

MARKET UPDATE

28/01/2025

Gold prices steady as dollar jumps.

Gold prices were largely steady in Asian trading on Tuesday after falling more than 1% the previous day, as the U.S. dollar rebounded sharply ahead of the Federal Reserve interest rate decision later this week.

XAU/USD was largely muted at \$2,740.19 per ounce, while Gold futures expiring in February inched 0.2% higher to \$2,770.22 an ounce by 01:31 ET (06:31 GMT).

The yellow metal fell on Monday “as the global rout in technology stocks, sparked by the Chinese AI startup DeepSeek’s breakout success, prompted traders to cover margins,” ING analysts said in a recent note.

Investors cautious, dollar strengthens as Fed meeting looms

Investors are cautious ahead of the Federal Reserve’s policy meeting due later in the week, while uncertainty around U.S. tariffs also weighed on market sentiment.

While the Fed is widely expected to hold rates steady on Wednesday, its commentary on inflation and future rates will dictate the market sentiment.

The US Dollar Index jumped 0.5% in Asian trading on Tuesday after U.S. President Donald Trump reiterated his push for higher universal tariffs, which could exceed 2.5% and potentially reach up to 20%.

Asia stocks skittish.

Asian stocks moved in a flat-to-low range on Tuesday, with Japanese markets leading losses as local chipmaking stocks were battered by concerns over a recently launched Chinese artificial intelligence model.

Markets in China and South Korea were closed for the Lunar New Year holiday, with regional trading volumes expected to remain dull through the week on several more regional holidays.

Hong Kong markets firmed slightly ahead of an early close.

Asian markets took a weak lead-in from Wall Street, where the NASDAQ Composite slumped over 3% on heavy losses in technology stocks. Market major NVIDIA Corporation (NASDAQ:NVDA) wiped out nearly \$600 billion in value within a day, its worst ever drop.

Nikkei falls as DeepSeek concerns batter chipmakers.

Bitcoin price today: rises to \$103k.

Bitcoin rebounded from recent losses on Tuesday amid some bargain buying at sub-\$100,000 levels, although traders remained on edge over a renewed market rout on jitters over artificial intelligence.

Crypto markets were also focused squarely on U.S. President Donald Trump's plans for more friendly regulation, after he signed a somewhat underwhelming executive order last week.

A memecoin launched by the President, \$TRUMP, also appeared to have found a bottom after wiping out about 60% of its value from its post-launch peaks.

Bitcoin rose 2.7% to \$103,036.4 by 00:56 ET (05:56 GMT). The world's biggest cryptocurrency had slumped below the key \$100,000 level on Monday, but had swiftly rebounded.

DeepSeek jitters persist after Wall St rout

Crypto was pressured chiefly by steep losses in Wall Street, which spilled over into other risk-driven assets.

Major technology stocks, particularly NVIDIA Corporation (NASDAQ:NVDA), were battered by questions over stretched spending on AI after the release of China's DeepSeek R1- an AI model that appeared to have similar capabilities as ChatGPT while using older hardware and a fraction of the latter's budget.

This rout triggered a risk-off move across global markets, which in turn spilled over into crypto.

U.S. stock index futures trended slightly lower in Asian trade on Tuesday, indicating that investors still remained on edge over further weakness in risk assets.

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