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What makes a reserve currency?

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Investing.com -- A reserve currency earns its role not just through economic size, but by offering trust, liquidity and institutional acceptance.

While UBS Global Research does not directly define reserve currency characteristics, its analysis of precious metals highlights many of the traits investors look for in a store of value, traits that parallel those of a reserve currency.

In a market gripped by uncertainty, gold remains the asset of choice. UBS notes that gold benefits from official sector support, something that silver, platinum and palladium lack.

This backing reinforces gold's position as a trusted reserve asset, particularly during geopolitical and economic stress.

Investor behavior confirms this trend. While gold ETFs have posted gains this year, silver ETF holdings have been flat.

UBS flags that investor caution toward silver, despite tight supply, stems from the absence of institutional demand and persistent doubts about industrial growth.

In contrast, gold continues to draw consistent flows, reflecting a preference for assets with deep liquidity and a track record of performance under pressure.

The brokerage also notes that white metals remain in structural supply deficits. However, that tightness has not translated into sustained investor demand.

UBS points out that investors have been reluctant to use silver or platinum as substitutes for gold, reinforcing the idea that institutional trust and policy relevance matter more than market conditions alone.

Platinum and palladium also fall short of reserve asset characteristics. Platinum lacks a clear demand catalyst, and palladium's fortunes are tied too closely to the auto sector.

UBS acknowledges some upside risk tied to supply constraints, but neither metal has drawn significant investor flows.

Thin liquidity and market sensitivity make them unsuitable as reserve assets, even if prices rise in the short term.

UBS's commentary ultimately underscores that what makes a reserve currency, or a reserve asset, is not price outlook or supply-demand balance alone.

Rather, it's consistent demand, official sector endorsement, and investor confidence that define lasting value.

Gold demonstrates those qualities today. White metals, for all their industrial uses and tight supply, do not.

China trade balance grows more than expected in March as US trade war heats up

Investing.com-- China's trade balance grew more than expected in March, aided by an outsized surge in exports amid apparent front-loading before the imposition of steep U.S. trade tariffs on the country.

Trade balance jumped to a surplus of $102.64 billion in March, government data showed on Monday. The print was higher than expectations of $74.30 billion.

The large trade surplus was driven chiefly by a 12.4% year-on-year surge in exports, which was far greater than the 4.4% expected by economists.

The surge in exports likely reflected increased front-loading by Chinese exporters, as they moved vast quantities of overseas shipments before the imposition of steep U.S. tariffs against the country in early-April.

U.S. President Donald Trump had in early-March imposed 20% on China over its alleged role in the flow of fentanyl into the United States.

But the 20% tariff was a fraction of the steep tariffs levied by Trump against China in the past week, as a trade war between the world's largest economies escalated rapidly. Trump hiked tariffs against China to a cumulative 145%, drawing ire and retaliation from Beijing, which imposed a 125% tariff on American goods.

China had also imposed a 20% retaliatory tariff on U.S. imports in March.

This was likely reflected in China clocking weaker-than-expected imports for the month, which fell 4.3% y-o-y, against expectations for a 2% drop, data showed on Monday.

But China's weak imports also reflect sluggish domestic demand, as the world's second-largest economy struggles with slowing growth, which was trending lower even before its trade war with the United States.

Gold prices dip from record highs amid some US tariff relief

Investing.com-- Gold prices fell from a record high on Monday as risk appetite improved marginally on the U.S. flagging some exemptions from steep trade tariffs against China, although sentiment still remained largely on edge.

Weakness in the dollar and Treasury prices also kept gold relatively underpinned and trading above $3,200 an ounce, as did some comments on monetary easing from the Federal Reserve.

Spot gold fell 0.3% to $3,225.79/oz, while gold futures expiring in June fell 0.1% to $3,240.87/oz by 01:12 ET (05:12 GMT). Spot gold remained close to a record high of $3,245.69/oz hit last week.

Gold pressured by brief tariff relief as risk appetite recovers

Losses in gold came amid gains in risk-driven markets, with Asian stocks mostly rallying on Monday. U.S. stock index futures also rose in Asian trade.

Risk appetite improved after the White House over the weekend confirmed that electronic goods will not be included in President Donald Trump's staggering 145% tariffs against China. The move offers some relief to major U.S. firms with heavy import exposure to China, especially Apple Inc (NASDAQ:AAPL).

But Trump downplayed this notion, stating that electronic imports will still face a 20% levy, and that he was preparing to announce separate import tariffs on electronics soon.

Trump’s comments kept investors on edge over more tariffs, especially as China and the U.S. engaged in a bitter tariff exchange last week.

Beijing announced 125% retaliatory tariffs against the U.S. over Trump’s latest move, and showed little intent to back down. China was also seen reaching out to other trading partners to improve bilateral trade.

Still, a dire trade war between the world’s biggest economies is expected to rattle global supply chains and economic growth, with traders seen pricing in at least a 50% chance of a U.S. recession this year.

This notion had boosted gold prices in recent weeks, while most other metals lagged. Still, weakness in the dollar offered some relief to metal markets on Monday.

Platinum futures rose 0.8% to $951.90/oz, while silver futures fell 0.3% to $31.827/oz.

Among industrial metals, copper futures on the London Metal Exchange steadied at $9,152.90 a ton.

Goldman Sachs hikes 2025 gold price target to $3,700/oz

Goldman Sachs Group Inc (NYSE:GS) on Sunday hiked its 2025 gold price target to $3,700/oz from $3,300/oz- its third such increase this year.

The investment bank flagged heightened safe haven demand for bullion in the face of a bitter U.S.-China trade war, and said that in an extreme scenario, gold could surge as high as $4,500/oz by end-2025.

Goldman Sachs also said that gold was a hedge against increased risks of a U.S. recession.

Goldman Sachs raises end-2025 gold price forecast to $3,700/oz

https://www.investing.com/news/economy-news/goldman-sachs-raises-end2025-gold-price-forecast-to-3700oz-3982593

(Reuters) - Goldman Sachs raised its end-2025 gold price forecast to $3,700 per ounce from $3,300, with a projected range of $3,650-$3,950, citing stronger-than-expected demand from central banks and higher exchange-traded fund inflows due to recession risks.

"If a recession occurs, ETF inflows could accelerate further and lift gold prices to $3,880 per troy ounce (toz) by year-end," the bank said in a note dated Friday.

"That said, if growth surprised to the upside on reduced policy uncertainty, ETF flows would likely revert to our rates-based predictions, with year-end prices closer to $3,550/toz."

The White House exempted smartphones and computers from "reciprocal" U.S. tariffs, however, President Donald Trump warned levies were still likely at some point.

Spot gold prices hit another record high on Monday at $3,245.42 per ounce but lacked clear direction as the market absorbed the ongoing tariff story. [GOL/]

The bank also nudged up its central bank demand assumption to 80 metric tons per month, from 70 tons earlier.

Asia stocks jump, Hang Seng up over 2% on some US tariff relief

Investing.com-- Asian stocks rose sharply on Monday, with Hong Kong's Hang Seng index up the most on gains in technology after U.S. authorities signaled that electronics would be temporarily exempt from steep trade tariffs on China.

Gains in Asian markets also came following a positive Friday session on Wall Street, following assurances of economic support from the Federal Reserve, as well as a swathe of strong bank earnings.

U.S. stock index futures rose in Asian trade on Monday, with S&P 500 Futures up about 1%. Tech majors such as Apple Inc (NASDAQ:AAPL), which depend heavily on China for manufacturing, are expected to clock strong gains on the limited tariff relief.

Hang Seng rallies over 2% as Asia tech cheers some US tariff exemptions

Hong Kong's Hang Seng index was by far the best performer on Monday, rallying 2.7%. Other tech-heavy bourses in the region also advanced, with South Korea's KOSPI adding 1%, while Japan's Nikkei 225 index rose 1.5%.

Hong Kong-listed tech stocks, particularly those with U.S. export exposure, logged strong gains after the White House signaled on Friday that electronics will be exempt from President Donald Trump's steep 145% tariffs on China. PC maker Lenovo Group (HK:0992) was the top gainer on the Hang Seng, with a 5.4% gain. Other tech majors including Alibaba (HK:9988), Baidu (HK:9888), and Haier Smart Home Co Ltd (HK:6690) rose between 4% and 5.5%.

But Trump said over the weekend that this was temporary, and that he was planning to announce separate tariffs on electronics, which could include semiconductors. Trump also pledged a national security trade investigation into the chipmaking sector, while noting that electronics imports from China were still subject to a 20% tariff imposed in March.

Mainland Chinese stocks were less upbeat than their regional peers, given that Beijing faces a dire trade war with the United States. The Shanghai Shenzhen CSI 300 rose 0.5%, while the Shanghai Composite added 0.8%.

China had retaliated with 125% tariffs on U.S. goods last week, in response to Trump's tariff escalation. Beijing is also expected to ramp up its stimulus measures to help weather the economic headwinds of a trade war.

Chinese first-quarter gross domestic product data is due later in the week, as are key economic readings from several other Asian countries.

Asia stocks advance, but trade war fears remain

Broader Asian markets advanced on Monday, recouping a measure of recent losses. But investors remained on edge over more trade-related disruptions, especially in the face of a growing U.S.-China trade war.

Australia's ASX 200 added 1.3%, while Japan's TOPIX rose 1.5%.

Singapore's Straits Times index soared 1.8%, given that the country is also heavily reliant on electronics exports.

Singapore's economy grew less than expected in the first quarter of 2025, government data showed on Monday, with the economy also forecast to grow less than expected this year.

But the Monetary Authority of Singapore eased policy as expected on Monday, while also slashing its outlook for consumer inflation in 2025.

Indian markets were closed for a holiday.

Spotify, S&P 500 Pair Lead 5 Stocks Near Buy Points In Volatile Market

Spotify Technology (**SPOT**) and a pair of S&P 500 names, off-price retailer **TJX Cos.** (**TJX**) and **Howmet Aerospace** (**HWM**), lead this weekend's watch list of five stocks holding near a buy point despite extreme market volatility. Insurer **Bowhead Specialt**y (**BOW**) and Planet Fitness rival **Life Time Group Holdings** (**LTH**) round out the list.

Spotify is on the **IBD Leaderboard** watchlist.

Both SPOT and BOW have a maximum 99 **IBD Composite Rating**, a single rating that combines both technical and fundamental factors, according to **IBD Stock Checkup**. Howmet has a stellar 98 rating.