

Dollar Holds Steady as Investors Await U.S. Tariff Decisions

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The U.S. dollar remained largely range-bound on July 22 as global investors awaited clarity on American trade policy and looming tariff decisions ahead of an August 1 deadline. Amid cautious sentiment, currency markets showed limited movement while officials in Washington signaled that quality, not speed, would drive trade negotiations.

Investor attention has centered on the U.S. administration's latest tariff threats, which could significantly impact trade relationships with several countries. Treasury Secretary Scott Bessent indicated that while deadlines are approaching, the focus remains on securing meaningful and lasting agreements rather than rushed deals.

Meanwhile, the Japanese yen held firm following a surprising political shake-up in Tokyo, where Prime Minister Fumio Ishiba's coalition lost its majority in the upper house. The outcome has raised questions about Japan's ability to swiftly negotiate trade terms with the U.S., adding to market uncertainty. Despite political headwinds, the yen has benefited from a flight to safety amid broader geopolitical tension.

Other major currencies, including the euro, British pound, Australian dollar, and New Zealand dollar, saw modest declines. The euro softened ahead of the European Central Bank's upcoming policy meeting, while the pound continues to be weighed down by stagnant UK inflation figures and slow economic growth. The commodity-linked Australian and New Zealand dollars dipped slightly amid renewed concerns over global trade friction.

Domestically, the U.S. Federal Reserve remains under scrutiny, especially as President Trump continues to criticize Fed Chair Jerome Powell over interest rate policy. These tensions have added a layer of uncertainty to monetary policy expectations, even as inflation data remains relatively stable.

Despite quiet currency markets, U.S. equities continue to perform well, with major indexes hovering near record highs. However, analysts caution that this calm could be temporary. With the August tariff deadline

approaching and central bank decisions looming in several economies, the forex landscape could see increased volatility in the coming weeks.

Overall, while the dollar has maintained a narrow trading range, any firm resolution on trade or monetary policy could catalyze broader market moves. For now, investors remain on alert, closely monitoring Washington's next steps.