

Gold Prices Edge Higher as Dollar Softens Ahead of Fed Decision

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Gold prices moved higher at the start of the week, lifted by a softer United States dollar and growing market anticipation surrounding the Federal Reserve's upcoming interest rate decision. Investors remain cautious, keeping a close eye on trade negotiations and monetary policy signals amid ongoing global uncertainties.

On Monday, gold futures increased by 0.6% to \$3,377.30 per ounce, while spot gold climbed 0.5% to \$3,367.79 per ounce. These gains followed a modest dip in the United States Dollar Index, which tracks the performance of the dollar against a basket of six major currencies. The index fell 0.2% to 98.29, easing some of the pressure typically placed on dollar-denominated commodities such as gold.

Tim Waterer, chief market analyst at KCM Trade, noted that “the dollar has made a subdued start to the week,” adding that this has given gold a window to gain momentum. With trade deadlines looming, particularly the August 1 target set by President Donald Trump for progress in United States-China negotiations, investors are turning to safe-haven assets like gold. Waterer also indicated that gold could potentially aim for the \$3,400 mark if trade talks fail to yield timely results.

Market watchers are paying close attention to any movement in talks between the United States and China, especially with speculation that President Trump might travel to China or meet Chinese President Xi Jinping at the Asia-Pacific Economic Cooperation (APEC) summit in South Korea from October 30 to November 1.

Meanwhile, the European Central Bank is widely expected to maintain interest rates at 2% this week, holding steady after a series of cuts earlier in the year. On the domestic front, United States Federal Reserve Governor Christopher Waller signaled continued support for an interest rate cut, although some of his colleagues appear more cautious, citing concerns over inflation potentially fueled by trade tariffs.

Historically, gold performs well during periods of economic uncertainty and low interest rates, as it becomes a more attractive store of value compared to yield-bearing assets. With financial markets bracing for key decisions on both trade and monetary policy, gold’s current trajectory reflects broader concerns over economic stability and investor sentiment.