GoldSquawk

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Gold's break below $4,000 tests a demand zone, not a proven floor

GoldSquawk Research

Key takeaways

- $4,000 has become a major reference level rather than a fresh threshold: LBMA said gold first breached it on 7 October 2025, while Q2 and Q3 2026 both recorded dips below it, including $3,994.50 on 25 June and $3,978.55 on 1 July.[1,2]
- The latest late-October break looks significant but not decisive. Bloomberg showed gold at $4,026.51 on 29 October 2026, while Kitco snapshots showed intraday trade as low as $4,007.80, leaving the market still clustered around the level rather than clearly establishing a new lower range.[3,4]
- The support case rests on structural buyers still engaging despite adverse macro conditions: WGC found 89% of central banks expect global reserves to rise over the next 12 months, and ETF inflows remained resilient even as yields and the dollar rose.[5,6,7]
- The failed-floor case rests on macro pressure that has not gone away. The US 10-year yield was 4.99% and the 10-year TIPS yield 2.64% on 27 October 2026, while the broad dollar index was 121.3202 on 23 October 2026.[8,9,10]
- A balanced read is that $4,000 is being defended as a demand zone, but repeated tests and ongoing liquidation mean it has not yet earned the status of durable support.[6,1,2]

Figure 1: Gold remains near $4,000 but below key moving averages



Source: COMEX gold futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 29 October 2026.

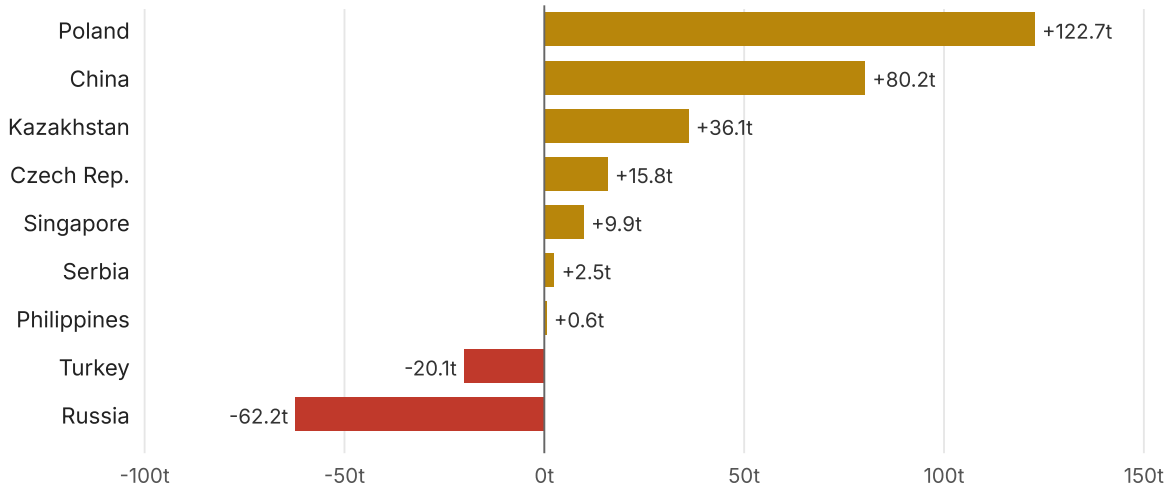
Why $4,000 matters now

- LBMA said gold first breached $4,000 on 7 October 2025, and by Q3 2026 the market had been broadly established above that line even though it still dipped below it on several occasions. Q3

London auction prices mostly settled between $4,000 and $4,400.[2]

- This is not the first 2026 test. LBMA said gold hit $3,994.50 on 25 June 2026 and then $3,978.55 on 1 July 2026; it also noted that the market drifted below $4,000 only four times in Q3.[1,2]
- The latest move leaves the level under pressure but not cleanly abandoned. On 29 October 2026, Bloomberg showed gold at $4,026.51, while Kitco snapshots showed intraday prices roughly between $4,007.80 and $4,027.90.[3,4]
- Technically, COMEX front-month gold closed at $4,037.7 on 29 October 2026, below the 50-day moving average of $4,308.4 and the 200-day moving average of $4,523.0, indicating that the market is testing support from a weakened trend position rather than from trend strength. [gold_technical]

Figure 2: Official demand remains strategically supportive

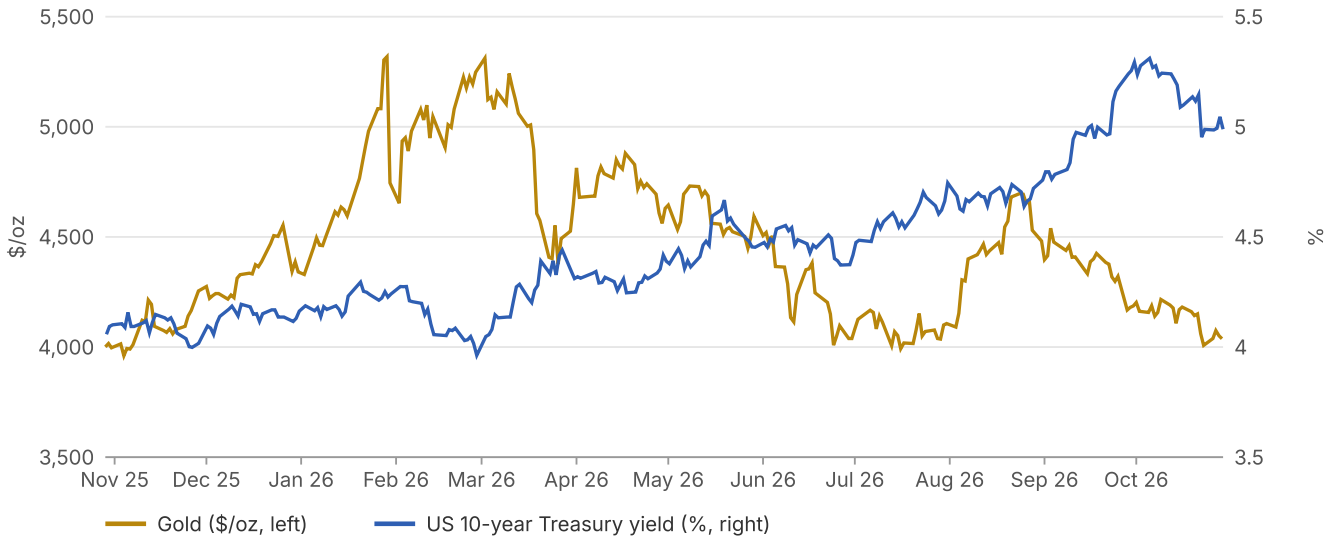


Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 29 October 2026.

What supports the floor

- Central-bank demand remains a medium-term pillar. WGC's 2026 survey said central banks have accumulated an average of 1,000 tonnes per year over the past four years versus 500 tonnes over the preceding decade; 89% of respondents expect global central-bank gold reserves to increase over the next 12 months, and 74% expect the dollar share of reserves to be lower in five years.[5]
- The chart data reinforce that official buying is still active this year, led by Poland at +122.7 tonnes and China at +80.2 tonnes, with additional increases from Kazakhstan and the Czech Republic, even if some countries have reduced holdings. [central_bank_buying]
- ETF behaviour has been more resilient than a typical rates-and-dollar backdrop would suggest. WGC said September 2026 saw gold fall while the US 10-year yield rose 53bp to 5.3% and DXY rose 2%, yet global gold ETFs still recorded US$10bn, or 67 tonnes, of inflows; GoldSquawk also cited August inflows of US$18bn and Q3 inflows of US$31bn.[6,7,11]
- Private dip-buying also appears active. Bloomberg headlines on 25-26 October pointed to bargain hunters returning and Chinese households buying gold's dip as prices tested $4,000, while WGC's Q2 outlook said second-half demand should be driven increasingly by OTC activity and Asian investment.[12,13]

Figure 3: High yields still challenge bullion near support



Source: COMEX gold futures and CBOE 10-year yield index via Yahoo Finance, as of 29 October 2026.

What could turn $4,000 into a failed floor

- Real yields remain a central headwind. FRED showed the 10-year TIPS yield at 2.64% on 27 October 2026, after 2.76% on 21 October and 2.87% on 8 October; WGC had already flagged that North American ETF flows would face a headwind as real yields edged towards 2.5%.[8,13]
- Nominal yields are still restrictive as well. The US 10-year Treasury yield was 4.99% on 27 October 2026 after reaching 5.13% on 21 October, and chart data show the yield has risen 93bp over 12 months while gold is only 0.9% higher over that period.[9][gold_vs_yields]
- Dollar strength remains part of the squeeze. The Fed broad dollar index stood at 121.3202 on 23 October 2026, and WGC said September's combination of weaker gold, a 53bp rise in the US 10-year yield and a 2% rise in DXY was unusual even as ETF inflows held up.[10,6]
- Positioning has softened, leaving scope for further macro-driven pressure. WGC said total COMEX net longs fell 13%, or 100 tonnes, in September to 654 tonnes, while managed money net longs fell 84 tonnes to 387 tonnes; CFTC data for 20 October showed open interest at 402,279 contracts and non-commercial net length near 199.9K contracts in the chart data.[6,14][cftc_positioning]

Scenarios

- **Supportive case:** Gold re-establishes repeated closes above $4,000, while real yields and the dollar stabilise rather than re-tighten. In that setting, resilient ETF behaviour, official-sector demand and Asian dip-buying would strengthen the argument that late-October weakness was another test of a demand zone rather than a lasting break.[6,5,12,13]
- **Pressure case:** Gold continues to trade around or below $4,000 as real yields stay elevated, the dollar remains firm and futures length keeps contracting. In that setting, repeated tests would look less like successful defence and more like erosion of support, especially if the market fails to respond to softer Treasury moves or haven headlines.[8,6,9,10,15]
- **Range-bound case:** Gold oscillates around $4,000 without a clean trend resolution because structural buying absorbs weakness but macro headwinds cap rebounds. That would fit the evidence of strategic sponsorship from central banks and ETFs coexisting with still-restrictive yield and dollar conditions.[6,5,13]

Levels to watch

- $4,037.7: COMEX front-month close on 29 October 2026. [gold_technical]
- $4,000: key psychological and market-structure level referenced across LBMA, spot and futures narratives.[2]
- $3,978.55: LBMA Q3 2026 low on 1 July; a natural reference for whether the latest test extends lower.[2]
- $4,308.4: 50-day moving average. [gold_technical]
- $4,523.0: 200-day moving average. [gold_technical]

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Glossary

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

TIPS: US Treasury Inflation-Protected Securities, often used as a market measure of real yields.

COMEX net long: The difference between bullish and bearish speculative futures positions on COMEX; falling net length can indicate liquidation by macro funds.

OTC: Over-the-counter trading conducted directly between counterparties rather than on an exchange.

DXY: A widely followed US dollar index; a stronger dollar often acts as a headwind for dollar-priced gold.

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