+10% wk (implied); G/S ratio 69 → 67 | Beta returning |
| **GDX / GDXJ** | $89.73 / $116.78 | +21.1% / +22.4% on the week — breakout | Leverage confirm |
| **UST 2Y / 10Y / 30Y** | 4.19 / 4.65 / 5.19 | 10Y −4 bp Fri; 30Y off 5.28 cycle high (first >5.2% since 2007) | Fiscal premium |
| **Sept hike odds** | ~42–46% | From ~58% pre-payrolls; 64% at Jun 30 | Chain broken |
| **US dollar (DXY)** | 2-week low | Rolled over after a two-month rally | Tailwind |
| **WTI / Brent** | $78.84 / $83.48 | Hormuz partial-reopening talks; transit-fee dispute | Two-way risk |
| **July payrolls** | −23K | vs +80K exp.; 12-mo avg ~34K/mo; U-3 4.1% on 61.4% participation | Labor cracking |
| **CPI (June)** | 3.5% / 2.6% core | May was 4.2% on energy; July print lands Aug 12 | Sticky, not anchored |
| **Shanghai Comp.** | 3,940 | +2.8% wk, three-week high, +8.4% y/y — strength, not crash | Competing bid |

*Sources: Yahoo Finance, CME FedWatch (as cited), World Gold Council (incl. China market updates), USAGOLD, Benzinga, MINING.com, U.S. Treasury/Forbes, State Street, BullionStar, Trading Economics. All data August 7–9, 2026.*

## 1. Anatomy of the Move — A Completed Bear, a Violent Turn

The decline was orderly and technical; the turn was violent and fundamental. From the January 29 record, gold gave back 28% over six months — through the April $4,553 print flagged in our late-April outlook, below $4,000 on June 24 (first break since November), to a Q2 close of $4,027 (−16%, the worst quarter since Q2 2013) and a late-July low near $4,020 with RSI at 37, the weakest since late 2023. The base formed exactly at the 0.5 retracement ($3,900–4,000). Then five sessions undid six weeks: +7.5% on the week, the 50-DMA ($4,260) reclaimed in a single day, and a close pressing into the $4,300–4,400 resistance band (0.382 retracement plus the four-touch downtrend line). Notably, the test Meldrum wanted at 3,800–3,900 never came — the market bottomed above it, which is what a supported market does.

| Zone | Level | Note |
|---|---|---|
| **Resistance** | $4,300–4,400 | 0.382 retracement + downtrend line — being tested now |
| | $4,430 | Monthly R1 — first objective above |
| | $4,553 | 200-DMA — the structural test (also the April 29 spot print) |
| **Support** | $4,260 | 50-DMA, reclaimed Aug 6–7 — bulls' line in the sand |
| | $4,000 | Psychological + June–July base; held three tests |
| | $3,866 | Monthly S1 — a close below reopens the bear |
| | $3,552 | 0.618 golden pocket — bear-resumption target |
| **Momentum** | RSI 37 → 46 | From the weakest since late 2023 to neutral — room above |

## 2. The Mechanism — Why Gold Fell for Five Months, Then Turned in a Week

The question 'what influences gold' has a different answer in different regimes, and 2026 is the cleanest illustration in years. **Oil affects gold — but the sign depends on the Fed. US rates affect gold — but through the real-rate channel, not the nominal level.** For five months every transmission channel pointed the same way: down. Since August 7, every one of them has flipped:

| Channel | H1 2026 (the bear) | Now (post-payrolls) |
|---|---|---|
| **Oil / Hormuz** | Higher oil → hotter CPI (May: 4.2%) → higher hike odds → gold **down**. De-escalation → war-premium unwind → also gold **down**. Gold lost both ways. | Labor is cracking, so expensive oil now reads **stagflation** → gold **up**; a Hormuz deal removes hike fuel → also gold **up**. The asymmetry has inverted. |
| **Fed / nominal rates** | Warsh installed in May; hawkish framework review; July FOMC held with **three dissents for a hike**; BofA base case was three 2026 hikes. | Payrolls −23K removed the hike case: Sept odds ~58% → 42–46% in one print. The 2Y (4.19%) is starting to price the path out. |
| **Real rates (the true driver)** | Nominal yields up + inflation decelerating (June core 2.56%) = **rising real yields** — gold's single worst input. | Nominal yields falling + inflation sticky (July oil +23.5% feeds the Aug 12 print) = **compressing real yields** — gold's single best input. |
| **US dollar** | Two-month DXY rally on hike differentials compounded the de-rating for non-USD buyers. | Two-week low as differential pricing unwinds — yields and dollar falling **together** is the classic gold fuel mix. |
| **Fiscal / term premium** | 30Y through 5.2% (first since 2007) competed with gold for the hedge bid at the long end. | Interest expense $1.2T ('25) → $1.4T ('26E) → $1.9–2.1T ('28E); debt 100% → 121% of GDP by FY36. Fiscal dominance is the **structural debasement bid** gold shares with nothing else. |
| **Positioning / flows** | $6.4B ETF purge (May–June); 90-day flows from +$30B (Feb) to negative; momentum unwind dragged gold and silver down with the NASDAQ factor. | July ETF flows already +$44M; late-July options skew showed downside hedging fading. The float was sold out — which is why the snapback ran so hard. |

> *“There might be some that look at this morning's data and say, 'Oh, mission accomplished, everything is swell.' That is not my view.” — Fed Chair Kevin Warsh, on the June CPI slowdown. The labor market has now taken the decision out of his hands: unemployment fell to 4.1% only because participation sank to 61.4%, a five-year low.*

## 3. The Micro — The Physical Market Never Confirmed the Paper Bear

The World Gold Council's Q2 report (published July 30) is the single most important piece of evidence for the outlook: a −16% price quarter in which **total demand was flat** and the official sector bought at a **record second-quarter pace**. The bear market happened almost entirely in paper.

| Segment | Q2 2026 | Read |
|---|---|---|
| **Central banks** | 289t, +62% y/y | Record for a Q2 — bought the entire decline. Poland 51t, China 33t, Uzbekistan 16t, Kazakhstan 15t. A record 89% of surveyed central banks expect global gold reserves to rise. |
| **OTC investment** | 327t, +91% y/y | The 'invisible' Asian / HNW bid — the quarter's largest swing factor, and it accelerated into weakness. |
| **Bar & coin** | 307t, flat | Retail held through a −16% quarter — no capitulation in physical. |
| **Jewellery** | 278t, −17% y/y | Lowest volume since the pandemic — genuine price destruction of consumer demand at a $4,506 average price. The one true casualty. |
| **Gold ETFs** | −45t in Q2 | US funds saw $5.3B monthly redemptions at the trough — then **July flipped to +$44M inflows**. The entire bear was this line. |
| **Recycling** | 326t, −6% y/y | Holders refused to sell weakness at record-adjacent prices — hoarding behavior, not supply response. |
| **Mine supply** | 966t, +2% y/y | Inelastic as ever; no supply answer to a demand regime. |
| **Total demand** | 1,269t, flat y/y | Q2 average price $4,506 — +37% y/y even in a bear quarter. |

**Read:** a −28% drawdown against flat total demand, record official buying, +91% OTC and shrinking recycled supply is not a repricing of gold's value — it is a **positioning unwind against a structural bid**. When the paper selling exhausted (skew richening, ETF flows flipping), the float available to chase was gone. That is why the reversal ran +7.5% in five sessions.

## 4. Miners & Silver — The Leverage Chain Confirms

**Miners led the metal — the classic early-cycle tell.** GDX +21.1% on the week to $89.73, GDXJ +22.4% to $116.78; Agnico +22.9%, Newmont +20.6%, Barrick +19.2%; the TSX Venture added 8%. July was the mirror image (Agnico −6.2%, Alamos −8.2%, Equinox −8.2%, Coeur −9.9%, First Majestic −11.8%) — operating leverage cuts both ways, and it just cut upward: revenue reprices with bullion while costs lag, so a spot move flows disproportionately into earnings expectations.

Three micro observations frame the outlook. **First, valuation:** quality producers entered the week at 6–8x earnings — Meldrum's put-selling zone was conditioned on a 3,800–3,900 test that never arrived; the market bottomed at 4,000 and took the entry away, which is itself information. **Second, the street is still on Hold** across the complex even after the breakout — a rally the sell side doesn't believe is the kind with fuel left. **Third, the earnings calendar:** SSR Mining, Coeur, Hecla, IAMGOLD and First Majestic report this week against a $4,506 Q2 average realized price — margin prints should be records; watch AISC creep versus realized-price expansion, and capital-return announcements as the tell on discipline.

**Silver** closed $64.10 (+4.2% Friday, ~+10% on the week implied by the gold/silver ratio compressing 69 → 67, a six-week high). Silver traded all year as pure NASDAQ beta — Meldrum's frame, and the reason it fell −21% YTD at the July trough. QQQ just posted its best week since early May (+4.8%): for the first time since January, silver's two bids — risk beta and monetary hedge — point the same way. The ratio at 67 still sits well above its long-run mean; if the regime read is right, silver outperforms gold from here.

## 5. The China Bid — Right Thesis, Wrong Leg

The popular frame — 'Chinese money is fleeing a crashing stock market and collapsed property into gold' — is **half right, and the half that's right is structural, not cyclical**. **The wrong leg is equities.** The Shanghai Composite sits at 3,940 (Aug 7), +2.8% on the week, a three-week high, +8.4% y/y — strength, not crash. And the flow data runs *against* the rotation story: June's record Chinese gold-ETF outflow (−RMB15bn / −$2.2B, the worst month on record, holdings −17t to 277t) happened precisely *because* local equities were strong — the WGC's own read is that 'equity market strength diverted investor attention from gold.' Chinese retail flow is trend-following; it chases whichever asset is moving. It does not mechanically rotate out of stocks into gold — at the margin, the two bids **compete**.

**The right leg is property.** The real-estate unwind is in year four and still grinding: new-home prices −3.3% y/y in June, sales, investment and new starts all falling *faster* in H1, only tier-1 secondhand prices positive m/m, and still no national bailout — just city-level incentives. For Chinese households the primary store of value is broken, deposit rates sit at record lows, and capital controls keep savings onshore. That is the **asset famine**: gold is one of the few onshore assets with a credible long-run story, and it is why Q1 physical demand hit ~207t (+67% y/y) and Chinese gold ETFs printed their **second-strongest H1 on record** (+RMB40bn / $5.6B, 29t) even through the bear — while SGE withdrawals (598t H1, −12% y/y, 27% below the 10-year average) showed jewellery demand destroyed. The same barbell as everywhere else — investment up, adornment down — amplified.

| Bid | Evidence | Read |
|---|---|---|
| **Official (PBoC)** | 20 consecutive months of reported buying — the longest streak on record; +15t in June (largest since Oct 2023); 33t in Q2; reserves 2,346t | The anchor tenant of the record global official bid (289t in Q2). Gold is still only ~8% of China's official FX assets vs 60–70%+ for Western central banks — the dedollarization runway is long. |
| **Structural household** | Property −3.3% y/y in year four; H1 sales/starts down faster; deposit rates at record lows; capital controls | The asset famine: Q1 physical +67% y/y; ETFs' 2nd-strongest H1 on record despite the worst-ever June. This bid is slow, deep, and not going away with one stimulus package. |
| **Policy plumbing (NEW — Jul 24)** | ICBC, Postal Savings, Ping An and Guangfa ended retail intermediation of leveraged SGE paper (Au(T+D), mAu(T+D), Ag(T+D)); margins first walked up to 120–140% of contract value | Echoes 2020's 'Crude Oil Treasure' cleanup: kill retail leverage, keep gold ownership. Physical bars, accumulation plans and fully funded products stay open — speculative RMB flow gets structurally redirected into **un-levered, delivery-taking demand**. Shanghai premiums settled orderly at ~$3–6 post-ban. Q3 SGE data is the confirm. |
| **The caveat — equities** | SHCOMP 3,940; +2.8% wk; +8.4% y/y; June ETF outflow was the worst on record *during* equity strength | Chinese flow is reflexive, not contrarian: it amplified the June washout and, if the reversal holds, will chase it higher. Fuel for the base case — not a hedge against it failing. |

**Read:** China's influence is three stacked bids — official, structural-household, and a policy-forced migration from paper to physical — sitting under the market at all times, plus a trend-chasing retail layer that amplifies whatever the tape is doing. China deepens the floor and steepens rallies; it did not cause last week's move and it will not save the trade if the Warsh Fed re-arms. The bear case still runs through Washington, not Beijing.

## 6. The Macro Frame — Stagflation-Lite With a Fiscal Overhang

**The April regime call is now landing on the labor side.** Our late-April outlook framed the year as stagflation-lite: nominal everything rises, real returns get hollowed out. The real economy has now cracked where it always cracks last — employment: −23K July payrolls, a ~34K/mo trailing average, participation at a five-year low, Q2 GDP at 1.5% (from 2.1%), and June's +57K also a miss. Meanwhile inflation is *not* anchored: June's softness was energy passthrough (core 2.56%), July's oil rebound (WTI +23.5% on the month) lands in the August 12 CPI, and the September 30 PCE reweight mechanically shaves 0.2–0.3pp off core — 'if you can't fix inflation, change what you count.' Jobs contracting while prices run near 3.5% is the textbook configuration in which **real rates fall and hard assets outperform** — the 1970s echo, with a 2026 fiscal twist.

**The Warsh Fed's hawkish architecture is colliding with a dovish tape.** The framework review is encoded hawkish (working-group findings due this fall; price-stability primacy; Hammack: 'little evidence current rates restrain the economy'; three July dissents for a hike). But a Fed cannot hike into outright job losses on a politically charged calendar (midterms in November). The probable resolution — hawkish words, no hikes, softening data — is precisely the mix gold monetizes best. **And the fiscal floor:** the 30Y at 5.19% (5.28% cycle high) is not a competitor for gold's bid so much as its cause — $1.4T of 2026 interest expense compounding toward $1.9–2.1T by 2028, debt to 121% of GDP by FY36, and Sargent's fiscal-dominance loop now sitting inside the Fed's own review. Gold is the only duration-free hedge against a problem that is, at bottom, nominal.

### Street Targets — Consensus Is Now Above Spot

| House | Target | Note |
|---|---|---|
| **Goldman Sachs** | $4,900 YE26 | Cut from $5,400 during the bear — still 13% above spot |
| **HSBC** | $4,560 avg / $4,750 YE | 2026 average lowered from $4,864 |
| **JPMorgan** | $4,300 Q3 → $4,500 Q4 | The conservative end of the cluster |
| **UBS** | $5,200 (12-month) | The bull end — implies a record retest into 2027 |
| **State Street** | $4,500–5,000 | Breakout scenario into YE / early 2027 on EM + CB demand |
| **World Gold Council** | $4,500+ | Investment-led growth; CB buying below 2025 pace (~700t) |

*Note the shape: after the bear, the street cluster ($4,500–4,900) sits 4–13% above the market — the inverse of January, when spot ($5,586) ran ahead of every target. Consensus chasing price from below is characteristic of durable bottoms.*

## Forward Scenarios

*Probability weights are house view, not formal estimates. Cells show the dominant pattern in each scenario.*

| Horizon | Base Case (~50%) | Bull Case (~30%) | Bear Case (~20%) |
|---|---|---|---|
| **1 Month (Sept FOMC)** | Consolidation $4,200–4,500; Aug 12 CPI hot on energy but labor trumps; Sept hold with dissents; miners digest +21% | Second negative payroll (Sep 4) → 2027 cuts priced; gold takes out the 200-DMA ($4,553); silver >$70; GDX >$100 | Hot CPI core + jobs bounce re-arm the hawks; hike odds >60%; retest $4,000–4,100; miners round-trip half the move |
| **3 Months (early Nov)** | $4,400–4,800 grind as labor softens; ETF inflows build (Feb's +$30B run-rate is the template); CB Q3 buying persists; Hormuz deal drags on the fee dispute | Labor recession confirmed; Warsh forced to signal 2027 easing; real rates fall hard; $5,000–5,200; ratio <60 as silver outperforms | Sept hike delivered + oil re-spike (talks collapse, fee regime) → real-rate squeeze; 3,900–4,000 test; below $3,866 opens $3,552 |
| **End of Year (Dec '26)** | $4,500–4,900 (street cluster: GS 4,900 / HSBC 4,750 / JPM 4,500); YTD swings from −6% to positive; miners re-rate off 6–8x | $5,200+ (UBS) — record retest in play if a cutting cycle begins while the fiscal premium keeps the 30Y >5%: the debasement pincer | $3,600–4,000: stagflation-with-hikes; gold trapped between a hawkish Fed and a 5%+ long end; the 6–8x miner multiple proves a value trap |

## Key Catalysts to Watch

- **Aug 12:** July CPI — **the single biggest risk to the move**. July's oil rebound lands here. Hot headline + weak labor = stagflation confirmation (gold-positive); hot *core* = hike risk back on the table (gold-negative).
- **This week:** Miner Q2 earnings (SSRM, CDE, HL, IAG, AG) — record realized prices vs. AISC creep; capital-return announcements are the discipline tell.
- **Late Aug:** Jackson Hole — Warsh's first as Chair; framework-review signals (dot-plot demotion, FAIT burial) set the hawkish ceiling on any rally.
- **Sep 4:** August payrolls — a second negative print makes the bull case; a sharp snap-back rehabilitates the September hike.
- **Sep 15–16:** FOMC + new SEP — hold-with-dissents is the base case; the statement's employment-mandate language is the tell.
- **Sep 30:** PCE reweight — mechanically −0.2–0.3pp on core; gives a reluctant Fed cover to stand down without declaring victory.
- **Ongoing:** Hormuz transit-fee negotiations (Iran 5–7% of cargo value vs. Oman ~3%, US opposed; 'hostile-vessel' bill in the Majlis) — a signed deal is disinflationary and removes hike fuel; collapse re-runs July's oil spike.
- **This fall:** Fed working-group findings — the hawkish framework arrives just as the data turns dovish; that collision is 2027's story.
- **Monthly:** PBoC reserve reports (streak at 20 months — a pause would be the first crack in the official bid) and China's post-ban SGE withdrawal data — the paper-to-physical migration should be visible from Q3.
- **Late Oct:** WGC Q3 Gold Demand Trends — did the official sector keep the record pace through the reversal, and did China's redirected retail flow land in physical?

## Takeaway — Read This If Nothing Else

Five points, in order of conviction:

1. **The move is a reaction-function flip, not a headline pop.** Gold's 2026 bear was never about war or peace — it was about the Fed's response to oil-fed inflation. Payrolls −23K broke the hike chain (Sept odds ~58% → 42–46%), and yields, the dollar and real rates turned together. That is the entire move.

2. **Oil now cuts both ways — in gold's favor.** In H1, higher oil meant hikes (gold down) and lower oil meant war-premium unwind (also gold down). With labor contracting, higher oil reads stagflation (gold up) and a Hormuz deal reads no-more-hikes (gold up). The asymmetry that punished gold for five months now protects it.

3. **The physical market never confirmed the bear.** Record Q2 official buying (289t, +62%), OTC +91%, recycling −6%, ETFs already flipped to inflows — and China's stacked bids (the PBoC's record 20-month streak, the property-driven asset famine, the July 24 paper-gold ban pushing retail into physical) sit underneath it all. A −28% drawdown on flat total demand is a positioning event, not a repricing. The thin float is why the turn ran +7.5% in a week.

4. **Miners are the tell — and they led.** GDX +21% on the week off 6–8x earnings with the street still on Hold. The leverage that took Agnico −6% in July delivered +23% in five sessions. If $4,000 holds, quality producers outperform the metal from here.

5. **The trade's kill switch is dated: August 12.** July CPI carries the oil snapback. A hot core plus a September 4 jobs bounce re-arms Warsh and sends gold back through $4,100; below $3,866 the $3,552 golden pocket is the bear-resumption target. Position for the base case — and respect the calendar.

**House read:** Constructive above $4,000 | Base: consolidate $4,200–4,500 into Sept FOMC, $4,500–4,900 YE | Bull trigger: second negative payroll | Bear trigger: hot Jul CPI core + Sept hike | Above: 4,430 / 4,553 · Below: 4,260 / 4,000 / 3,866 / 3,552

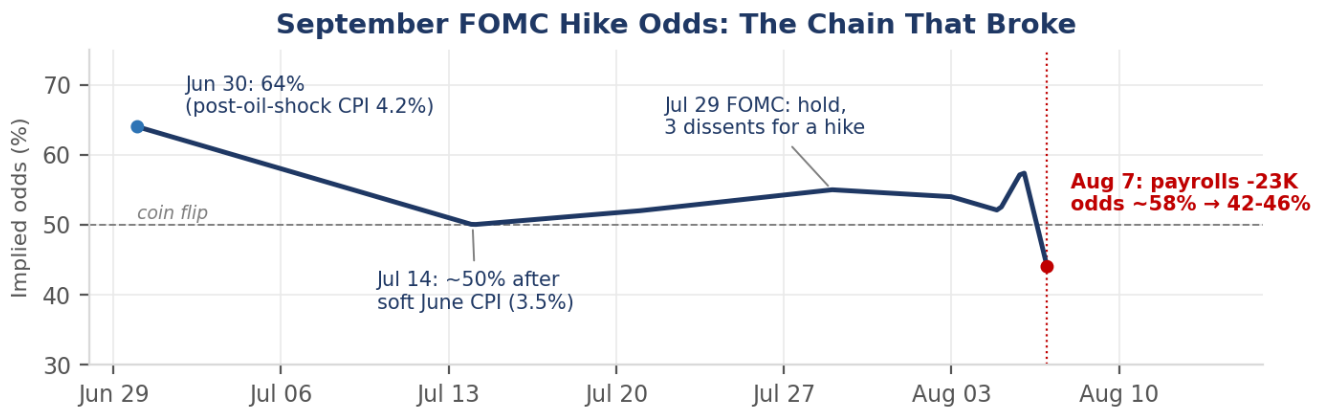
# GOLD READ-THROUGH | CHART APPENDIX

*Three visuals supporting the regime read • Data as of August 7, 2026*

### 1. The Bear Completed at the 0.5 Retracement — Then Reversed on Labor

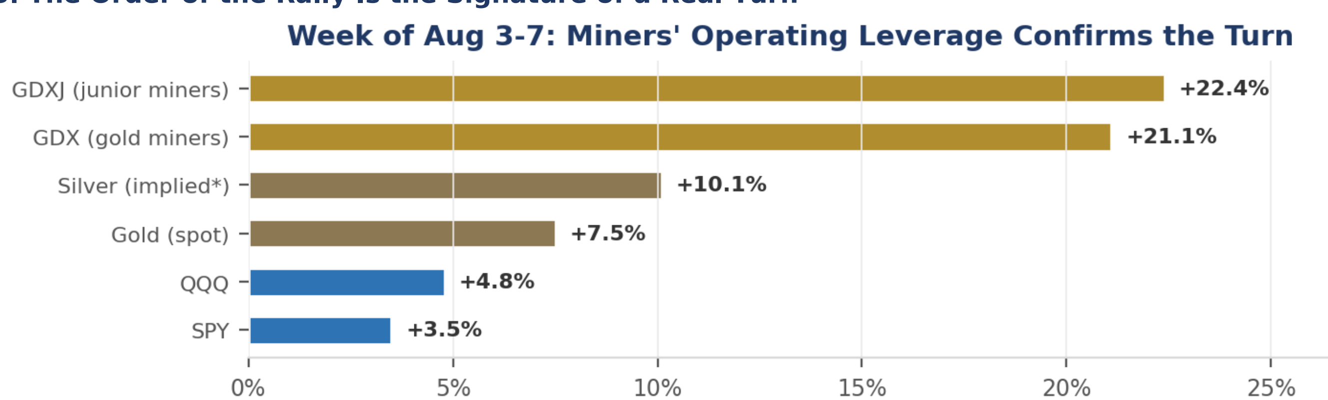

**Read:** A 28% bear in six months resolved into a 3,900–4,000 base — precisely the 0.5 retracement — and reversed on the first negative payroll print of the cycle. The +7.5% week reclaimed the 50-DMA in a day; the 200-DMA at $4,553 is the next structural test.

### 2. Gold's 2026 Path Is This Series, Inverted




**Read:** September hike odds: 64% at quarter-end, ~50% after June's soft CPI, back toward 58% as oil rebounded — then 42–46% on the payrolls miss. The chain (oil → CPI → hike odds → real rates → gold) broke at the labor link, not the oil link.

### 3. The Order of the Rally Is the Signature of a Real Turn




**Read:** Juniors > majors > silver > gold > equities — leverage and beta lead when the underlying regime flips and lag when a rally is noise. *Silver weekly implied from gold/silver ratio compression (69 → 67).

*Charts: anchor-point reconstructions where tick-level data is unavailable. Trends, magnitudes and inflection dates reflect public reference points (Yahoo Finance, CME FedWatch as cited, World Gold Council, USAGOLD, MINING.com, U.S. Treasury/Forbes).*