

# Gold Market Commentary

## Positioning revisited

### Gold drags itself higher

Gold prices edged up 0.3% to finish July at US\$3,299/oz. A stronger US dollar contributed to positive returns in all major currencies. Year-to-date, gold remains up 26% (**Table 1, p2**).

Our Gold Return Attribution Model (**GRAM**) suggests a positive contribution from a rise in inflation expectations and tariff tensions via our geopolitical risk metric (both *Risk and Uncertainty* factors). *Momentum* factors also contributed positively, while a stronger US dollar proved a heavy drag on returns in July (**Chart 1**).

Gold ETF inflows of US\$3.2bn (23t) were split almost equally between North America (US\$1.4bn, 12t) and Europe (US\$1.7bn, 11t), while Asia slightly increased (US\$0.1bn, 0.8t) and other gold ETFs (-US\$0.1bn, -1t) experienced mild outflows. COMEX managed money net longs continued to build positions following the April trough.

### Highlights

#### July review

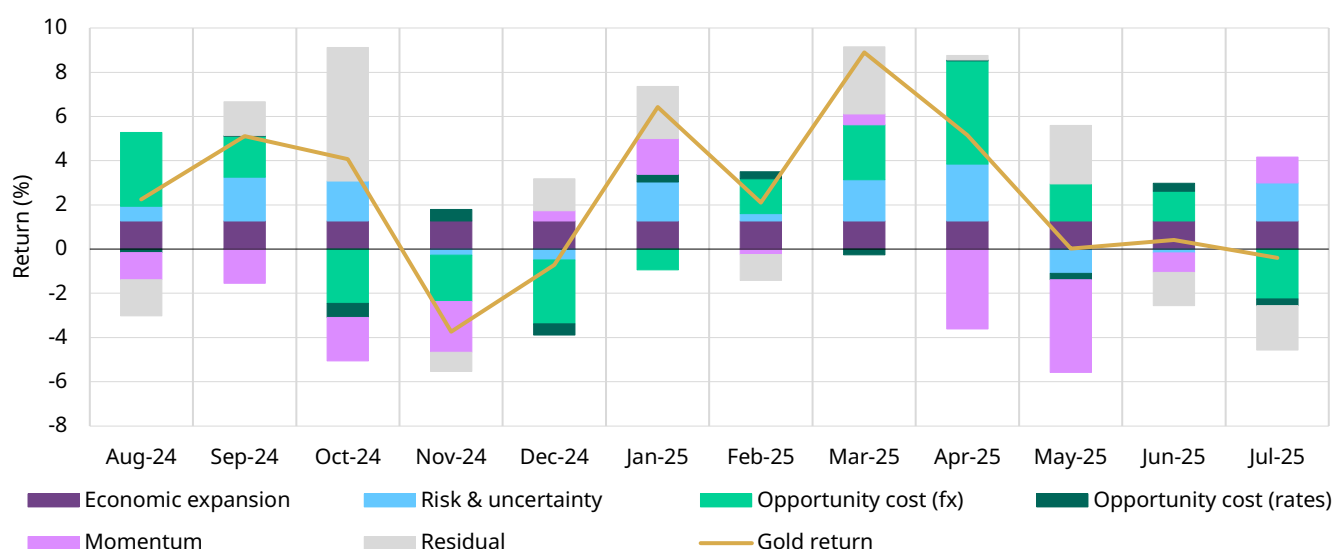
Gold edged up in July, aided by higher tariff-led inflation expectations, but a stronger US dollar proved a drag.

#### Looking forward

A gap between prices and COMEX positioning is likely to be filled by rising net longs, not falling prices, as we view fundamentals to be supportive of the former.

**Chart 1: Gold prices rose in July but gains were moderated by a stronger US dollar and momentum factors**

Key drivers of gold's return by month.



\*Data to 31 July 2025. Our Gold Return Attribution Model (GRAM) is a multiple regression model of monthly gold price returns (using XAU spot), which we group into four key thematic driver categories of gold's performance: economic expansion, risk & uncertainty, opportunity cost, and momentum. These themes capture motives behind gold demand; most importantly, investment demand, which is considered the marginal driver of gold price returns in the short run. The 'residual' represents the percentage change in the gold price that is not explained by factors already included. Results shown here are based on analysis covering a five-year estimation period using monthly data. Alternative estimation periods and data frequencies are available on Goldhub.com.

Source: Bloomberg, World Gold Council

**Table 1: Gold edged up in all currencies in July as a stronger US dollar contributed outside the US**

Gold price and performance in key currencies\*

	USD (oz)	EUR (oz)	JPY (g)	GBP (oz)	CAD (oz)	CHF (oz)	INR (10g)	RMB (g)	TRY (oz)	AUD (oz)
July price*	3,299	2,890	15,989	2,498	4,571	2,680	98,068	767	134,027	5,134
July return*	0.3%	3.6%	5.0%	4.3%	2.2%	2.8%	2.5%	0.5%	2.4%	2.8%
Y-t-d return*	26.4%	14.7%	21.2%	19.8%	21.8%	13.2%	29.2%	24.4%	45.3%	21.8%
Record high price*	3,435	3,006	16,079	2,575	4,743	2,812	100,130	830	138,096	5,393
Record high date*	13-Jun-25	22-Apr-25	23-Jul-25	22-Apr-25	22-Apr-25	22-Apr-25	23-Jul-25	22-Apr-25	23-Jul-25	22-Apr-25

\*As of 31 July 2025. Based on the LBMA Gold Price PM in USD, expressed in local currencies, except for India and China where the MCX Gold Price PM and Shanghai Gold Benchmark PM are used, respectively. Source: Bloomberg, World Gold Council

## Positioning revisited

- The meaningful gap between COMEX positioning and the gold price, caused largely by tariff fears, is likely to be closed by positioning rising not prices falling, in our view
- This is supported by key fundamentals, including: a weaker US dollar and real rate trajectories, alongside elevated market and geopolitical risks
- Despite a disconnect between real rates and the gold price, COMEX investors have not disconnected and the relationship is likely to strengthen if yields drop.

### Jaws wide open

With recent attention focused firmly on central banks, gold ETFs and Chinese investors, we thought it worthwhile to revisit what the so-called 'fast money' positioning on COMEX is telling us. One would think that given where gold prices are, investors would be loaded to the gills. We know this not to be the case as a share of overall portfolios, but it doesn't appear to be the case in absolute terms either.

**Chart 2** shows managed money net longs, typically representing hedge funds and larger financial institutions (dark blue line). These positions are above average, but it's still a bit surprising they're not higher – especially considering where gold prices are right now.

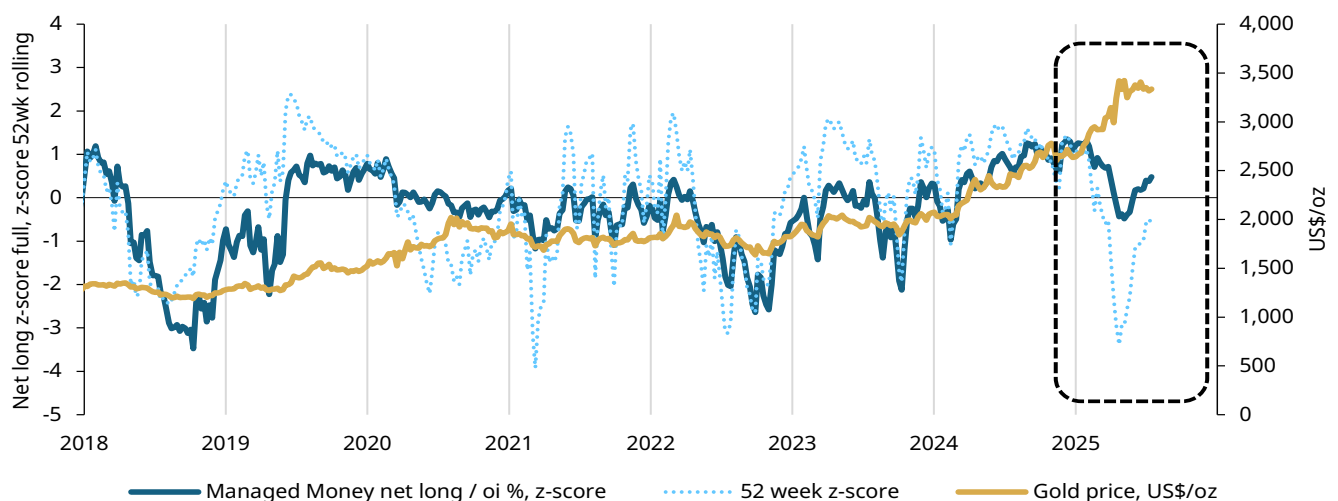
It can probably be pinned on an unwind of the tariff-fear trades in early 2025, and perhaps a bit of profit-taking. The stark sell-off in futures began well before the intraday spot price peaked at the end of April. Looked at through a z-score lens<sup>1</sup> – relative to recent trading ranges – this was a sharp capitulation (light blue dotted line).

### Gas left in the tank

COMEX futures investors have recovered some of this lost ground, but this reset leaves us with the view that they have capacity to rebuild positions – a sentiment echoed for ETF investors in our Mid-Year Outlook.

**Chart 2: COMEX futures investors have not participated in the 2025 rally. How will the jaws close?**

COMEX managed money net longs (z-scored) and the gold price in US\$/oz\*



\*Data as of 15 July 2025. Blue line z-scored across whole sample to fit y-axis scale. Dotted light blue line reflects rolling 52-week z-score. Source: Bloomberg, COT, World Gold Council

1. For more information on z-scores please see here: [Z-Score: Definition, Formula and Calculation - Statistics How To](#)

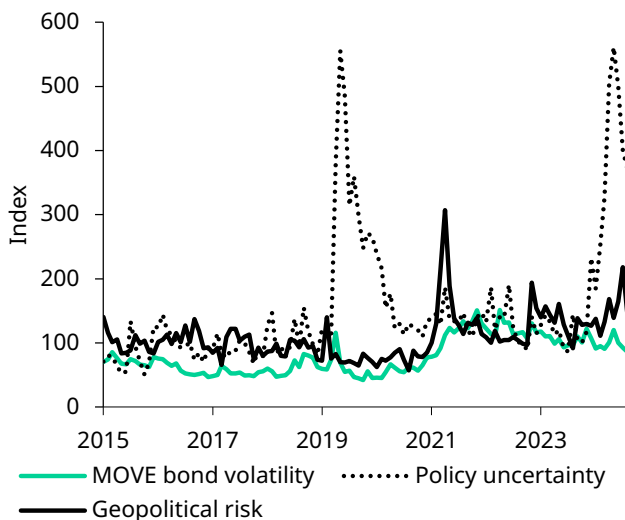


One proviso is that fundamentals support that buying, and we think they do:

- A structurally weaker US dollar is one key factor, backed by a strong case and consensus view,<sup>2</sup> notwithstanding a possible near-term short squeeze given how crowded the trade is<sup>3</sup>
- Added to that, risk perception remains elevated. Despite the current lull, the markets could be jolted by implied bond volatility or a resurgence of policy and geopolitical tensions (**Chart 3**)
- Lower policy rates should also be a catalyst. But would that also lead to lower bond yields, particularly real ones – the bit that’s empirically more important for gold? After all, if they haven’t mattered on the way up, will they really matter on the way down?

**Chart 3: In a clearing but not out of the woods**

MOVE bond implied volatility, policy and geopolitical risk\*



\*Data as of 31 July 2025.  
Source: Bloomberg, World Gold Council

## We care a lot

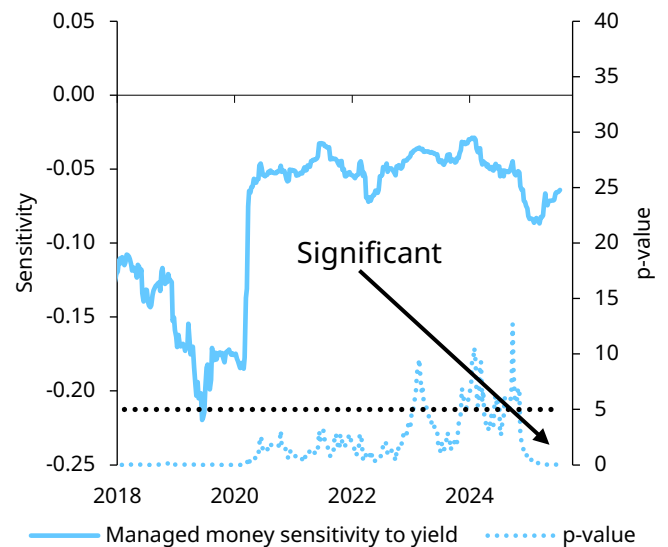
This decoupling of gold prices from inflation-linked bond yields (TIPs) is well documented, with central banks, emerging market investors and a sprinkling of term premia the likely culprits.

But US futures investors have not decoupled from real yields. They still care! Yes, their sensitivity might be a little lower, likely due to term premia, but they are still highly significant (**Chart 4**) (**Table 2,p4**).<sup>4</sup>

Yields, alongside the US dollar on a REER basis, are sitting at a level whereby the path of least resistance is arguably down, although the caveat of near-term upward pressure remains (**Chart 5**).

**Chart 4: Futures investors still care about yields**

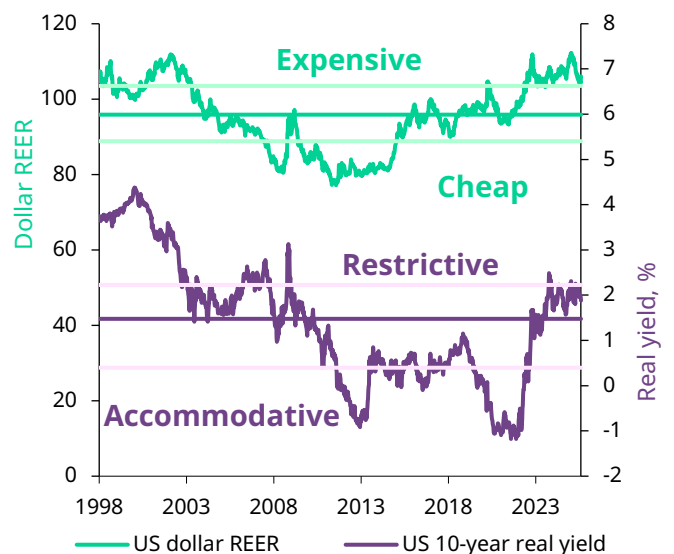
Rolling regression coefficient and associated p-value\*



\*Data as of 28 July 2025. See Table 2 for regression details.  
Source: Bloomberg, World Gold Council

**Chart 5: The path of least resistance is likely down**

US dollar REER\*\* and US 10-year TIP yield\*



\*Data as of 31 July 2025. \*\*REER reflects CITI Real Effective Exchange Rate broad US dollar index. Horizontal lines reflect 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quartiles. Source: Bloomberg, World Gold Council

Rates are probably already restrictive, so if the front end eases, the long end might follow suit. The weak labour market data in early August is edging us towards this outcome. This could also happen mechanically if lower policy rates stoke longer-term inflation fears, something that swap rates are currently hinting at (**Chart 6, p4**).

<sup>2</sup> In July 2025 54 of 74 contributors to Bloomberg Economist forecasts for the EUR and JPY expect the dollar to weaken by Q1'26 with a median fall of 2.8%.

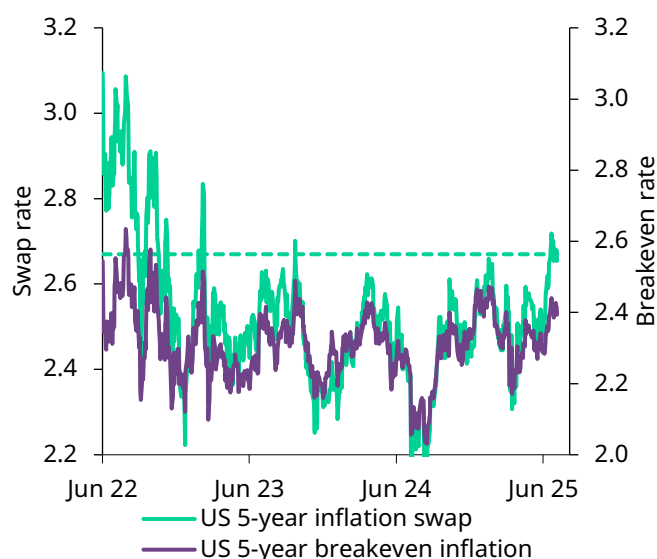
<sup>3</sup> [Dollar exit could be crowded for some time | Reuters](#)

<sup>4</sup> Directional consistency is more important to p-values than matching magnitude.



**Chart 6: Real rates can compress if inflation expectations rise**

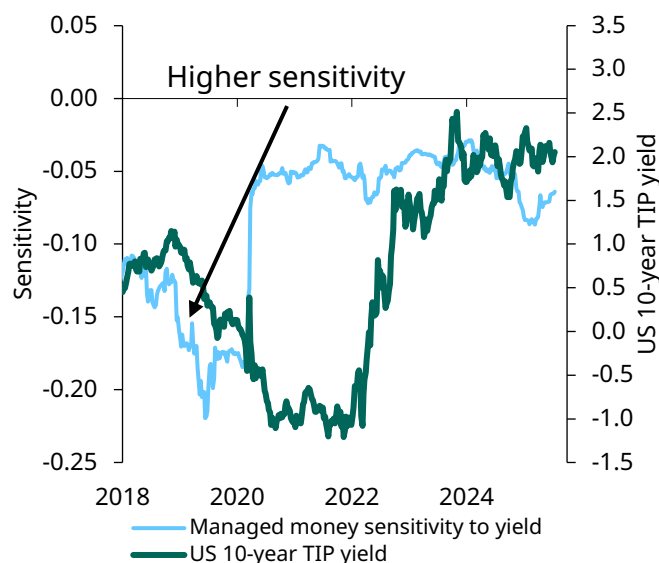
US 5-year inflation swap rate and breakeven inflation rate\*



\*Data as of 31 July 2025. Breakeven inflation  
Source: Bloomberg, World Gold Council

Managed money investors will likely become more sensitive to rates when they drop – as was often the case pre-COVID when a 100bps change in yield, holding all else constant, was associated with a c. 20% shift in positioning (**Chart 7**).

**Chart 7: Sensitivity to yields greater when falling**  
Rolling regression coefficient and US 10-year TIP yield\*



\*Data as of 28 July 2025. See Table 2 for regression details.  
Source: Bloomberg, World Gold Council

## In summary...

Notwithstanding the risks we laid out in our [Mid-Year Outlook](#) and in [What's a bear case for gold?](#), if rates ease, risks linger, and the dollar stays soft, we could see managed money step back in with more conviction, particularly following the weak US labour market data in early August. This would support further flows into gold ETFs and could aid gold prices now that central banks have tailed off a bit. It's not a done deal, but the pieces are lining up.

**Table 2: Futures investors sensitivity to dollar and yields**

Regression of weekly changes in COMEX futures on US dollar changes and US 10-year TIP yield changes, controlling for momentum factors\*

Dependent variable:	COMEX Managed Money net long as a share of open interest		
	15-years coefficient	5-years coefficient	Description
Constant	0.00	0.00	Constant insignificantly different from zero
$\Delta \log DXY$	-0.73 ***	-0.49 ***	Negative sensitivity to US dollar
$\Delta$ US 10-year TIP yield	-0.06 ***	-0.05 ***	Negative sensitivity to US 10-year TIP yield
$\Delta$ managed money (T-1)	0.17 ***	0.12 **	Positive short-term momentum – likely CTA effect
$\Delta$ managed money (T-2)	-0.06 *	-0.11 *	Negative medium-term mean reversion
Adj. R-squared	0.20	0.21	

Data from 13 June 2006 to 15 July 2025, weekly Tuesday-to-Tuesday, HAC standard errors. Sensitivities reflect the dependent variable in units of % ie 0.1=10% while the yield is in units of % \* 100. Thus, a 100bps fall in the TIP yield is associated with a 5-6 percentage point change in positioning currently but this was as high as 22 pre-COVID. Charts 4 and 7 deploy the same regression but on a rolling 2-year (104 week) basis.  
Source: Bloomberg, World Gold Council



## World Gold Council

We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary and insights.

We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

## Research

**Jeremy De Pessemier, CFA**  
Asset Allocation Strategist

**Johan Palmberg**  
Senior Quantitative Analyst

**Kavita Chacko**  
Research Head, India

**Krishan Gopaul**  
Senior Analyst, EMEA

**Louise Street**  
Senior Markets Analyst

**Marissa Salim**  
Senior Research Lead, APAC

**Ray Jia**  
Research Head, China

**Taylor Burnette**  
Research Lead, Americas

**Juan Carlos Artigas**  
Global Head of Research

## Market Strategy

**John Reade**  
Senior Market Strategist,  
Europe and Asia

**Joseph Cavatoni**  
Senior Market Strategist,  
Americas

Further information:

**Data sets and methodology visit:**  
[www.gold.org/goldhub](http://www.gold.org/goldhub)

**Contact:**  
[research@gold.org](mailto:research@gold.org)



### Important information and disclaimers

© 2025 World Gold Council. All rights reserved. World Gold Council and the Circle device are trademarks of the World Gold Council or its affiliates.

Reproduction or redistribution of any of this information is expressly prohibited without the prior written consent of World Gold Council or the appropriate copyright owners, except as specifically provided below. Information and statistics are copyright © and/or other intellectual property of the World Gold Council or its affiliates or third-party providers identified herein. All rights of the respective owners are reserved.

The use of the statistics in this information is permitted for the purposes of review and commentary (including media commentary) in line with fair industry practice, subject to the following two pre-conditions: (i) only limited extracts of data or analysis be used; and (ii) any and all use of these statistics is accompanied by a citation to World Gold Council and, where appropriate, to Metals Focus or other identified copyright owners as their source. World Gold Council is affiliated with Metals Focus.

The World Gold Council and its affiliates do not guarantee the accuracy or completeness of any information nor accept responsibility for any losses or damages arising directly or indirectly from the use of this information.

This information is for educational purposes only and by receiving this information, you agree with its intended purpose. Nothing contained herein is intended to constitute a recommendation, investment advice, or offer for the purchase or sale of gold, any gold-related products or services or any other products, services, securities or financial instruments (collectively, "Services"). This information does not take into account any investment objectives, financial situation or particular needs of any particular person.

Diversification does not guarantee any investment returns and does not eliminate the risk of loss. Past performance is not necessarily indicative of future results. The resulting performance of any investment outcomes that can be generated through allocation to gold are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. The World Gold Council and its affiliates do not guarantee or warranty any calculations and models used in any hypothetical portfolios or any outcomes resulting from any such use. Investors should discuss their individual circumstances with their appropriate investment professionals before making any decision regarding any Services or investments.

This information may contain forward-looking statements, such as statements which use the words "believes", "expects", "may", or "suggests", or similar terminology, which are based on current expectations and are subject to change. Forward-looking statements involve a number of risks and uncertainties. There can be no assurance that any forward-looking statements will be achieved. World Gold Council and its affiliates assume no responsibility for updating any forward-looking statements.

### Information regarding the LBMA Gold Price

The LBMA Gold Price is administered and published by ICE Benchmark Administration Limited (IBA). The LBMA Gold Price is a trademark of Precious Metals Prices Limited and is licensed to IBA as administrator of the LBMA Gold Price. ICE and ICE Benchmark Administration are registered trademarks of IBA and/or its affiliates. The LBMA Gold Price is used by the World Gold Council with permission under license by IBA.

Published LBMA Gold Price information may not be indicative of future LBMA Gold Price information or performance. None of IBA, Intercontinental Exchange, Inc. (ICE) or any third party that provides data used to administer or determine the LBMA Gold Price (data providers), or any of its or their affiliates makes any claim, prediction, warranty or representation whatsoever as to the timeliness, accuracy or completeness of LBMA Gold Price information, the results to be obtained from any use of LBMA Gold Price information, or the appropriateness or suitability of using LBMA Gold Price information for any particular purpose. To the fullest extent permitted by applicable law, all implied terms, conditions and warranties, including, without limitation, as to quality, merchantability, fitness for purpose, title or non-infringement, in relation to LBMA Gold Price information, are hereby excluded, and none of IBA, ICE or any data provider, or any of its or their affiliates will be liable in contract or tort (including negligence), for breach of statutory duty or nuisance, or under antitrust laws, for misrepresentation or otherwise, in respect of any inaccuracies, errors, omissions, delays, failures, cessations or changes (material or otherwise) in LBMA Gold Price information, or for any damage, expense or other loss (whether direct or indirect) you may suffer arising out of or in connection with LBMA Gold Price information or any reliance you may place upon it.

LBMA Gold Price information provided by the World Gold Council may be used by you internally to review the analysis provided by the World Gold Council, but may not be used for any other purpose. LBMA Gold Price information provided by the World Gold Council may not be disclosed by you to anyone else.



### **Information regarding QaurumSM and the Gold Valuation Framework**

Note that the resulting performance of various investment outcomes that can generated through use of Qaurum, the Gold Valuation Framework and other information are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. Neither World Gold Council (including its affiliates) nor Oxford Economics provides any warranty or guarantee regarding the functionality of the tool, including without limitation any projections, estimates or calculations.