

# The Friday/VIX gold satellite

One rule, one day a week, only when markets are afraid. Plain-English rules - run them manually or code them on any platform in ten minutes.

## The rules

1. Every Thursday after the close, check the VIX closing value (free on any quote site).
2. If VIX closed ABOVE 20: buy gold at or near Thursday's close. Use a liquid gold ETF (GLD, IAU, or your local equivalent) or a gold future/CFD if your costs are lower there.
3. Sell at or near Friday's close. No stop, no target - the exit is the clock.
4. If VIX closed at or below 20: do nothing. The signal fires roughly 16 days a year (about 6% of trading days), so most weeks you simply hold no position from this strategy.

## Why it works (the honest version)

Gold's returns concentrate on Fridays - the standard explanation is hedging demand ahead of two days of closed markets. The effect is strongest when there is something to fear, which is what the VIX filter isolates. It is an empirical pattern with a plausible story, not a law of nature - and it has weakened since the 2000s.

## The cost math decides everything

The average edge per trade is small, so execution costs decide whether this is a strategy or a donation. At 0.04% per round trip (realistic with limit orders on a liquid ETF at a low-cost broker) the filtered version earned 2.37% CAGR with a Sharpe of 0.43 and a win rate of 55.9% across 349 trades (2004-2026). At 0.10% per round trip the same trades earned 1.24% - costs ate roughly half the edge. If your all-in costs are near 0.10%, do not trade this.

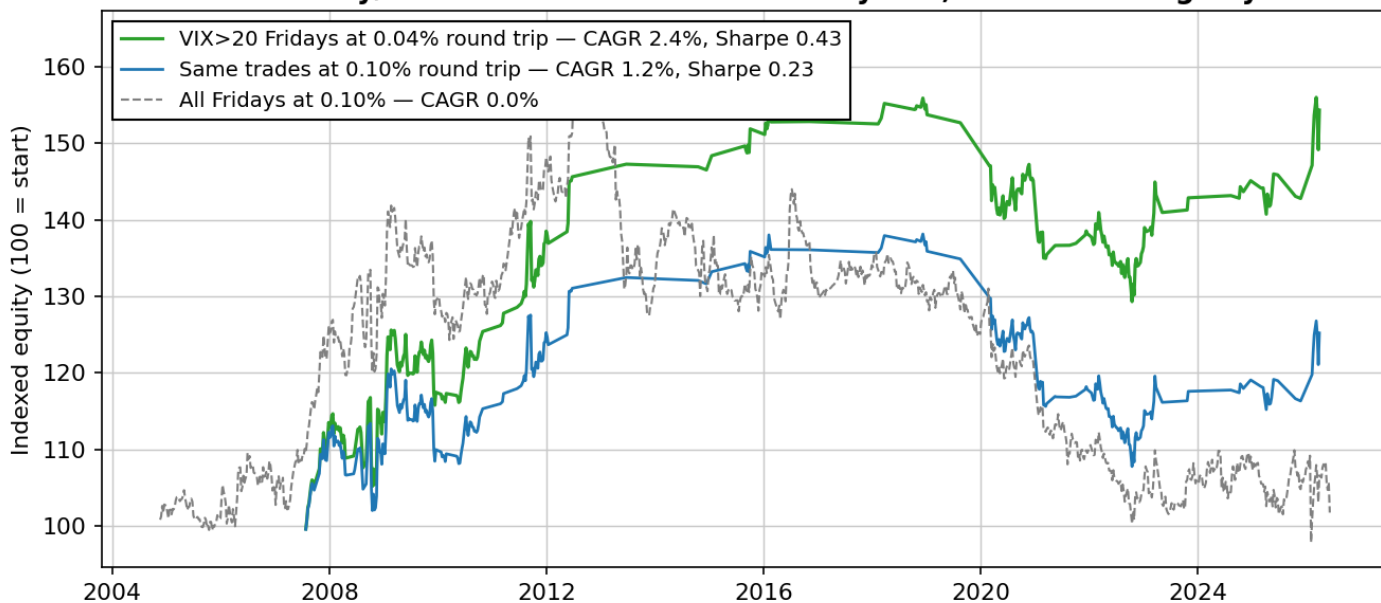
Period	CAGR at 0.10% RT	CAGR at 0.04% RT	Win rate	Trades
2004-2011	+5.3%	+7.7%	59.5%	168
2012-2018	+1.4%	+1.7%	56.8%	37
2019-2026	-1.1%	+0.1%	51.4%	144
Full period	+1.2%	+2.4%	55.9%	349

## How to use it

This is a satellite, not a core strategy. It uses capital that sits idle anyway, and its profitable clusters (2008, 2011, 2020) land exactly when equity strategies bleed - think of it as a cheap option on fear. Note from the table that 2019-2026 was roughly flat: the per-trade edge has thinned, and we publish that rather than hide it. Size it so that a -20% strategy drawdown (the historical worst case) is irrelevant to you.

## The full backtest

**The Friday/VIX satellite: 349 trades in 22 years, ~6% of trading days**



**Net result per year at 0.04% round trip**



Top: the identical 349 trades under two cost assumptions - the gap is pure friction. Bottom: net result per year at 0.04% round trip. Data: dividend-adjusted GLD and VIX closes, 2004-2026.

## Make it yours

Nothing here is platform-specific. The whole strategy is two comparisons and two timestamps, so it translates to TradingView, MetaTrader, Python, Excel or a broker app in minutes. The threshold (VIX 20) is a round number, not an optimized one - in our tests, 18 or 22 tell the same story, while 25 starves the strategy of trades. If a vendor ever shows you a seasonality backtest gross of costs, you now know exactly which question to ask.

## Disclaimer

Backtested performance is hypothetical and does not represent live trading. Past performance does not guarantee future results. Trading involves substantial risk of loss. This document is educational research, not financial advice.

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