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Gold Rises to Three-Week High as Trade Tensions Push Investors Toward Safe Havens

July 14, 2025
— Categories: Economics

Gold prices climbed to their highest level in three weeks on Monday, driven by renewed demand for safe-haven assets following President Donald Trump's warning of fresh tariffs on imports from the European Union (EU) and Mexico. With markets wary of escalating global trade tensions, gold reasserted its role as a hedge against geopolitical and economic uncertainty.

Spot gold touched $3,354.83 per ounce, while U.S. gold futures contracts traded on the Commodity Exchange (COMEX) under the Chicago Mercantile Exchange (CME) rose to $3,371. Analysts say the upward move reflects investor caution amid fears that new tariffs could reignite a broader trade war. According to Kelvin Wong, senior analyst at OANDA Corporation, "We are seeing safe-haven demand coming back into the picture due to this uncertainty on the implementation of U.S. global trade tariffs policy." He added that if prices maintain a close above $3,360, gold could test resistance levels near $3,435.

Trump's proposal of 30 percent tariffs on EU and Mexican goods has caused considerable unease in global markets. While the EU has so far delayed retaliatory action until August 1, leaders in Brussels remain on alert. Investors, recognizing the potential for prolonged trade disruption, are increasingly seeking assets with long-term value retention. Gold, historically seen as a store of value during periods of inflation and instability, has been a key beneficiary.

Other precious metals followed suit, with silver rising by 1.2 percent to $38.82 per ounce. Meanwhile, the U.S. dollar, issued and regulated by the United States Federal Reserve (Fed), the nation's central banking system, strengthened slightly, gaining 0.1 percent against a basket of major currencies. The mild dollar rally typically limits gold's upside, yet strong demand continues to support its momentum.

With U.S. inflation data due this week and the Federal Reserve expected to weigh further monetary decisions, markets are finely balanced. Investors currently anticipate up to 50 basis points in interest rate cuts before the end of 2025, but any rise in consumer price data could delay that easing.

Gold's performance signals more than just a short-term reaction; it reflects a broader reassessment of risk. As protectionist rhetoric returns to the fore, conservative investors are turning to assets that offer stability in a shifting economic landscape. Whether tariffs take full effect or not, the market is already preparing for impact.