J.P.Morgan

Global Markets Strategy
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# Metals Weekly

## Gold ETFs look top-heavy heading into FOMC

- **Our economists expect the Fed to hike 25 bp today followed by another 25 bp hike in December.**
- **While under pressure since Warsh's Jackson Hole speech and a subsequent significant repricing in Fed rate hike expectations, gold has remained somewhat resilient all things considered, in part helped by continued ETF demand.**
- **However, this in itself presents a near-term positioning risk as, based on our analysis, recent ETF additions since mid-July are starting to look pretty top-heavy with potentially over 90 tonnes loss making at prices at or below $4,350/oz.**
- **Amid this positioning risk, a crystallisation of a more hawkish Fed, which builds further pressure on gold, risks driving a more material crack in gold's resilience as loss-making ETF holdings begin to finally liquidate, pushing prices once again towards another defence of $4,000/oz in the near term.**
- **This risk still keeps us tactically cautious from current levels near term, although a flush towards $4,000/oz or below would eventually present a medium-term buying opportunity, in our view, given that the JPM economic base case ultimately calls for a Fed under-delivering on hikes vs current market expectations, although this inflection point is still likely going to take time to fully emerge.**


**Global Commodities Research**

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**See page 7 for analyst certification and important disclosures.**

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**Fed lift off expected today.** With core PCE inflation above 3% every month this year and making little recent progress heading towards 2%, our economists have revised their Fed forecast and now look for a 25bp hike today, followed by another 25bp hike at the December meeting (*FOMC Preview*, Feroli, 11 Sep 2026). Looking across the commodities complex, we still think that while the backdrop for the Fed might look similar to 1999, a mid-cycle hiking adjustment which coincided with strong commodities returns, the commodities market environment is more akin to 2022, risking that an unwind in supply-disruption premiums once again coincides with stiffer financial conditions headwinds, driving an eventual more depressive cooling across the commodities sector (*Global Commodities: Feeling '22-ish?*, Shearer et al., 05 Aug 2026).

**Gold and precious metals are in sharpest focus.** While under pressure since Warsh's Jackson Hole speech and a subsequent significant repricing in Fed rate hike expectations, gold has still remained somewhat resilient all things considered, in part helped by continued ETF demand. However, this in itself presents a near-term risk as, based on our analysis, recent ETF additions since mid-July are starting to look pretty top-heavy with potentially over 90 tonnes loss making at prices at or below $4,350/oz. Amid this positioning risk, a crystallisation of a more hawkish Fed that builds further pressure on gold risks driving a more material crack in gold's resilience as loss-making ETF holdings begin to finally liquidate, pushing prices once again towards another defence of $4,000/oz in the near term. This risk still keeps us tactically cautious from current levels near term, although a flush towards $4,000/oz or below would eventually present a medium-term buying opportunity, in our view, given that the JPM economic base case ultimately calls for a Fed under-delivering on hikes vs current market expectations, although this inflection point is still likely to take time to fully emerge.

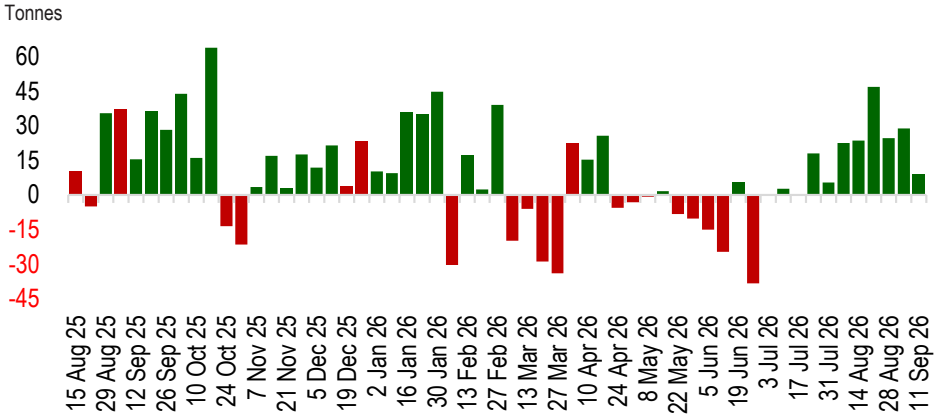
## Recent ETF additions are starting to look pretty top-heavy

Global gold ETF holdings, as aggregated by the World Gold Council, have net added tonnes every week since mid-July, in total adding nearly 180 tonnes or more than 4% to holdings **(Figure 1).** The initial rebound in ETF holdings came on a revival of the broader fiscal debasement narrative following July's FOMC press conference and the US Treasury's surprise announcement of a boost to 10-30Y buybacks (*Metals Weekly: Back to school x-metals cheat sheet*, 03 Sep 2026). Yet, ETF inflows have still broadly continued even after Jackson Hole and the ~50bp of additional Fed hikes priced in for the year ahead over the last three weeks. While this investor demand enthusiasm is an encouraging sign that the long-term themes fuelling gold still have legs, it also presents a bit of a near-term tactical positioning risk ahead of the likely upcoming Fed lift-off, as these additions are now beginning to look rather top-heavy.

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**Figure 1: Weekly global gold ETF flows**

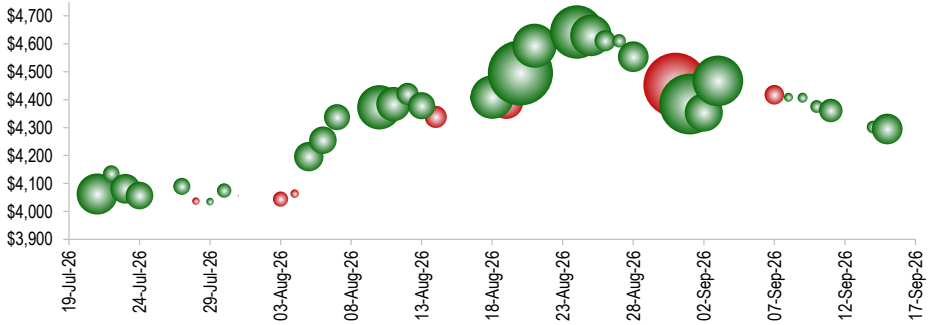



Source: World Gold Council

Bloomberg's aggregation of gold ETF holdings – a less complete, sub-set of the World Gold Council's figures that, on the other hand, are usefully updated at a daily frequency – have cumulatively added around 123 tonnes, or 3.96m ounces, since July 20 **(Figure 2 )**. A last-in, first-out (LIFO) flow model assumption for daily changes in ETF holdings implies a weighted-average price of creation for these tonnes of around $4,380/oz. Digging deeper, based on this analysis, over 90 tonnes of this net inflow, or close to 75% of recent additions, were likely created at prices at or above$4,350/oz, with some sizeable implied holdings built at prices at $4,450/oz and above **(Figure 3)**.

**Figure 2: Bloomberg aggregated gold ETF daily flows and price**

Y-axis: average daily VWAP gold price (US$/oz); bubble size represents size of inflow (green) or outflow (red)



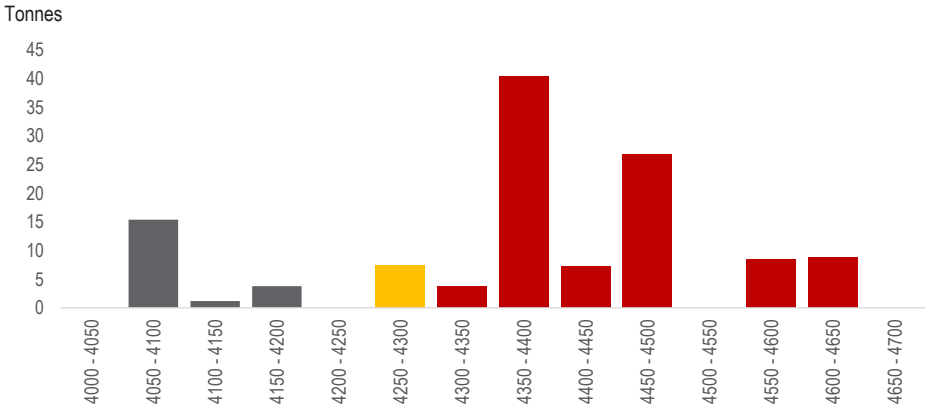

Source: Bloomberg Finance L.P., J.P. Morgan Commodities Research

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**Figure 3: Remaining Bloomberg aggregated Gold ETF holdings built since July 20 (assuming LIFO daily flow) by estimated price of creation**

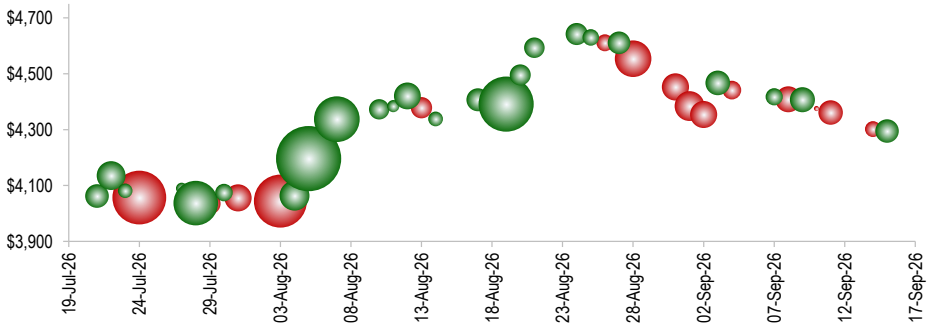



Source: Bloomberg Finance L.P., J.P. Morgan Commodities Research

Looking at the futures market, running a similar LIFO flow analysis on daily changes in aggregate COMEX gold open interest shows a slightly cleaner picture of recent length. Since August 3rd, aggregate open interest has risen by nearly 45,000 contracts, or +12%. However, with less significant activity towards the late-August price highs, our estimated weighted average price of recent COMEX futures contract creation is close to around $4,270/oz and, importantly, also has a much shorter and less threatening higher price tail skew vs recent ETF creation **(Figure 4)**.

**Figure 4: Daily change in aggregated COMEX gold futures open interest and price**

Y-axis: average daily VWAP gold price (US$/oz); bubble size represents size of increase (green) or decrease (red)




Source: Bloomberg Finance L.P., J.P. Morgan Commodities Research

**Gold prices have so far stayed somewhat resilient as rates markets have repriced.** Gold prices are down by about 6% from before Warsh's Jackson Hole speech and the subsequent~+50 bp repricing higher in cumulative pricing for Fed expectations. That being said, with US 10-yr nominal yields at ~5% and 10-yr real yields about 26 bp higher vs pre-Jackson Hole to ~2.6%, gold's performance has so far been pretty resilient. For example, the slope of gold's relationship to US 10-yr r
March through July – gold decreasing by $17/oz for every +1bp hig
yields – would imply almost a $445/oz decline in gold prices since J
gold prices closer to $4,160/oz **(Figure 5)**. So while rates markets n
pretty well priced for a hawkish FOMC outcome later today after th
gold may not be fully in the clear.

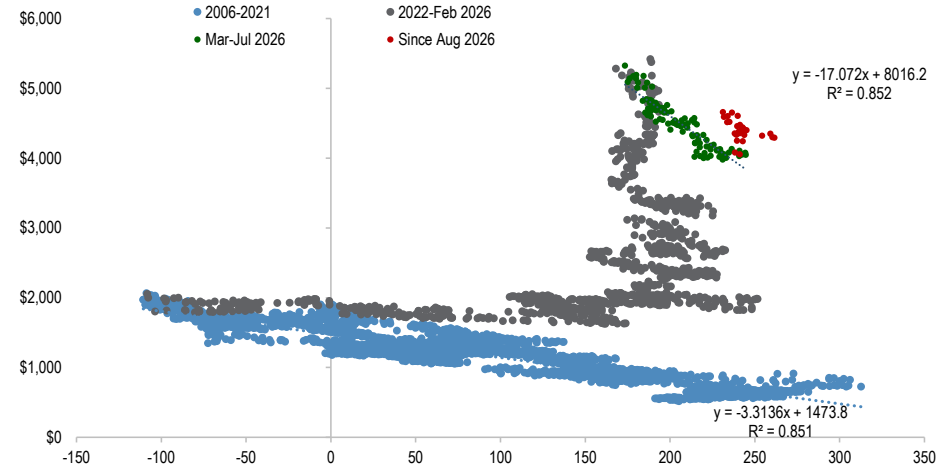
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**Figure 5: Gold price vs US 10yr real yield level, daily**

X-axis: US 10yr real yield level (bp); y-axis: Gold price (US$/oz)




Source: Bloomberg Finance L.P., J.P. Morgan Commodities Research

**Crystallisation of a more hawkish Fed risks an ETF unwind, in our view, potentially setting up another challenge of $4,000/oz near-term before more sustained gold recovery is expected later.** A more hawkish press conference accompanying a lift-off later today could still fuel an even higher repricing test in yields in the near-term, building additional pressure on gold prices and ultimately more materially cracking gold's resilience as loss-making ETF holdings begin to finally liquidate. This cascade has the potential to push prices once again towards another defence of $4,000/oz in the near-term, in our opinion.

While this ETF positioning risk into Fed lift-off still keeps us tactically cautious from current levels near-term, a flush towards $4,000/oz or below would eventually present a medium-term buying opportunity in our view. Ultimately, the JPM economic base case calls for a Fed under-delivering on hikes vs current market expectations. This eventual market pivot in part helps drive our forecasted recovery back to $5,000/oz next year, although it's likely to still take some time for this clarity to emerge and more fully price in later this year, and we do think current positioning skews risk towards some further bearish bumps before this inflection point in gold sustainably takes hold.

# JPM metals price forecasts

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Quarterly and annual averages

| | 4Q25A | 1Q26A | 2Q26A | 3Q26 | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 4Q27 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Base Metals** | | | | | | | | | | | | |
| **Aluminum** | 2,828 | 3,198 | 3,562 | 3,800 | 3,700 | 3,450 | 3,200 | 2,900 | 2,750 | 2,631 | 3,565 | 3,075 |
| **Copper** | 11,105 | 12,824 | 13,352 | 14,500 | 14,800 | 14,000 | 13,800 | 13,800 | 13,600 | 9,947 | 13,869 | 13,800 |
| **Nickel** | 14,892 | 17,338 | 18,090 | 17,000 | 17,250 | 17,500 | 18,000 | 18,000 | 17,500 | 15,164 | 17,419 | 17,750 |
| **Zinc** | 3,165 | 3,237 | 3,464 | 3,500 | 3,400 | 3,300 | 3,200 | 3,050 | 3,000 | 2,867 | 3,400 | 3,138 |
| **Precious Metals** | | | | | | | | | | | | |
| **Gold** | 4,152 | 4,873 | 4,508 | 4,300 | 4,500 | 4,600 | 4,700 | 4,800 | 5,000 | 3,440 | 4,545 | 4,775 |
| **Silver** | 55.2 | 83.7 | 73.1 | 62.5 | 63.0 | 63.0 | 63.5 | 64.0 | 65.0 | 40.1 | 70.6 | 63.9 |
| **Platinum** | 1,694 | 2,204 | 1,916 | 1,700 | 1,800 | 1,875 | 1,900 | 1,950 | 1,950 | 1,282 | 1,905 | 1,919 |
| **Palladium** | 1,478 | 1,706 | 1,409 | 1,300 | 1,350 | 1,400 | 1,350 | 1,250 | 1,200 | 1,151 | 1,441 | 1,300 |

Source: J.P. Morgan Commodities Research. *Base metals are LME cash and precious metals are spot.