

# MARKET UPDATE

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## Asia FX muted as markets weigh Trump tariffs.

Most Asian currencies moved in a tight range on Tuesday as traders gauged the potential for less strict trade tariffs under incoming U.S. President Donald Trump, while the dollar steadied from some overnight losses.

The Chinese yuan continued to severely lag its peers after its onshore pair hit its weakest level in 17 years on Monday. While the currency did recover some ground, it remained fragile, with new U.S. restrictions against Chinese companies adding more pressure on the currency.

The dollar also steadied after recouping a bulk of its overnight losses, as a recent report sparked increased speculation over just what Trump's tariff plans will entail.

The Japanese yen's USD/JPY pair rose 0.4% and hit its highest level in nearly six months, while the Australian dollar's AUD/USD rose 0.2%. Australian consumer inflation data for November is due on Wednesday.

Dollar steadies above 1-week low amid tariff speculation

The dollar index and dollar index futures rose slightly in Asian trade, recovering from a one-week low hit on Monday.

## Global crude exports dip.

The volume of global crude exports in 2024 declined 2%, the first fall since the COVID-19 pandemic, shipping data showed, due to weak demand growth and as refinery and pipeline changes reshuffled trade routes.

Global crude flows have been roiled for a second year by war in Ukraine and the Middle East, with tanker shipments rerouted and suppliers and buyers split into regions. Middle East oil exports to Europe declined and more U.S. oil and South American oil went to Europe. Russian oil that formerly went to Europe has been redirected to India and China.

These shifts have become more pronounced as oil refineries have shut in Europe amid continued attacks on Red Sea shipping. Middle Eastern crude exports to Europe tumbled 22% in 2024, ship tracking data from researcher Kpler showed.

The shift in oil flows "is creating opportunistic alliances," said Adi Imsirovic, an energy consultant and former oil trader, citing closer relationships between Russia and India, China and Iran that are reshaping oil trade.



## Gold prices steady amid dollar dip.

Gold prices moved little in Asian trade on Tuesday as investors speculated over more trade tariffs under U.S. President-elect Donald Trump, although a recent drop in the dollar offered some relief to the yellow metal.

Bullion prices were nursing losses through December, amid some profit-taking, and as investors positioned for a slower pace of interest rate cuts by the Federal Reserve in 2025.

Strength in the dollar was a major weight on gold, as the greenback surged to over two-year highs. But the dollar slid from these peaks on Monday.

Spot gold rose 0.1% to \$2,638.05 an ounce, while gold futures expiring in February rose 0.1% to \$2,649.19 an ounce by 23:30 ET (04:30 GMT).

Trump denies plans to impose less strict tariffs

Trump on Monday denied a Washington Post report that his administration will only target critical imports with trade tariffs. The President-elect has vowed to impose steep import tariffs to further the U.S.' trade dominance, especially over China.

Still, the report and Trump's comments spurred increased uncertainty over just what Trump's policies will entail for global trade. The dollar slid to a one-week low after the report, but recouped a bulk of its losses.

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