

TOP HEADLINES



Gold's surge sees setback ahead of U.S. election and Fed meeting

Not only has gold faced solid selling pressure after reaching an intraday high of \$2,800 an ounce, but its weekly winning streak has also come to an end. Gold's performance heading into the weekend raises the risk that the precious metal could see further correction as Americans head to the polls this week. Many analysts have noted that political uncertainty, driven by the statistical tie between former President Donald Trump and Vice President Kamala Harris, has been a major factor behind gold's recent momentum. However, some analysts suggest that a classic "buy the



rumor, sell the news” pattern may be forming in the marketplace. Simultaneously, as fundamental support wanes, gold is beginning to see a shift in its technical outlook, with some analysts viewing the yellow metal as overbought. “There is no doubt that gold prices have gone too far and too quickly, and investors must exercise caution,” said Naeem Aslam, Chief Investment Officer at Zaye Capital Markets. Phillip Streible, Chief Market Strategist at Blue Line Futures, said he expects to see market volatility ease after Tuesday’s election, which could impact gold’s appeal as a safe-haven asset. Alongside cooling political rhetoric in the U.S., analysts are also cautioning investors that gold prices could be sensitive to the Federal Reserve’s monetary policy decision next week. Although markets have priced in a 25 basis-point rate cut at the upcoming FOMC meeting, there is growing uncertainty surrounding future rate cuts, particularly with inflation remaining relatively elevated. On Thursday, the Federal Reserve’s preferred inflation gauge, the core Personal Consumption Expenditures Index (which excludes volatile food and energy prices), rose 2.7% over the past 12 months. Inflation has held at this level for the last three months.

Bitcoin and Gold both win if Trump secures Election, says JP Morgan Gold is rising, and so is Bitcoin.



And both are poised to continue seeing gains in the weeks to come thanks to geopolitical uncertainty, worries over the strength of the dollar, and the upcoming U.S. election, according to



JP Morgan analysts. In a Thursday report, analysts at the bank said that a “debasement trade” is coming—which could further drive demand for both gold and Bitcoin and help push up prices. A Donald Trump victory next week in the U.S. presidential election increases the likelihood of such a trade, JP Morgan analysts said. A “debasement trade” is when traders try to hedge against weakening currencies, geopolitical headwinds, and government deficits. Gold is typically a good insurance policy against weakened fiat money; top asset manager BlackRock has also touted Bitcoin—so-called digital gold—as another asset to invest in during times of uncertainty. “Rising geopolitical tensions and the coming U.S. election are likely to reinforce what some investors call the ‘debasement trade’ thus favoring both gold and Bitcoin,” the report read. Republican nominee Donald Trump not only has come out as the crypto-friendly candidate in the race, but his policy to increase tariffs could lead to more inflation and geopolitical tensions, the report noted. Ex-President Donald Trump used to be anticypto but has come out fiercely in favor of the industry this year.

Disclaimer: This report is prepared by our analysts for and on behalf of MAGI Metals Pvt Ltd. The report is intended to be circulated among our clients. This material is for the information of the end users and is not intended as an offer or a solicitation of offer. Information compiled in this material is gathered from sources firmly believed to be reliable and consistent and all efforts have been made to corroborate and authenticate the same before using in this material. However, we do not make any representation or warranty as to the correctness, accuracy, validity or integrity of such data gathered from third party sources. The information provided in this material is indicative only and does not constitute any investment advice from MAGI Metals Pvt Ltd to its clients or any users of such report. MAGI Metals doesn't take any responsibility for investment actions or decisions taken by users of this material. We expressly prohibit the distribution and transfer of this material to third parties for any reason. We will not be liable for any law suits or claims from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances.