

# MARKET UPDATE

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## **Gold prices edge higher on Trump tariff threat.**

Gold prices rose slightly in Asian trade on Tuesday as threats of more trade tariffs from president-elect Donald Trump buoyed demand for safe havens, although a spike in the dollar limited any major metal gains.

The yellow metal was nursing steep losses from the prior session after multiple reports suggested that a ceasefire between Israel and Lebanon was close, which dented safe haven demand.

Spot gold rose 0.1% to \$2,628.69 an ounce, while gold futures expiring in December rose 0.4% to \$2,653.75 an ounce by 23:24 ET (04:24 GMT).

Trump threatened to impose a 10% import tariff on China, and a 25% import on Canada and Mexico, claiming the measures were to stem the alleged inflow of illegal immigrants and illicit drugs through the U.S. border countries.

## **Oil steadies amid possible Middle East ceasefire.**

Oil prices edged higher in early trade on Tuesday after falling in the previous session as investors took stock of a potential ceasefire between Israel and Hezbollah, weighing on oil's risk premium.

Brent crude futures rose 15 cents, or 0.21%, to \$73.16 a barrel as at 0705 GMT, while U.S. West Texas Intermediate crude futures were at \$69.09 a barrel, up 15 cents, or 0.22%.

Both benchmarks settled down \$2 a barrel on Monday following reports that Lebanon and Israel had agreed to the terms of a deal to end the Israel-Hezbollah conflict, which triggered a crude oil selloff.

Market reaction to the ceasefire news was "over the top", said senior market analyst Priyanka Sachdeva at Phillip Nova.

While the news calmed fear of disruption to Middle Eastern supply, the Israel-Hamas conflict "never actually disrupted supplies significantly to induce war premiums" this year, Sachdeva said.

"The vulnerability of oil prices to geopolitical headlines lacks foundational backup and, coupled with the inability to maintain recent gains, reflects weakening global demand for oil and suggests a volatile market ahead."



## Dollar rises after Trump tariff vows.

The U.S. dollar rose on Tuesday after President-elect Donald Trump said he would impose tariffs on products coming into the United States from Mexico, Canada and China, as investors braced for policies that could set the stage for a trade war.

In an initial knee-jerk reaction to Trump's comments, the dollar jumped more than 2% against the Mexican peso and hit a four-and-a-half-year high against its Canadian counterpart.

The U.S. currency also rose to its highest level since July 30 against China's yuan. Other currencies also fell against the dollar but pared loss by mid-afternoon in Asia.

The dollar has been on the back foot over the past couple of days as U.S. Treasury markets cheered Trump's pick of hedge fund manager Scott Bessent for U.S. Treasury Secretary.

While traders see Bessent as an old Wall Street hand and fiscal conservative, he has favoured a strong dollar and supported tariffs. Analysts said market reaction to the choice will likely be short lived.

"The market is going to be twitchy" when it comes to Trump comments, said senior market strategist Jason Wong at BNZ. "You can jump to conclusions but I wouldn't be jumping to anything at the moment so the market just needs to get a grip."

Trump said that on his first day in office he would impose a 25% tariff on all products from Mexico and Canada.

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