GoldSquawk

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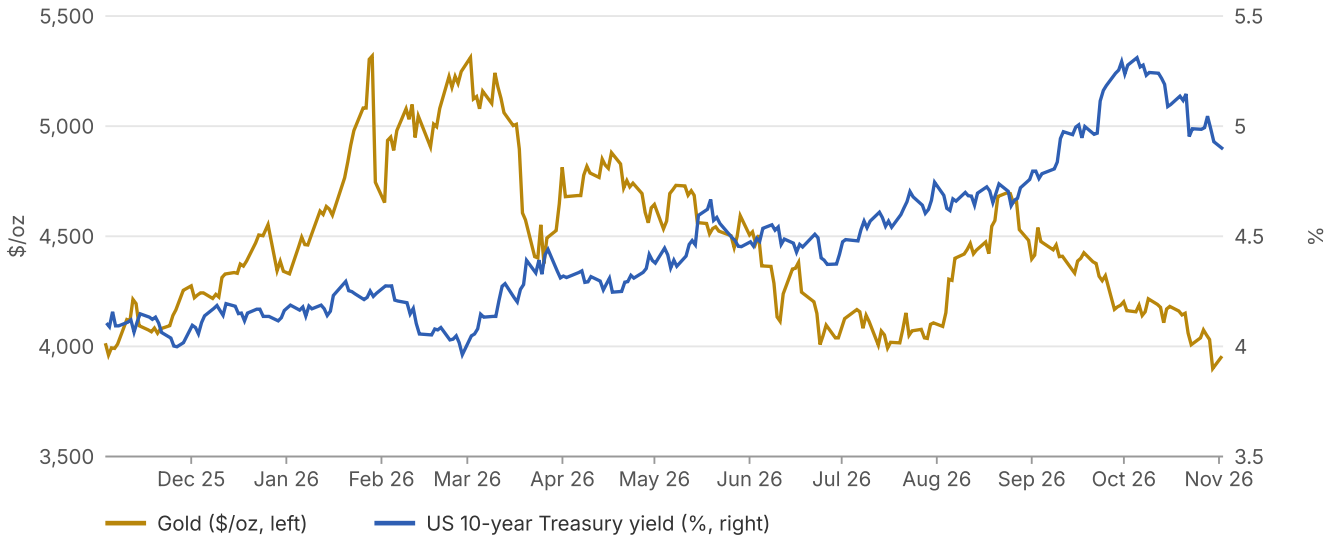
Yield breaks are restoring gold's macro reflex

GoldSquawk Research

Key takeaways

- September's sell-off showed gold had not decoupled from macro conditions: WGC says bullion ended the month at $4,176/oz, down 8.5% m/m, as the US 10-year yield rose 53bp to 5.3% and DXY gained 2%[1].
- Into late October, both nominal and real yields eased materially. The 10-year Treasury yield moved from 5.26% on 6 October to 4.99% on 27 October, while the 10-year real yield fell from 2.91% on 9 October to 2.63% on 29-30 October[2,3,4].
- WGC's framework is explicit that gold's opportunity-cost channel improves when bond yields fall and the US dollar weakens; its August note adds that falling real yields and a weaker dollar are 'bread and butter' for short-run gold returns[5,6].
- The strongest evidence of restored macro sensitivity is likely in Western investment channels. WGC says North American ETF demand has resumed its negative relationship with US rates and remains sensitive to real yields, monetary-policy expectations and the dollar[7].

Figure 1: Gold fell as Treasury yields surged



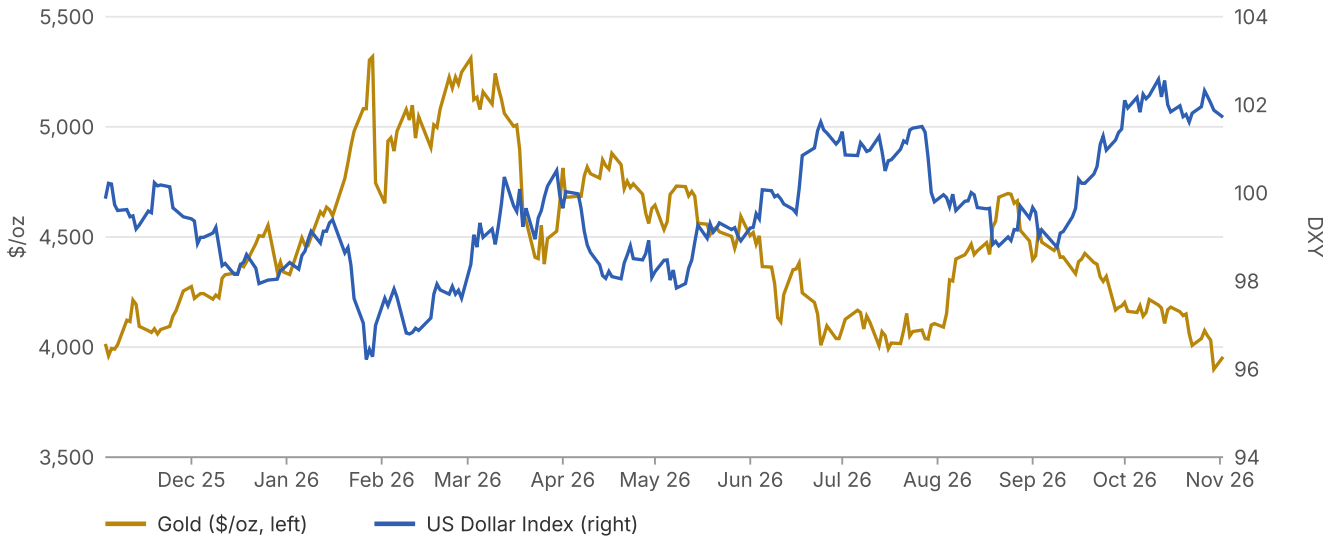
Source: COMEX gold futures and CBOE 10-year yield index via Yahoo Finance, as of 02 November 2026.

September's drawdown was a macro sell-off first

- WGC says gold ended September 2026 at $4,176/oz, down 8.5% m/m, with the decline driven mainly by a 53bp rise in the US 10-year Treasury yield to 5.3% and a 2% rise in DXY during the month[1].
- That episode matters because it argues against a clean 'decoupling' story: when yields and the dollar rose together, gold still traded like a macro asset first despite supportive medium-term structural demand themes[1].
- Positioning amplified the move. WGC says global gold ETFs still took in $10bn / 67 tonnes in September, but COMEX net managed money positions fell by $12bn / 84 tonnes and spreading

positions by $22bn / 156 tonnes, showing derivatives liquidation overrode ETF support in price formation[1].

Figure 2: Softer yields and USD conditions support bullion



Source: COMEX gold futures and ICE US Dollar Index via Yahoo Finance; GoldSquawk calculations, as of 02 November 2026.

Late-October yield breaks improved gold's carry backdrop

- The public rates data show a meaningful reversal from early October highs. The Federal Reserve's H.15 release shows the 10-year Treasury yield at 5.26% on 6 October, while FRED shows 4.99% on 27 October and 4.96% on 22 October, implying a retreat of roughly 27bp from 6 to 27 October[2,3].
- Real yields also moved lower. FRED shows the 10-year TIPS yield at 2.91% on 9 October, 2.74% on 16 October, 2.66% on 23 October and 2.63% on 29-30 October, a fall of about 28bp over the period[4].
- WGC treats bond yields and the US dollar as the core variables in gold's opportunity-cost channel, and says falling real yields plus a weaker dollar are typically supportive for short-run gold returns[5,6].
- The dollar signal is less complete on daily public data through end-October, but the broad FRED dollar index was 121.3202 on 23 October, while WGC's work argues that softer USD conditions strengthen gold's relative appeal[8,6,9].

Figure 3: Gold rebounds from a 52-week low



Source: COMEX gold futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 02 November 2026.

Macro sensitivity is returning, but not in isolation

- WGC's mid-year framework says gold is driven by economic expansion, risk and uncertainty, opportunity cost, and momentum; in that structure, lower bond yields and a weaker dollar improve gold's appeal, but rates and FX are not the sole drivers[5].
- That nuance matters now. WGC says North American gold ETF demand has resumed its negative relationship with US rates, and that Western flows remain sensitive to real yields, policy expectations and the dollar, even as OTC activity, Asian demand and official-sector buying remain important to broader demand[7].
- There is also a counterargument: WGC has said broad-based structural conviction across market participants can at times make gold less sensitive to yield and dollar moves, while April research pointed to broader participation and unusually large swings[10,11].
- The best reconciliation is that structural demand may weaken but not eliminate macro sensitivity. The latest price action looks consistent with that view: gold's macro reflex has reasserted itself after an oversold washout, rather than replacing structural drivers altogether[1,5,10].

Scenarios

- **Supportive macro case:** Treasury yields, especially 10-year real yields, continue to ease while the dollar remains soft. In WGC's framework, that reduces gold's opportunity cost and should remain supportive for bullion and Western investment channels[7,5,6].
- **Pressure case:** Nominal and real yields resume climbing, or the dollar strengthens independently of rates. September's experience showed that higher yields plus a firmer USD can weigh materially on gold, particularly if futures positioning also liquidates[1,5].
- **Mixed-driver case:** Yields drift lower, but the move is driven more by Treasury-market intervention or technical market-function factors than by cleaner Fed repricing, while the dollar does not soften much. In that setup, gold may still benefit, but the transmission could be weaker or more uneven than in a classic lower-real-yield environment[6,12,13].

Levels to watch

- Gold last close $3,955.1/oz on 02 Nov 2026 [chart data]
- 52-week low $3,898.9/oz on 30 Oct 2026 [chart data]
- 50-day moving average $4,280.3/oz [chart data]
- 200-day moving average $4,516.0/oz [chart data]
- 52-week high $5,318.4/oz on 29 Jan 2026 [chart data]

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Glossary

Real yield: A bond yield adjusted for inflation expectations; for gold, lower real yields usually reduce the opportunity cost of holding a non-yielding asset [5][8].

TIPS: Treasury Inflation-Protected Securities, often used as a market measure of real US government bond yields [8].

DXY: A widely used index of the US dollar against major currencies; WGC identifies dollar strength or weakness as a key driver for gold [1][5].

Opportunity cost: The income foregone by holding gold instead of interest-bearing assets such as bonds; this tends to rise when yields rise and fall when yields fall [5].

COMEX managed money: A futures-market positioning category covering leveraged speculators; changes in these positions can amplify gold price moves [1].

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