PRECISION PIPS | GOLD MACRO SERIES · PART 3

NFP & XAUUSD

Understanding Employment Data Before Trading Gold

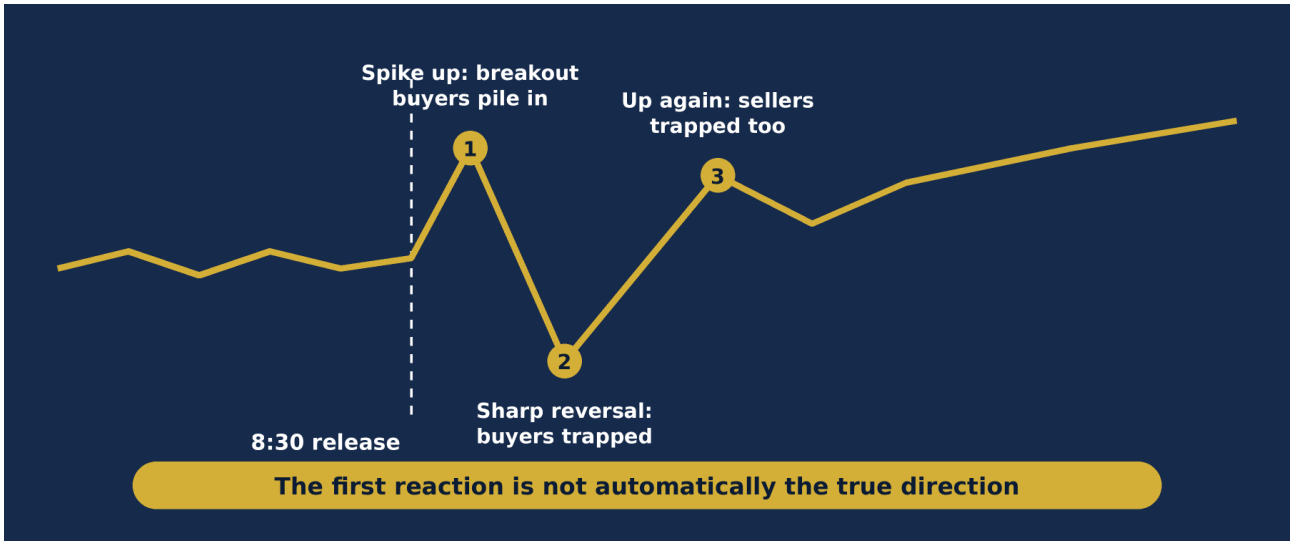


Figure 1: the first NFP reaction can whipsaw in both directions (illustrative).

Lesson Objective

If you trade XAUUSD, Nonfarm Payrolls (NFP) is one of the major US releases you must understand. But there is a common mistake:

"Strong NFP = sell gold. Weak NFP = buy gold."

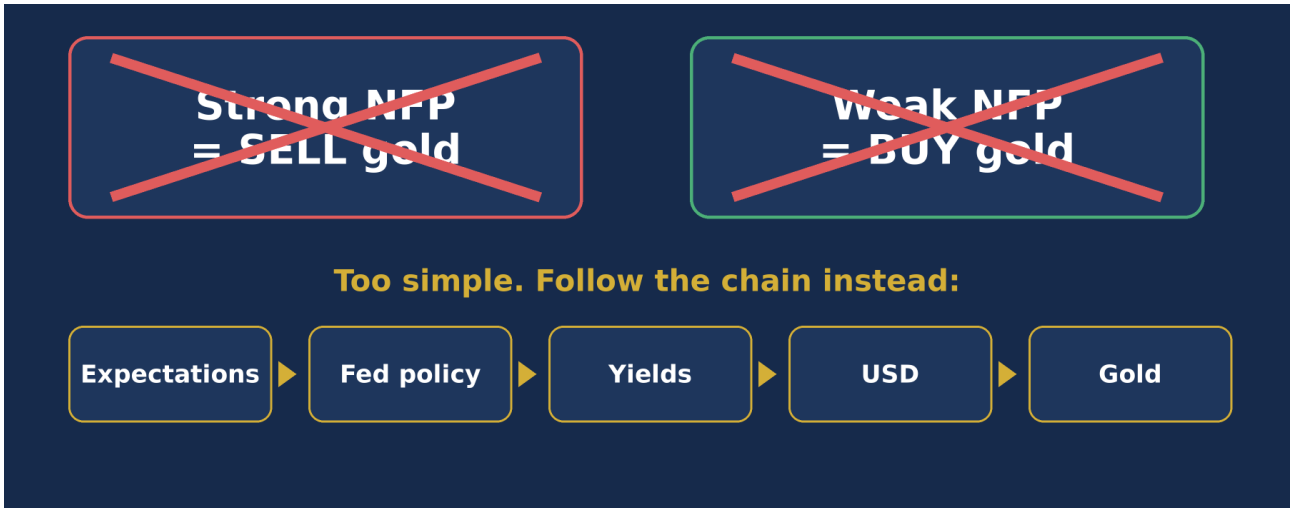


Figure 2: the shortcut that gets traders trapped, and the chain to follow instead.

The professional approach is to understand how employment data changes expectations for Federal Reserve policy, interest rates, Treasury yields, the US Dollar and, ultimately, gold, and then to let price and liquidity show you where to act.

1. What Is NFP?

NFP stands for **Nonfarm Payrolls**. It measures the monthly change in the number of paid workers in the US economy, excluding certain categories (farm workers, private household workers, nonprofit employees and the military). It is published by the Bureau of Labor Statistics (BLS) as part of the monthly **Employment Situation** report, which combines two surveys.

For traders it matters because employment is one of the main areas the Federal Reserve weighs when judging the economy and setting monetary policy.



Figure 3: what is inside the Employment Situation report.

Release facts
Released at **8:30 AM New York time**. Because the US changes clocks on different dates from other countries, check what that is on your own clock. It is **usually the first Friday** of the month, but not always: the 2026 calendar included a Wednesday (11 Feb) and a Thursday (2 Jul). Next scheduled release as of 7 Oct 2026: **Friday 6 Nov 2026** (October data). Always confirm on the BLS release calendar.

2. The Three Numbers You Should Watch

When NFP is released, never look at only one number. Compare **Actual** (what was reported), **Forecast** (what economists expected) and **Previous** (the earlier reading, which may be revised). Markets trade the *surprise*: the gap between actual and forecast.

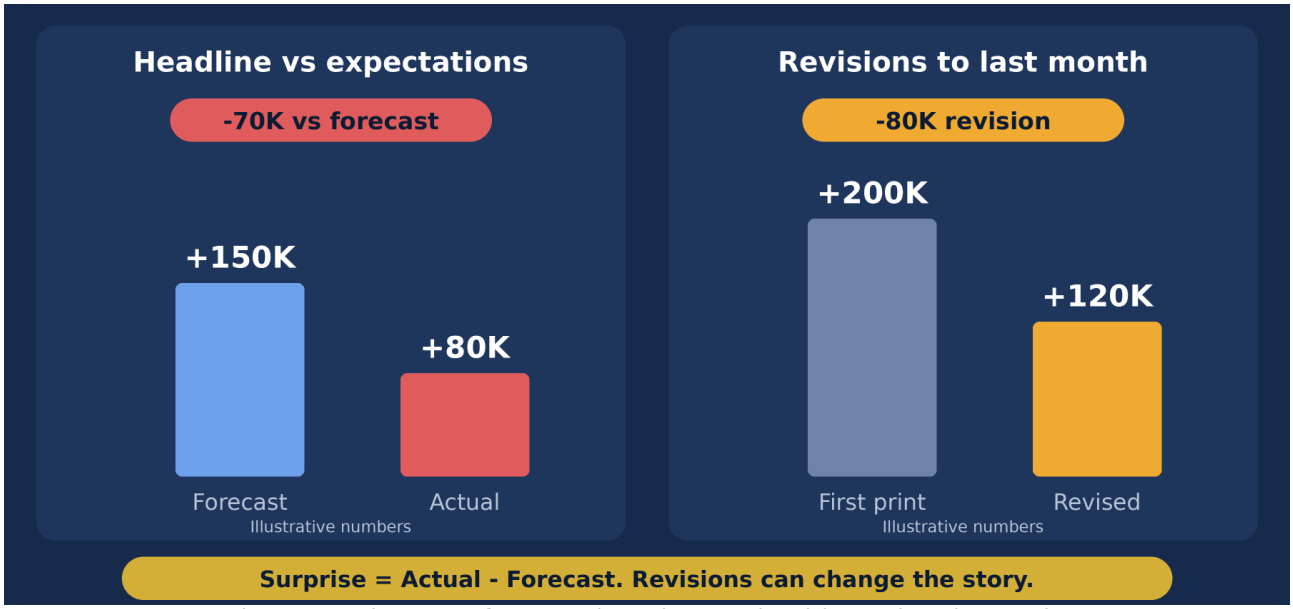


Figure 4: a miss versus forecast, plus a downward revision to the prior month.

Worked example (illustrative numbers)
Forecast +150K, actual +80K: a weak headline versus expectations. Last month revised from +200K to +120K: the trend is weaker than first thought. Together they can push traders to reassess future Fed policy. But we are not finished: check unemployment and wages before drawing conclusions.

3. NFP Is More Than the Headline

Beginners focus only on the payroll number. The report holds several pieces of information, and they can tell different stories:

Component	What it tells you
Nonfarm payrolls	How many jobs were added or lost.
Unemployment rate	Whether slack in the labor market is rising or falling.
Average hourly earnings	Wage growth: a clue about labor tightness and inflation pressure.
Revisions	Whether the previous two months were revised significantly. Each report also revises earlier months, and an annual benchmark revision can reset the level of employment.
Participation rate	Share of working-age people in the labor force. It can change how a falling unemployment rate should be read.
Average workweek	Hours worked: often shifts before hiring does.

4. The NFP Week

NFP does not arrive alone. Other labor indicators often come first and shape what the market expects on Friday.

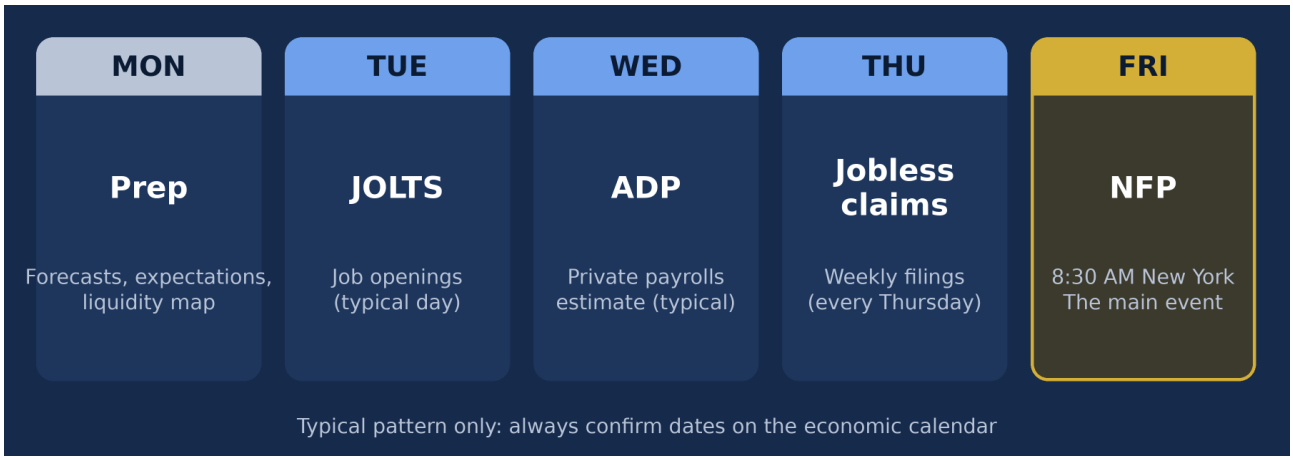


Figure 5: the typical build-up to the jobs report.

5. Why Employment Matters to Gold

Here is the chain to understand. Strong employment suggests a stronger economy and less urgency for the Fed to cut. Rate-cut expectations fall, yields may rise, the USD may strengthen and gold can come under pressure. Weak employment points the other way.

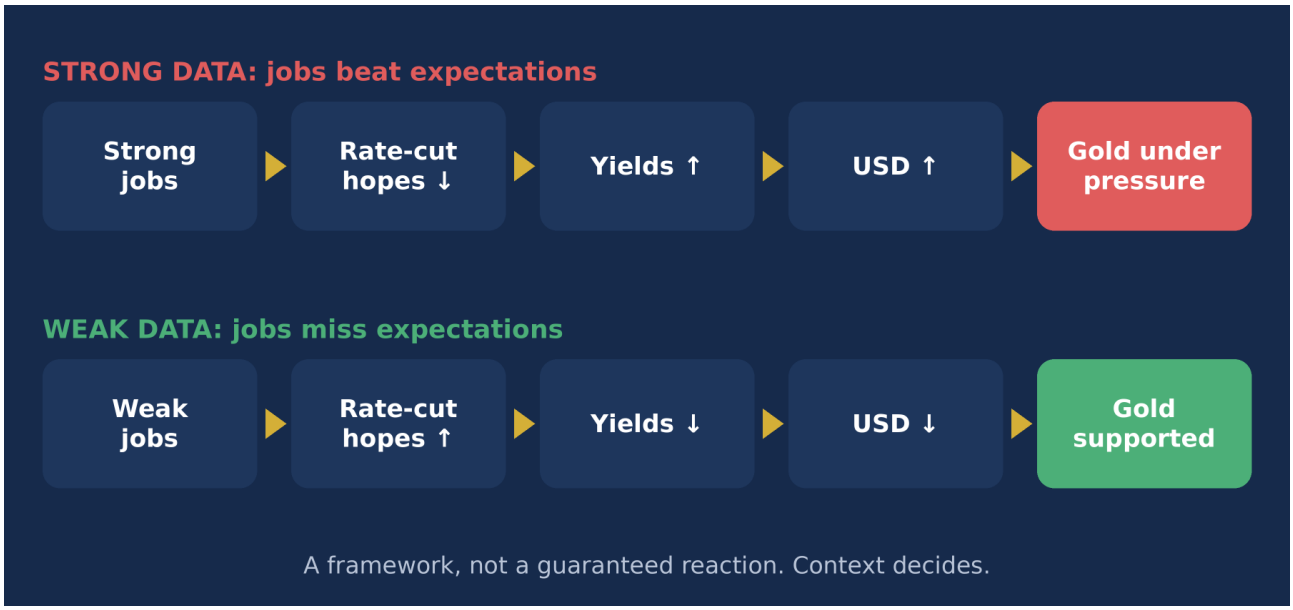


Figure 6: the transmission chain for strong and weak data.

Context decides. The same jobs number can mean different things depending on what the market is worried about:

Market's main worry	Strong jobs / wages	Weak jobs / wages
Inflation	Cuts pushed back; yields and USD up; pressure on gold.	Relief; more easing hoped for; support for gold.

Market's main worry	Strong jobs / wages	Weak jobs / wages
Growth / recession fear	Reassuring; may lift yields and risk appetite.	Raises recession fears and cut hopes, but a cash scramble can hit gold first (Part 1, Scenario B).

6. NFP and the Fed

The Federal Reserve has a **dual mandate**: price stability and maximum employment. That is why jobs data moves rate expectations. Strong jobs, strong wages and low unemployment can reduce expectations for aggressive cuts, depending on inflation. Weak jobs, rising unemployment and slowing wages can raise expectations for easier policy, again depending on inflation and other conditions.

7. Do Not Ignore Wage Growth or Revisions

Strong payrolls with weak wage growth are not read the same way as strong payrolls with strong wage growth, because wages carry information about inflationary pressure. Revisions matter too: if last month showed +200K and is revised to +120K, the picture changed. Always ask: **what changed from the previous report?**

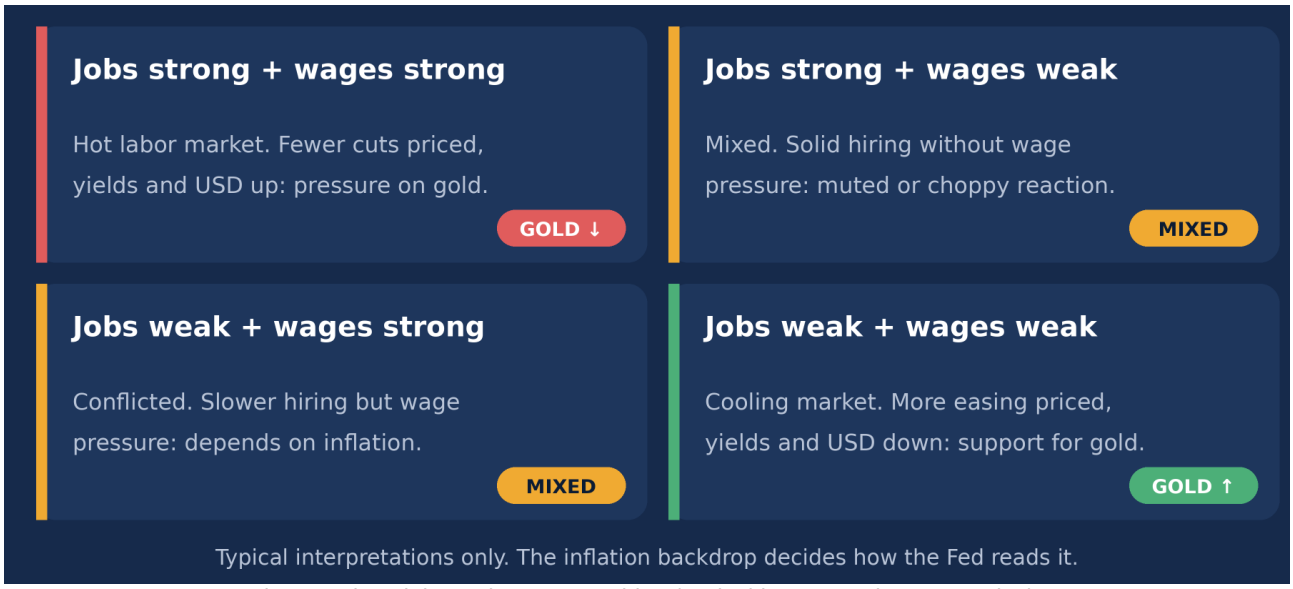


Figure 7: how jobs and wages combine (typical interpretations, not rules).

8. Why the First NFP Move Can Be Deceptive

NFP can create extreme volatility: a candle shoots up, reverses down, then reverses up again. A beginner who enters every move gets trapped. **The first reaction is not automatically the true direction.** The market needs time to digest the data and reposition (see Figure 1).

9. Think in Terms of Liquidity

Before NFP, build a map. **Buy-side liquidity (BSL)** rests above previous highs, equal highs and session highs. **Sell-side liquidity (SSL)** rests below previous lows, equal lows and session lows. Then ask: *where is price likely to attack first?* You do not need to predict the exact move, only to know where the stops are.

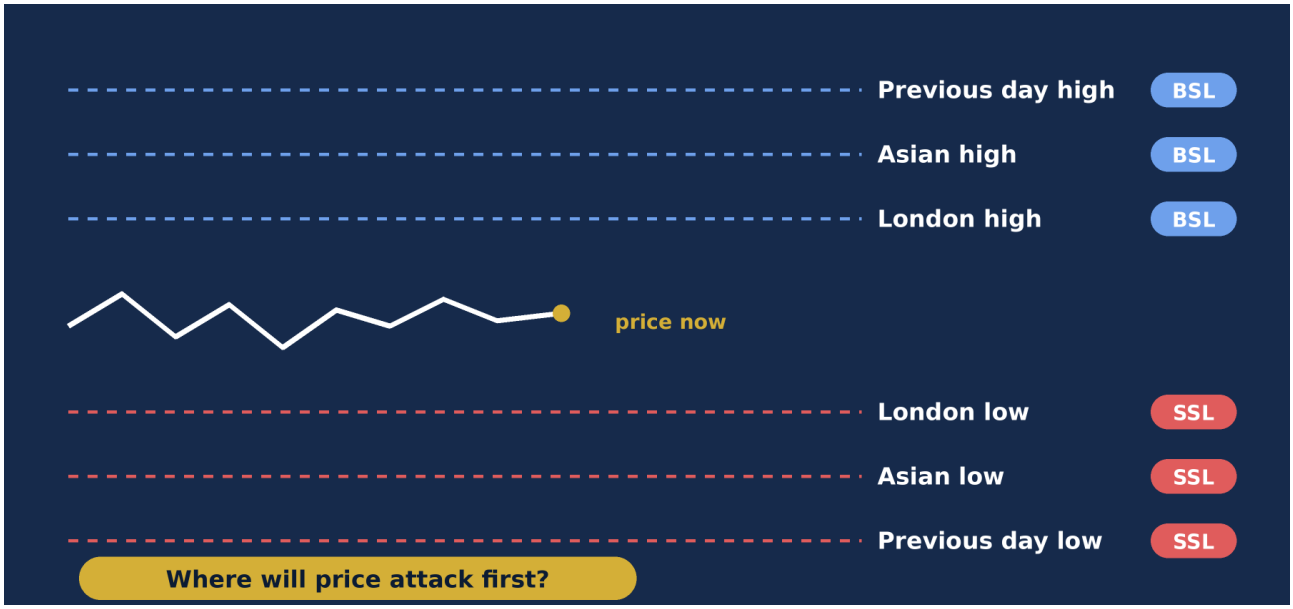


Figure 8: a pre-NFP liquidity map for XAUUSD.



Figure 9: the phases of an NFP session.

10. The NFP Liquidity Sweep Model

Imagine XAUUSD trading below a major high with BSL above it. At or just after NFP, price spikes up and takes the high. Beginners see a breakout and buy. Then price sharply reverses. The move may have been a liquidity sweep. Now you wait for displacement, a bearish MSS, a retracement and an entry in an FVG or order block. **The key is not that liquidity was taken, but what price does after.**

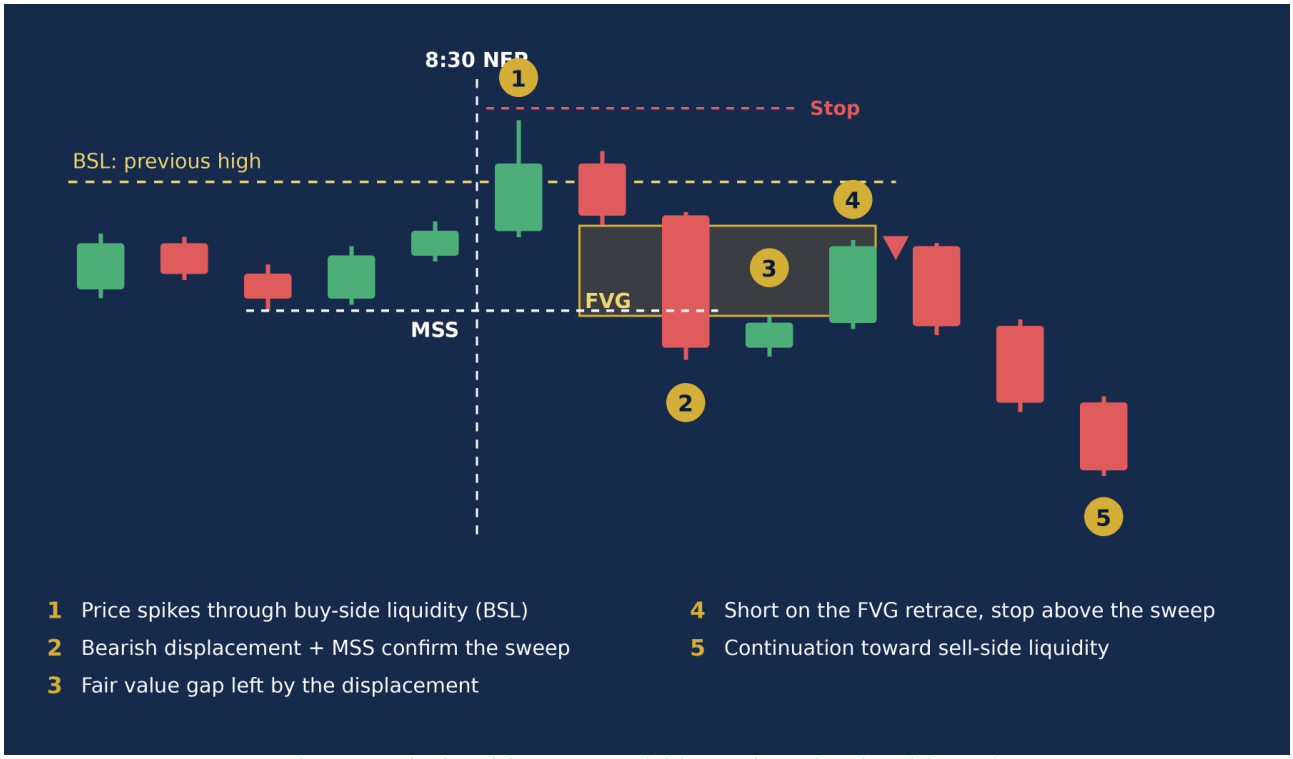


Figure 10: the bearish sweep model (BSL taken, then bearish MSS).

The opposite can happen. XAUUSD sits above a major low with SSL beneath it; NFP causes a sharp sell-off that takes the low. Then bullish displacement, a bullish MSS, a retrace into an FVG and continuation higher can create a bullish setup.

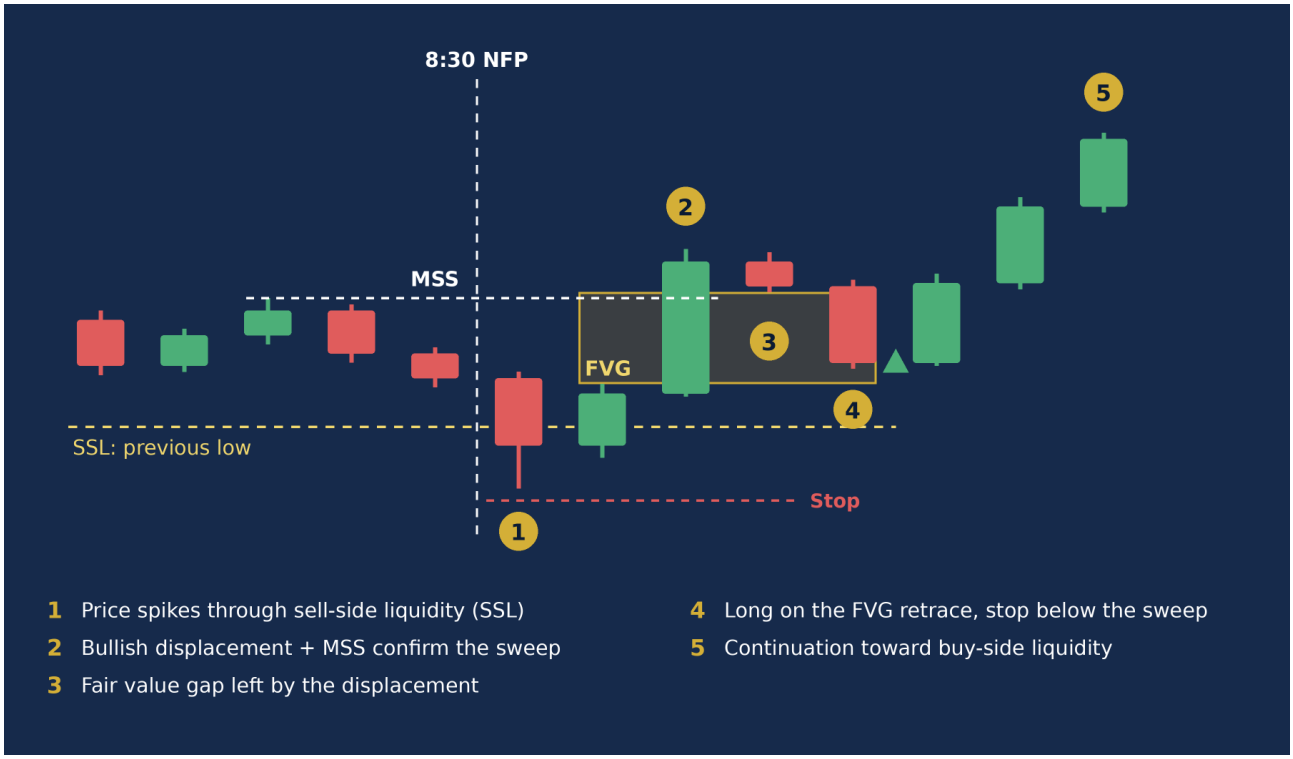


Figure 11: the bullish sweep model (SSL taken, then bullish MSS).

The lesson
Liquidity sweep + confirmation beats blindly trading the headline.

11. NFP, DXY and Treasury Yields

Do not analyze gold in isolation. If employment data strengthens the Dollar significantly, gold can face pressure; if the Dollar weakens significantly, gold may get support. Employment data also changes rate expectations, which move Treasury yields: **NFP → Fed expectations → rate expectations → yields → DXY → XAUUSD.** But DXY is confirmation, not an automatic signal. Several factors reprice at once, and gold and the Dollar can sometimes move in unexpected ways.

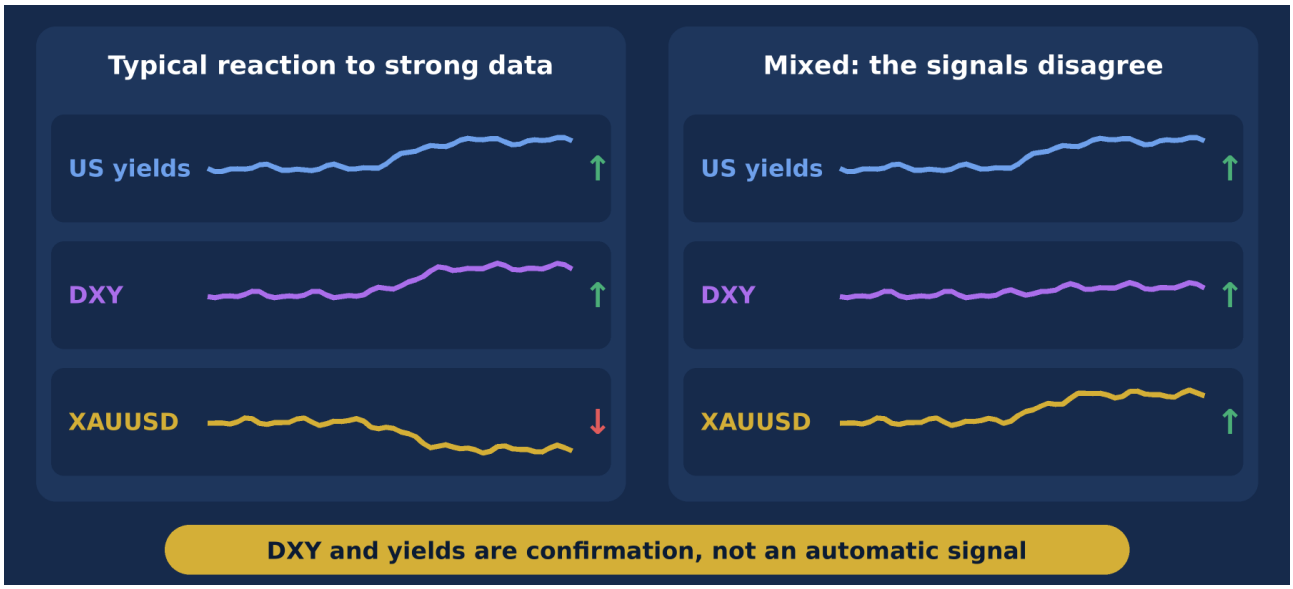


Figure 12: when yields, DXY and gold agree, and when they do not.

12. How to Prepare Your XAUUSD Chart

Build a top-down technical map before the release:



Figure 13: from weekly liquidity down to M5 execution.

13. Your NFP Execution Model



Figure 14: the seven-step NFP execution model.

Step	What to do
1. Macro	Ask what the market expects going into NFP.
2. Liquidity	Mark BSL, SSL, previous day high/low, Asian high/low, London high/low.
3. Wait	Do not enter the instant the number prints. Let volatility develop.
4. Sweep	Did price take BSL or SSL?
5. Confirm	Look for displacement, MSS / CHoCH and BOS.
6. Entry	Look for an FVG, order block, breaker or BPR, depending on your model.
7. Risk	Define entry, stop loss, take profit and risk per trade before executing.

14. An Important Warning

NFP can produce extremely fast price movements. Spreads can widen, slippage can occur, technical setups can fail and stops can be triggered quickly.



Figure 15: the realities of trading a major release.

Your job is not to predict every NFP candle. It is to protect your capital while waiting for a setup that meets your rules. Options to consider (not advice): trade smaller than usual, wait for structure rather than the first spike, or sit this one out.

Common mistakes

- Chasing the first candle
- Trading without a liquidity map
- Reading only the payroll headline and ignoring wages, unemployment and revisions
- Treating DXY or yields as automatic signals
- Entering before displacement and an MSS
- Sizing as if spreads and slippage did not exist
- Having no clear invalidation point

15. The NFP Checklist

Before NFP

☐ Forecast?
☐ Previous?
☐ Market expectations?
☐ Unemployment expectations?
☐ Wage-growth expectations?
☐ Major BSL?
☐ Major SSL?
☐ Previous day high / low?
☐ HTF FVGs?
☐ HTF OBs?
☐ Premium or discount?

After release

☐ Actual NFP?
☐ Unemployment?
☐ Wage growth?
☐ Revisions?
☐ DXY reaction?
☐ Yield reaction?
☐ Liquidity sweep?
☐ Displacement?
☐ MSS?
☐ Retracement?
☐ Risk-to-reward?

16. The Big Lesson and Final Framework

Do not trade NFP as “NFP bad → buy gold.” Trade it as: **what did the market expect, what actually happened, how did expectations change, and what is XAUUSD doing with liquidity and market structure?** That is the difference between reacting to news and understanding the market.



Figure 16: the final framework, from the data to the risk plan.

Remember
NFP gives you information. The market gives you the reaction. Price action gives you the entry. Risk management keeps you in the game. **Do not chase the NFP candle. Wait for the market to show its hand.**

Quick Quiz

Q: NFP prints +80K against a +150K forecast. What do you look at first?

A: The gap versus expectations, then unemployment, wages and revisions, not the raw number alone.

Q: Why can the first NFP candle mislead?

A: Volatility and liquidity sweeps can whipsaw price before the market digests the data.

Q: Strong payrolls but weak wages: same as strong payrolls and strong wages?

A: No. Wages carry inflation information, so the Fed-related read differs.

Q: Price spikes through BSL right after the release, then rejects. What do you wait for?

A: Displacement, a bearish MSS, then a retrace into an FVG or order block.

Q: Is DXY an entry signal?

A: No. It is confirmation, not an automatic signal.

Q: What are the two goals of the Fed's dual mandate?

A: Price stability and maximum employment.

Glossary

Term	Meaning
NFP	Nonfarm Payrolls: monthly change in US paid employment (BLS).
Surprise	Actual minus forecast.
JOLTS / ADP	Job-openings survey / private-payrolls estimate released ahead of NFP.
BSL / SSL	Buy-side liquidity (stops above highs) / sell-side liquidity (stops below lows).
PDH / PDL	Previous day high / low.
MSS / CHoCH / BOS	Market structure shift / change of character / break of structure.
FVG	Fair value gap: an imbalance left by an impulsive move.
OB / Breaker / BPR	Order block / a failed order block that flips role / balanced price range.
Displacement	A strong, impulsive move away from a level.
Premium / discount	Upper / lower half of a dealing range.

The Macro Series

Next lesson: **Part 4, FOMC & Gold**: how Fed decisions, rate expectations, the Fed chair's language, DXY and yields can change the XAUUSD narrative.



Figure 17: where this lesson sits in the series.

Educational content only. Not financial advice. Trading involves substantial risk and no setup is guaranteed. Figures are schematic illustrations with illustrative numbers, not real market data.