

Gold Prices Stable Amid US-EU Trade Deal and Fed Focus

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Gold prices held steady on Monday, balancing a surge in market optimism after a US-EU trade agreement, with anticipation for the Federal Reserve's upcoming policy meeting. Spot gold remained flat at \$3,335.87 per ounce as of today, after dipping to its lowest since July 17 earlier in the session. US gold futures mirrored the trend, unchanged at \$3,335.30 per ounce.

On Sunday, a pivotal trade deal was inked in Scotland between the United States and the European Union. Washington imposed a 15% tariff on most EU goods, slashing the threatened rate by half narrowly dodging a full-blown trade war. The agreement sparked a rally in European markets, with auto and pharmaceutical stocks pushing shares to a four-month peak.

Meanwhile, US-China trade talks are set to unfold in Stockholm, with markets expecting a 90-day extension to the ongoing truce between the world's economic heavyweights. This backdrop of easing trade tensions has dulled gold's appeal as a safe-haven asset.

"Two forces are keeping gold in check," said a UBS commodity analyst in a recent interview. "The US-EU deal dampens demand for safe havens, but it also clears some inflationary clouds, potentially giving the Fed room to cut rates later this year, a move that typically lifts gold."

The Federal Reserve's two-day policy meeting, concluding Wednesday, is under intense scrutiny. Expectations are that the benchmark interest rate will hold steady at 4.25% to 4.50%, though markets are betting on a possible rate cut by September. Lower rates reduce the cost of holding gold, which yields no interest, making it more attractive.

Adding to the speculation, President Donald Trump remarked on Friday that he had a constructive meeting with Fed Chair Jerome Powell, hinting at potential openness to rate reductions. Such an environment historically favors gold.

Elsewhere, other precious metals showed mixed performance. Spot silver stayed steady at \$38.12 per ounce, while platinum edged up 0.2% to \$1,404.72, and palladium climbed 1.2% to \$1,234.97.

As global markets navigate trade resolutions and monetary policy signals, gold's near-term path hinges on the Fed's next moves and the broader risk sentiment.