

Gold Prices Rise as Fed Cuts Near

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Gold prices inched higher on Thursday as the U.S. dollar weakened and expectations of interest rate cuts by the Federal Reserve intensified. Investors are increasingly seeking stability amid rising geopolitical tensions and shifting American trade policy under former President Donald Trump's renewed influence.

Spot gold rose 0.1% to \$3,372.97 per ounce in early Thursday trading (00:57 GMT), while U.S. gold futures climbed 0.3% to \$3,442.20. The dollar index declined for a fourth

consecutive day, hitting its lowest point in over a week following a lacklustre U.S. jobs report.

The weaker dollar tends to make gold more attractive to foreign buyers, further supporting demand.

According to the CME FedWatch Tool, market participants now assign a 95% probability of a 25-basis-point interest rate cut by the Federal Reserve in September, up from just 48% a week earlier. The shift reflects growing concern over softening economic data and sluggish job growth.

Minneapolis Federal Reserve President Neel Kashkari acknowledged in a recent statement that a rate cut may become necessary if current economic conditions continue to deteriorate. However, he also noted lingering uncertainty over the inflationary effects of evolving U.S. trade.

Adding to global uncertainty, Donald Trump signed an executive order on Wednesday imposing 25% tariffs on selected imports from India. The move comes amid concerns that Indian firms are indirectly supporting Russia by purchasing discounted crude oil.

The decision is the latest in Trump's broader strategy to counteract what he has described as "unfair trading practices" and to strengthen America's strategic economic position. Critics argue the new measures could deepen global trade rifts, while supporters see them as long-overdue corrections to years of imbalanced deals.

Gold is traditionally seen as a safe-haven asset during times of political and financial uncertainty. With potential rate cuts on the horizon and trade tensions escalating, many investors are turning to gold as a hedge.

Market attention is also focused on Trump's expected nomination to the Federal Reserve Board, a move that could shape future monetary policy for years to come.

Gold's momentum is being driven by a potent mix of economic signals, policy shifts, and investor caution. As the Federal Reserve and the White House take centre stage in shaping the financial landscape, the outlook for the precious metal remains strong in the near term.