MARKET UPDATE

21/03/2025

Gold prices fall from record highs.

Gold prices fell in Asian trade on Friday, extending a fall from recent record highs amid pressure from a stronger dollar as traders bet that U.S. interest rates will remain unchanged in the near-term.

The yellow metal still traded above the $3,000 an ounce milestone cleared last week, as safe haven demand remained high in the face of heightened uncertainty over the U.S. economy and President Donald Trump's trade tariffs.

Gold pressured by stronger dollar, but haven demand remains

Gold's fall from record highs was driven chiefly by a recovery in the dollar, which recouped all of its losses seen after Wednesday's Federal Reserve meeting.

The greenback was buoyed by growing conviction that the Fed will leave interest rates unchanged in the near-term amid heightened uncertainty over economic growth and Trump's tariffs.

The central bank had earlier this week left rates unchanged and signalled no near-term changes amid uncertainty over sticky inflation and the impact of Trump's tariffs. The Fed also lowered its 2025 growth forecast and hiked its inflation outlook.

Oil set for second straight weekly gain.

Oil prices rose on Friday, and were set for second consecutive weekly gains, as fresh U.S. sanctions on Iran and a new plan from the Organization of Petroleum Exporting Countries and its allies (OPEC+) to cut output raised bets on tighter supply.

Brent crude futures climbed 14 cents, or 0.2%, to $72.14 per barrel by 0642 GMT. U.S. West Texas Intermediate crude futures were up 16 cents, also 0.2%, to $68.23 a barrel.

On a weekly basis, both Brent and WTI were on track to rise about 2%, their biggest weekly gains since the first week of 2025.

The United States Treasury on Thursday announced new Iran-related sanctions, which for the first time targeted an independent Chinese refiner among other entities and vessels involved in supplying Iranian crude oil to China.

The sanctions on Chinese entities were "a clear escalation in sanctions policy", analysts at RBC Capital Markets said in a note on Friday.

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Asian stocks slide.

Asian stocks fell on Friday in a downbeat end to the week as deepening geopolitical worries and fears over U.S. tariffs and their impact on the global economy curbed investors appetite for risk, keeping safe-haven gold near record highs.

The sombre mood looked set to continue in Europe. Pan-European STOXX 50 futures and Germany's DAX futures fell 0.5%, while futures for the S&P 500 and Nasdaq inched lower.

Policymakers across the globe struck a cautious note in a week filled with central bank meetings as uncertainty in global economics and politics grew. The U.S. Federal Reserve, the Bank Of Japan and the Bank of England all held rates steady.

Central bankers highlighted the unsettled outlook due largely to rising trade tensions triggered by the U.S under President Donald Trump. Trump intends to impose new reciprocal tariff rates on April 2, ushering in fresh wave of uncertainty.

Reports of Israeli airstrikes on Gaza and a huge blast from a Ukrainian drone attack on a Russian military airfield were a reminder of rising geopolitical tensions pushing investors towards safe haven assets.

"With the bar for near-term rate cuts still high, markets have shifted focus back to growth concerns and tariff risks which will continue to fuel volatility," said Charu Chanana, Saxo's chief investment strategist.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.9%, with stocks in China, Hong Kong, Taiwan and Indonesia dropping sharply.

Hong Kong's Hang Seng index slid 2%, poised for its second straight week in the red as investors turned cautious following a surge in tech stocks and the index hitting a three-year high on Tuesday. The Hang Seng is still up 18% for the year, the best performing major stock market in the world.

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