

Ryan Lam, CFA

Head of Research

ryan.lam@shacombank.com.hk

+852 2841 5283

Instant Thoughts

3 February 2026

Too Much of a Good Thing

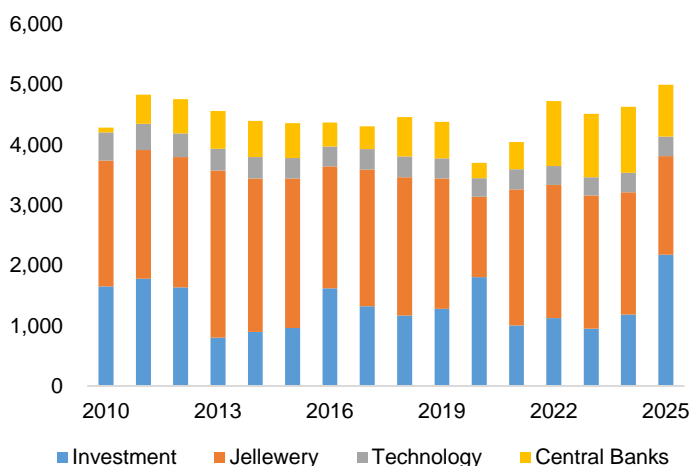
- **Gold is trading more like a cryptocurrency than a safe-haven asset lately. One could certainly excuse reserve managers for not making a beeline to buy the precious metal. Price thus becomes reflexive with less fingerprints of the steady hands.**
- **The bullion was once 37% higher than its 200-day moving average, up from 14% at the start of the year. And such borrowed time tend to be short-lived. The historical evidence suggests the shakeout has further to go.**
- **Gold's rally could have another leg into the second half when Takaichi trade comes back to play. It still glitters, just with more whiplashes.**

How does one become a gold bear? Slowly, then suddenly, to borrow from Hemingway. The selloff of precious metals over the weekend is as acute as one can imagine. Debasement trade backfired after Kevin Warsh, a diehard opponent of QE, won the race to become the new Fed chief's nominee.

Why would the daily vacillation bother us? It's the collective silence of central bankers that should worry us most. Already bending themselves too far, their appetite for gold has shrank to its thinnest level since 2021 (Exhibit 1). Now, crossing the US\$5,000 hurdle seems to have shocked them more psychologically on the way down than it did on the way up. Gold, after all, is trading more like a cryptocurrency than a safe-haven asset lately. One could certainly excuse reserve managers for not making a beeline to buy the precious metal. Price thus becomes reflexive with less fingerprints of the steady hands.

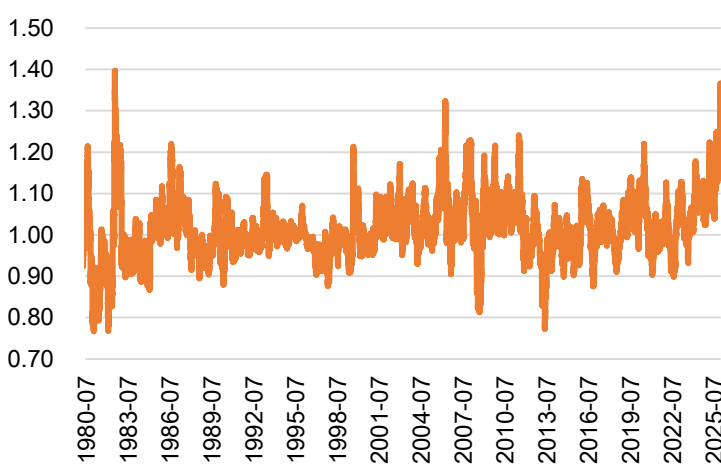
What is evident is that there's a demand vacuum. Gold was once 37% higher than its 200-day moving average, more than doubled from 14% at the start of the year. And such borrowed time tend to be short-lived (Exhibit 2). The historical evidence suggests the shakeout has further to go.

Exhibit 1: Gold Demand (tonnes)



Source: World Gold Council, Shanghai Commercial Bank

Exhibit 2: Gold Spot Price (vs 200-day moving average)



Source: Bloomberg, Shanghai Commercial Bank

This invites the question of whether the correction comes with a bang or a whimper. Even gold bears would grudgingly admit many of the rationales for owning gold still stand. Dollar debasement trade won't end with the nomination of a brownnoser as the chair of the Fed; the lifespan of a gold rush historically lasts more than 1,000 days; and it serves as a hedge against any potential reset of A.I. mania and targeted asset freeze. Gold's rally could have another leg into the second half when debt-laden countries inflict another horror show and Takaichi trade comes back to play. It still glitters, just with more whiplashes.



Recent Publications

Slipping from Grasp 	Jan 29, 2026
Greener Grass on the Other Side 	Jan 22, 2026
2026 Global Economic & FX Outlook 	Jan 13, 2026
Have Yourself a Cosy Christmas 	Dec 11, 2025
Cutting in the Vacuum 	Oct 30, 2025
No More Tears? 	Oct 6, 2025
Threading the Needle 	Sep 22, 2025
Easing to Last 	Sep 18, 2025
Beyond Succession 	Sep 9, 2025
Cooking the Book 	Sep 2, 2025
Going Mad in Its Own Way 	Aug 19, 2025
TACO Bites 	Aug 1, 2025
Too Hot to Handle 	Jul 31, 2025
Mind over Matter 	Jul 21, 2025
Through the Roof 	Jul 8, 2025
The World as It Is 	Jun 19, 2025
Bill Me Faster 	Jun 12, 2025
Ball in the Court 	Jun 2, 2025
Nature Abhors a Vacuum 	May 26, 2025
Beyond the Maximalist Point 	May 15, 2025
Better Late Than Wrong 	May 8, 2025
Long Live the King 	May 6, 2025
Tariffed 	Apr 29, 2025
The Chicken Game 	Apr 11, 2025
In the Name of Fairness 	Apr 3, 2025
Liberating the Banks 	Mar 26, 2025
The Doves Are Back in Town 	Mar 20, 2025
Everything Everywhere All At Once 	Mar 14, 2025
Firing on All Cylinders 	Mar 6, 2025
Scrap for Fee, but Not for Me 	Feb 27, 2025
No Delusions 	Feb 20, 2025
Party Crasher 	Feb 13, 2025

From Shanghai to Hong Kong,
Connecting the World
傳承滬港 連繫國際

Incorporated in Hong Kong since 1950 - with reach in
New York, San Francisco, Los Angeles, London, Shanghai and Shenzhen.
1950年香港註冊成立，業務網絡遍及
紐約、三藩市、洛杉磯、倫敦、上海及深圳。



Disclaimer - Investment Involves Risk

Investment Risk Disclosure

- The following risk disclosure statement cannot disclose all the risks involved and does not take into account any circumstances that are unknown to Shanghai Commercial Bank Limited (the "Bank"). Investment involves risks. Securities, Investment fund and Bonds are investment products. The price of investment products may go up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying or selling investment products. Any past performance figures shown are not indicative of futures performance. Part of the investment may not be able to liquidate immediately under certain market situation. Customers should refer to relevant offering documents for detailed information, including but not limited to Risk Disclosures, prior to any investment subscription. The products described herein may not be suitable for all people. The decisions to invest are made by customers and customers should not invest in investment products unless the intermediary selling them has explained to them that the product is suitable for them having regard to customers' financial situation, investment experience and investment objectives. Customers should not make any investment decisions based on this document alone. Customers must make their own assessment of the information provided in this document. Customers should carefully consider whether any investment products or services mentioned herein are appropriate for them in view of their financial situations, investment experiences and investment objectives. If customers have any doubt about this material or any relevant offering document, they should consult their own independent advisers on the legal, regulatory, tax, investment and financial implications of the investments (including but not limited to estate duty and withholding tax and other tax obligations which may arise from local or foreign investment) as they deem appropriate to ensure that they understand the nature of the investments in order to consider whether the investments are suitable investments for them.
- Investment Risk in Securities: The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Investment involves risks. Any past performance figures shown are not indicative of futures performance. Part of the investment may not be able to liquidate immediately under certain market situation. Customers must ensure to read and understand the information of Shanghai and Shenzhen Connect A-shares trading of the Bank including relevant details, trading rules, risk, fees, restriction and notices before investing in Shanghai and Shenzhen Connect A-shares trading.
- Investment Risk in investment funds: The prices of investment funds fluctuate, sometimes dramatically. The price of an investment fund may go up or down and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling investment funds. Investment involves risks. Any past performance figures shown are not indicative of futures performance. Part of the



investment may not be able to liquidate immediately under certain market situation. Customers should refer to relevant investment fund offering documents for detailed information, including but not limited to Risk Disclosures, prior to any investment fund subscription. Customers should carefully consider whether any investment products or services mentioned herein are appropriate for them in view of their financial situations, investment experiences and investment objectives. Please refer to explanatory memorandum or relevant materials of the fund for further information. The subscription of investment fund is subjected to prevailing regulatory requirements and restrictions and relevant terms and conditions of the Bank. The Bank acts as a distributor of the funds managed by fund housed and the funds are the product of the third party fund houses. For distribution of funds – in respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between the Bank and the customers out of the selling process or processing of the related transaction, the Bank is required to enter into a Financial Dispute Resolution Scheme process with the customers; however any dispute over the contractual terms of the product should be resolved directly between the third party fund house and the customers.

- Investment Risk in Bonds: Bond investments are not bank deposits and involve risks, including the possible loss of the principal amount invested. Customers should be aware of the risk of exchange rate fluctuations for bonds denominated in non-local currency, which may cause a loss of principal. Unless specified, these investments are not guaranteed by the Bank. The prices of bonds fluctuate, sometimes dramatically. The price of a bond may go up or down and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of subscribing and redeeming bonds. Investment involves risks. Any past performance figures shown are not indicative of future performance, which the Bank does not guarantee the existence of a secondary market for bonds. Part of the investment may not be able to liquidate immediately under certain market situation. Customers should refer to relevant bonds offering documents for detailed information, including but not limited to Risk Disclosures, prior to any bonds subscription.
- RMB is subject to exchange rate risk (only applicable to Individual Customers): RMB is currently not freely convertible. Customers should be aware that they can conduct conversion of RMB at CNH rate through bank accounts, for which it is subject to the requirements specified by the Relevant Authorities from time to time, the requirements specified by the Bank and/ or the RMB position and commercial decisions of the Bank at that moment. RMB Conversion Limitation Risk (only applicable to Corporate Customers): RMB is currently not freely convertible. Corporate Customers should be aware that they can conduct conversion of RMB through bank accounts, for which it is subject to the requirements specified by the Relevant Authorities from time to time, the requirements specified by the Bank and/ or the RMB position and commercial decisions of the Bank at that moment. RMB investments are subject to exchange rate fluctuations which may provide both opportunities and risks. The fluctuation in the exchange rate of RMB may result in losses in the event that the customer converts RMB into HKD or other foreign currencies. If



the home currency of the customer is different from the Investment product currency or the Investment product's reference currency, changes in currency exchange rates may erode the investment gains or widen the investment losses of the customer.

- The information of this document has not been reviewed by the Securities and Futures Commission of Hong Kong or any regulatory authorities in Hong Kong.

Important Notice / Disclaimer:

- This document is issued and solely owned by the Bank. This document is for general information and reference only and does not constitute any offer, solicitation, invitation, advice or recommendation to subscribe, trade, redeem or sell for any deposits or investments. No representation, guarantee or other assurance as to the outcome of any investment has been made or will be given to you by or on behalf of the Bank.
- This document contains information from third party, which may be incomplete or simplified. Although the information herein contained is obtained or compiled from sources the Bank believes to be reliable, it has not been independently verified. The Bank cannot and does not represent or warrant the accuracy, validity, reliability, timeliness or completeness of any such information (whether in whole or in part), and accepts no liability for any loss or damage howsoever arising from or in reliance upon the whole or any part of such information or opinions (unless due to the negligence or wilful default of the Bank, the Bank's authorised officers, employees or agents). The Bank reserves the right to amend all or any part in this document, which all views, forecasts and estimates constitute judgments made before the publication date, and are subject to change without further notice. This document contains certain statements that may be deemed as forward-looking statements involving risks and uncertainties. Customers should be aware that actual results may differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements due to different factors, risks and economic situation.
- The information herein contained may not be reproduced, quoted, distributed, disclosed or published (whether in whole or in part) in any media for any purpose without prior express written consent from the Bank. The Bank accepts no liability for any loss arising from or in reliance upon such information or contents. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be contrary to the laws or regulations.
- The Bank and its affiliates or subsidiaries, and/or their officers, directors, agents and employees may have positions in and may trade for their own account in all or any of the securities or investments mentioned in this document. Companies within the Bank may have provided investment services or underwritten in relation to these securities. Commission or other fees may be earned by the Bank respect of the services provided by them relating to these securities or investments.



Conflicts of Interest Disclosure:

- The Bank and its affiliates or subsidiaries, and/or their officers, directors, agents and employees may have positions in and may trade for their own account in all or any of the foreign exchange, securities or investments mentioned in this document, or engage in any trading activities or have any financial interests in relation to the subject ETFs. Also, they may have business or other relevant relationships with the subject ETFs and/or the management company of the ETFs. The Bank may have provided investment services or underwritten in relation to these securities. Commission or other fees may be earned by the Bank respect of the services provided by them relating to these securities or investments.