

# MARKET UPDATE

28/02/2025

## Asia FX slides as Trump reaffirms tariffs.

Most Asian currencies extended declines on Friday, as U.S. President Donald Trump reaffirmed his tariff timings, while the Japanese yen edged up after a strong inflation report from Tokyo.

The US Dollar Index rose 0.1% in Asian trading, as market participants cautiously awaited the release of personal consumption expenditures (PCE) price index, due later in the day, to gauge the Federal Reserve's interest rate trajectory.

Trump reaffirms tariff timings, vows 10% extra levies on China

Trump on Thursday reaffirmed that, effective March 4, the U.S. will impose a 25% tariff on imports from Mexico and Canada, alongside an additional 10% tariff on Chinese goods, citing ongoing concerns over illicit drug inflows, particularly fentanyl.

Asian currencies fell as investors were concerned that escalating trade tensions could hinder economic growth in export-reliant Asian economies, prompting a shift towards the perceived safety of the U.S. dollar.

## Crypto prices tumble.

Cryptocurrency prices are down sharply in recent weeks and not expected to rebound soon, with some of the biggest digital currencies erasing nearly all of the gains they made after Donald Trump's election win triggered a wave of excitement across the industry.

Some analysts said the market is likely to remain subdued while waiting for a bullish signal, such as indications that the U.S. Federal Reserve plans to cut interest rates or a clear pro-crypto regulatory framework from the Trump administration.

Bitcoin, the biggest cryptocurrency, has fallen 21% from a January 20 peak and is back to levels seen shortly after Trump's U.S. presidential election victory in November, as hopes for a strategic bitcoin reserve fade and tariff threats weigh on demand for speculative assets.

Other cryptocurrencies have fallen faster, with ether down more than 40% since December.

Trump's own so-called meme coin, which he launched days before his inauguration in a move that sparked conflict-of-interest concerns, is down 80% from a January peak, according to CoinMarketCap data.

## Gold prices drop ahead of PCE inflation.

Gold prices fell in Asian trading on Friday as the dollar edged up ahead of a key U.S. inflation report, however, bullion remained on track for modest monthly gains, supported by its safe-haven appeal amid U.S. trade tariff concerns.

Spot Gold fell 0.4% to \$2,864.94 per ounce, while Gold Futures expiring in April lost 0.6% higher to \$2,877.80 an ounce by 01:44 ET (06:44 GMT).

Gold set for 2% monthly gain, US PCE data awaited

Gold prices remained under pressure on Friday as investors awaited the U.S. Personal Consumption Expenditures (PCE) price index, the Federal Reserve's preferred inflation gauge, for further clarity on interest rate trends.

The US Dollar Index edged 0.1% higher, making gold more expensive for overseas buyers

Despite this, lingering concerns over global trade tensions have provided some support to bullion as a safe-haven asset.

The yellow metal was set to gain nearly 2% this month.

Investors grew cautious after Trump reiterated plans to impose a 25% tariff on Mexican and Canadian imports, alongside a fresh 10% tariff on Chinese goods.

While gold has seen some safe-haven demand amid trade concerns, the immediate outlook hinges on how the PCE inflation data shapes Fed rate expectations.

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