



Gold rises 1.5% as global growth worries, trade tensions linger

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Gold prices rose 1.5% on Tuesday, a day after posting the biggest one-day percentage fall in 2-1/2 years, as U.S. Treasury yields fell on worries over global growth and renewed concerns over global trade.

Spot gold jumped 1.5% to \$1,405.22 per ounce, after falling 1.8% on Monday, its biggest one-day percentage decline since November 2016. U.S. gold futures rose 1.37% to \$1,408.3 an ounce.

“Gold is being supported by Trump’s comments regarding Sino-U.S. trade tensions and also U.S. threatening with tariffs on European Union goods,” said Jeff Klearman, portfolio manager at GraniteShares.

U.S. President Donald Trump said on Monday any trade deal with China would need to be “somewhat tilted” in favor of the United States. The U.S. government also threatened tariffs on \$4 billion of additional European Union goods in a long-running dispute over aircraft subsidies.

“The trade fiasco could be a positive factor for gold as the deal is still not reached yet,” said Carlo Alberto De Casa, chief analyst with ActivTrades. “The stock markets are in the red, which is another positive thing for gold.”

Data showed manufacturing activity slowed last month, weakening appetite for risk.

Gold prices hit a six-year high last week at \$1,438.63 an ounce on dovish outlooks from major central banks and an escalation of U.S.-Iran tensions.

“Geopolitical tensions around Iran breaching the 2015 nuclear agreement, which is seen as a provocation by Trump administration, and with market expectation of two or more rate cuts by the U.S. Federal Reserve this year, is helping gold to retrace,” Klearman added.

Iran said on Monday it had amassed more low-enriched uranium than permitted under its 2015 nuclear deal with world powers.

The market is focusing on U.S. non-farm payrolls data due on Friday, which should help investors better assess whether the Fed will cut interest rates later this month.

“Upcoming U.S. economic numbers and Federal Reserve speakers’ comments are critical as we approach the Federal Open Market Committee meeting at the end of July,” UBS analysts said in a note.

“The potential for renewed trade tensions and broader geopolitical risks, in our view, is likely to spur further inflows into gold by financial investors.”

Holdings of SPDR Gold Trust, the world’s largest gold-backed exchange-traded fund, rose 0.78% to 800.20 tonnes on Monday.

Silver was up 0.45% at \$15.20 per ounce, while palladium rose 0.43% to \$1,553.60 per ounce.

Platinum inched up 0.01% to \$830.11 per ounce, after touching a near seven-week high on Monday.

