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Global Markets Steady as Dollar Dips and Bitcoin Nears Record High

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– Categories: Crypto



The U.S. dollar retreated from a two-week peak against major currencies on Thursday, as President Donald Trump's latest tariff threats failed to unsettle global markets significantly. However, Brazil's real took a sharp hit, tumbling as much as 2.8% overnight after Trump proposed a hefty 50% levy, citing not only trade practices but also the legal troubles of former president Jair Bolsonaro, a close ally during Trump's first term.

The dollar faced additional pressure from a notable drop in U.S. Treasury yields, following a robust auction of 10-year notes on Wednesday. This development eased concerns about the “Sell America” trend that earlier this year saw coordinated sell-offs in Treasuries, the dollar, and Wall Street stocks. The dollar index, tracking the currency against six major peers, slipped 0.1% to 97.286, building on Wednesday’s 0.2% decline after briefly touching 97.837, its highest since 25 June.

Investors appeared to shrug off fears of severe tariff impacts, fuelling appetite for riskier assets. This optimism propelled Nvidia to a historic \$4 trillion valuation, the first stock to achieve this milestone, while bitcoin surged to within a whisker of \$112,000, hitting an all-time high of \$111,988.90 overnight. “The new record high came on improved risk sentiment,” noted Tony Sycamore, an analyst at IG, in a client note. He added that bitcoin could climb further towards \$120,000, though the market has yet to see the explosive reaction some anticipated.

Minutes from the Federal Reserve’s latest meeting bolstered market confidence, revealing that most policymakers support interest rate cuts later this year. This dovish stance helped stabilise sentiment, even as Trump’s tariff rhetoric continued. Most of his recent letters to trade partners reiterated tariff rates outlined in his 2 April “Liberation Day” announcement, with the notable exception of Brazil. Trump has also signalled flexibility, leaving room for extensions past the 1 August deadline if nations present compelling counter-proposals.

Brazil’s real bore the brunt of Trump’s ire, plummeting to 5.6047 per dollar its lowest since 6 June before settling at 5.5826. The escalation from an initial 10% tariff to 50% was linked to Brazil’s treatment of Bolsonaro, who faces trial for allegedly plotting a coup to block President Luiz Inacio

Lula da Silva's 2023 inauguration. "It is a reminder of Trump's penchant for tariffs as a tool against a wide range of grievances, trade fairness or otherwise," wrote Taylor Nugent, senior markets economist at National Australia Bank, in a client note.

Elsewhere, markets remained largely unruffled. Nugent highlighted the absence of tariff letters targeting India, the EU, and Taiwan as noteworthy, with Trump and other officials hinting at progress toward deals with India and a potential framework agreement with the EU. The euro rose 0.2% to \$1.1747, and sterling gained 0.2% to \$1.3612. The dollar weakened 0.3% against the yen to 145.84 and fell 0.3% to 0.7922 against the Swiss franc.

Bitcoin, meanwhile, edged up 0.3% to \$111,114, inching closer to its overnight peak. The cryptocurrency's resilience reflects broader market confidence, even as the UK's Labour government faces scrutiny over its economic policies, which some analysts argue could weaken sterling's long-term outlook. For now, global markets remain focused on the interplay of U.S. policy and risk-driven opportunities, with bitcoin and equities leading the charge.