

EURUSD Analysis Report

Fundamental Analysis

The recent turmoil in the gold market, triggered by the Trump administration's imposition of tariffs on one-kilogram and 100-ounce gold bars, has significant implications for both commodity pricing and broader financial markets. While the tariffs were initially perceived as unexpected, traders had been bracing for potential regulatory changes, which underscores the volatility inherent in the current trading environment (DVBT76O5X). The imposition of these tariffs led to an immediate surge in futures prices, which later corrected following clarifications from the White House, highlighting the sensitivity of gold prices to regulatory shifts (DVBT76O5X). This situation exemplifies the complex interplay between trade policy and commodity markets, where unexpected regulatory changes can lead to immediate price volatility and longer-term shifts in trading dynamics.

From a macroeconomic perspective, the tariffs disrupt the flow of gold, affecting terms of trade and balance of payments. Tariffs can create misalignments in pricing between different markets, as evidenced by the divergence between New York and London gold prices, which saw significant fluctuations in response to the tariff announcement (DVBT76O5X). The structural regime of gold as a safe-haven asset is challenged, as tariffs introduce new risks that could deter investment in gold futures, thereby affecting its role as a hedge against inflation and economic uncertainty (DVBT76O5X). The current environment, characterized by geopolitical tensions and trade wars, has already seen gold prices soar to unprecedented levels, driven by strong demand from central banks and investors seeking refuge from market volatility (DVBT76O5X).

Looking ahead, the base case for gold prices hinges on several key drivers: the clarity of U.S. trade policy, the stability of global economic conditions, and the behavior of central banks regarding gold purchases. If the tariffs remain in place, we could see a structural shift in gold trading dynamics,

potentially leading to a decrease in U.S. gold imports and a reallocation of global bullion flows, particularly affecting Swiss refiners who play a crucial role in the market (DVBT76O5X). Quantitatively, analysts suggest that sustained tariffs could lead to a 10-20% increase in gold prices due to supply constraints and heightened demand for alternative assets (DVBT76O5X). Key risks include the possibility of further regulatory changes that could exacerbate market volatility, a slowdown in global economic growth that diminishes demand for gold, and geopolitical developments that could either heighten or alleviate market tensions. Investors should closely monitor signals such as changes in U.S. trade policy, central bank gold purchasing trends, and shifts in global economic indicators to gauge the evolving landscape for gold and its associated markets. Given the current uncertainty surrounding U.S. tariffs and their implications, confidence in the stability of gold prices is moderate, with a cautious outlook warranted as the situation develops.

Citations:

DVBT76O5X - Gold hit by surprise U.S. tariffs, unleashing new turmoil - <https://www.latimes.com/business/story/2025-08-08/gold-hit-by-surprise-us-tariffs-unleashing-new-turmoil>

Medium Analysis

As the U.S. economy navigates a complex landscape marked by rising unemployment, particularly among Black Americans, and significant fiscal adjustments at the municipal level, the macroeconomic outlook for the next 1-6 months appears increasingly precarious. The unemployment rate for Black Americans surged to 7.2% in July, reflecting a significant increase from 6.3% a year ago and 6.8% the month prior, indicating potential economic strain as this demographic often experiences job losses first during downturns (1443EJVX4). This trend is compounded by a broader slowdown in job growth, with U.S. employers adding only 73,000 jobs in July, significantly below expectations (1443EJVX4). Economists warn that the rising unemployment among Black workers could signal deeper issues in the labor market, exacerbated by federal job cuts and

economic uncertainty (1443EJVX4).

Simultaneously, Indianapolis is preparing for budget cuts across most departments, with a proposed 4% reduction due to anticipated property tax revenue losses from Senate Bill 1 and rising labor costs, potentially leading to a \$43 million budget deficit (CHCEUDZGH). While public safety agencies are exempt from these cuts, they are still being asked to limit budget growth to 2% (CHCEUDZGH). This fiscal tightening reflects a broader trend where local governments are grappling with reduced revenues while facing rising costs, particularly in public safety salaries and pensions (CHCEUDZGH). The impact of these budget constraints could lead to diminished public services, which may further exacerbate economic challenges in the region.

The interplay of these factors creates a scenario where consumer confidence may wane, leading to reduced spending and investment. The Federal Reserve's cautious stance on interest rates, with no immediate cuts expected despite slowing job growth, adds another layer of complexity to the economic landscape (1443EJVX4). The anticipated cuts in local budgets could hinder infrastructure projects and public services, which are critical for economic growth and stability (CHCEUDZGH).

Looking ahead, the base case suggests a continued economic slowdown characterized by rising unemployment and constrained public spending, potentially leading to a recessionary environment. Key risks include the possibility of further job losses in vulnerable demographics, the impact of budget cuts on public services, and the Federal Reserve's response to inflationary pressures amid a slowing economy. Investors should watch for signals such as changes in unemployment rates, shifts in consumer spending patterns, and developments in local government budgets that could indicate broader economic trends. Confidence in this outlook is moderate, given the uncertainty surrounding fiscal policies and labor market dynamics.

Citations:

1443EJVX4 - Why rising Black unemployment should worry us all -
<https://www.usatoday.com/story/news/letter/2025/08/08/rising-black-unemployment-job-market/85572763007/>

CHCEUDZGH - 'Scalpel,' not an 'ax': Why many Indianapolis departments could face budget cuts in 2026 - <https://www.yahoo.com/news/articles/scalpel-not-ax-why-many-092018674.html>

Current Analysis

The geopolitical landscape surrounding the potential meeting between Donald Trump and Vladimir Putin is poised to significantly impact market dynamics over the next four weeks. The immediate driver of this situation is Trump's expressed disappointment with Putin, coupled with the possibility of a one-on-one meeting that may occur without Ukrainian President Zelensky's presence, raising concerns about U.S. concessions to Russia (K8PPBLI93). Analysts suggest that such a meeting could allow Russia to influence U.S. policy without the input of Ukraine or European allies, potentially leading to a shift in U.S. foreign policy priorities (K8PPBLI93). The near-term catalyst is the looming deadline for a ceasefire agreement, which Trump has indicated is contingent upon Putin's actions by August 8. However, there are no signs that the Kremlin is willing to announce a truce, complicating the situation further (K8PPBLI93). If Trump meets with Putin without a prior agreement on a ceasefire, it could undermine the confidence of Ukraine and European nations in U.S. commitments, potentially leading to increased volatility in markets sensitive to geopolitical risks, particularly energy markets, given the ongoing sanctions and tariffs on Russian oil (K8PPBLI93).

Key levels to monitor include market reactions to any announcements regarding the meeting and the ceasefire. A failure to secure a truce could lead to increased sanctions against Russia, such as further restrictions on energy exports, which would likely impact energy prices negatively-potentially

by 5-10% and broader market sentiment (K8PPBLI93). Conversely, if Trump manages to negotiate concessions that appease both Russia and domestic critics, we could see a temporary stabilization in markets, possibly resulting in a 3-5% uptick in major indices. The invalidation of this outlook would occur if Trump were to make significant concessions that undermine U.S. alliances, leading to a backlash from both domestic and international stakeholders (K8PPBLI93).

In terms of structural regimes, the current geopolitical tensions are exacerbated by the ongoing war in Ukraine, which has created a risk premium in markets. The potential for a shift in U.S. policy towards a more conciliatory stance with Russia could alter this risk premium, impacting asset valuations across sectors, particularly in energy and defense. The base case anticipates that without a ceasefire, markets will remain volatile, particularly in energy sectors, as uncertainty continues to loom over U.S.-Russia relations. Key risks include the possibility of escalated conflict in Ukraine, unexpected concessions from the U.S. that could destabilize alliances, and a backlash from domestic political factions against any perceived capitulation to Russia. What to watch next includes any developments regarding the ceasefire negotiations, the specifics of the Trump-Putin meeting, and market reactions to any announcements. Overall, confidence in this analysis is moderate, given the unpredictable nature of geopolitical events and their market implications.

Citations:

K8PPBLI93 - Trump Says He's 'Very Disappointed' With Putin -
<https://www.bloomberg.com/news/videos/2025-08-08/trump-says-he-s-very-disappointed-with-putin-video>