

Business Standard

Gold outlook: Dips to remain supported as US-China trade talks underwhelms

Dip buying in gold is advisable as the key US macroeconomic reports have not been so encouraging

Praveen Singh | **Mumbai**



Gold outlook: Spot gold prices traded between \$3,300 and \$3,350

Gold performance: On June 10, spot [gold prices](#) traded between \$3,300 and \$3,350 as traders marked time ahead of the announcement of the US-China trade deal talk outcome.

The metal closed steady at \$3,328. At the time of writing this report, the metal is changing hands at \$3,325, up around 0.20 per cent on the day.

US-China trade talks concluded:

US Treasury Secretary Bessent, Commerce Secretary Lutnick and US Trade Representative Greer met a Chinese delegation led by Vice Premier He Lifeng at London's Lancaster House.

US negotiators announced early Wednesday that the United States and China agreed to a preliminary deal on how to implement the consensus the two sides reached in Geneva, which involved lower tariff rates on each other. The US delegation absolutely expects that issues around shipments of rare earth minerals and magnets will be resolved with the framework implementation.

Lutnick called the agreement "a handshake for a framework" to "start to implement that framework" as long as both Trump and Chinese President Xi approve.

ALSO READ: [India, US race to finalise trade deal ahead of Trump's tariff deadline](#)

US appeals court allows Trump tariffs to stay for now:

The US Court of Appeals for the Federal Circuit has allowed Trump's tariffs to remain in effect while legal appeals continue.

Gold ETF holdings:

As of June 9, total known global gold ETF holdings stood at 88.447 Moz as exchange traded funds (ETFs) recorded a net inflow for the second straight week in the week ending June 6 after five straight weekly outflows. Gold ETF holdings are up over 6 per cent year-to-date (YTD).

Riots in Los Angeles:

The Trump Administration has deployed 700 Marines who will join the roughly 2,000 California National Guard troops stationed in Los Angeles over the weekend, US Northern Command announced Monday.

Riots in Los Angeles erupted on June 6 after Immigration and Customs Enforcement (ICE) raids in the city, and the situation remains tense. As a political fallout of the riots, California's Governor Gavin Newsom may be arrested. Newsom said on Monday that he might take legal action over the planned use of Marines, as he called their deployment "illegal" and "a blatant abuse of power".

It has been reported that many other cities like Boston, Houston and Philadelphia joined Los Angeles in protests on Monday.

ALSO READ: [India, Malaysia hold 10th Navy-to-Navy Staff talks to boost maritime ties](#)

IMF wants to see Zimbabwe's gold-backed ZiG to become sole currency:

The International Monetary Fund said it wants to see ZiG fully become a national currency as it decides whether to place Zimbabwe on a staff-monitored program. It would involve several measures, including deepening the foreign-exchange market to ensure full price discovery.

US Treasury auction:

The US 3-year treasury bond sale worth \$58 billion went smoothly on Tuesday, which led to lower yields.

Shanghai gold premium:

Shanghai gold premium stood at \$18/Oz as on June 10, which is down sharply from the \$60 premium seen on June 6.

Data roundup:

UK's monthly job report (April), released on Tuesday, was somewhat weaker than expected as average weekly earnings 3Myoy came in at 5.3 per cent versus the estimate of 5.5 per cent, while weekly earnings ex-bonus 3 month/Y-o-Y at 5.2 per cent fell short of the forecast of 5.3 per cent. Employment change 3M/3M at 89,000 was better than the forecast of 40,000. Claimant count rate edged higher from 4.4 per cent in April to 4.5 per cent in May. Jobless claims in May rose by 33.10 thousand.

US NFIB small business optimism (May) a 98.80 topped the estimate of 96.

US Dollar Index and yields:

At the time of writing, the US Dollar Index is trading with a gain of 0.11 per cent at 99.15.

US 10-year and 30-year yields are a tad lower at 4.46 per cent and 4.92 per cent, respectively.

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Upcoming data:

Investors look forward to the US CPI and PPI data (May) to be released on June 11 and June 12, respectively. Going by the estimates, CPI readings are likely to be hotter than the prior month's readings.

Gold outlook:

The US-China trade talks outcome is somewhat underwhelming. Key issues of China's exports of rare-earth magnets remain unresolved.

Trump's tariffs continuing to stay in place is a positive development for the metal industry. Focus will be on today's US CPI data.

Decline in gold prices is likely to be shallow. Dip buying is advisable as the key US macroeconomic reports like ISM services, US nonfarm payroll, etc, have not been so encouraging.

Support is at \$3292 (MCX August gold contract ₹96,000), followed by \$3270 (₹95,300). Resistance is seen at \$3365 (₹98,000)/\$3405 (₹99,200).

(Disclaimer: This article is by Praveen Singh – associate VP, fundamental currencies and commodities, Mirae Asset Sharekhan. Views expressed are his own.)

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