

# Trump's Tariffs Fuel Gold Price Surge and Volatility in Asian Gold Markets

Kallanish Index Services

## Trump's aggressive tariff policy

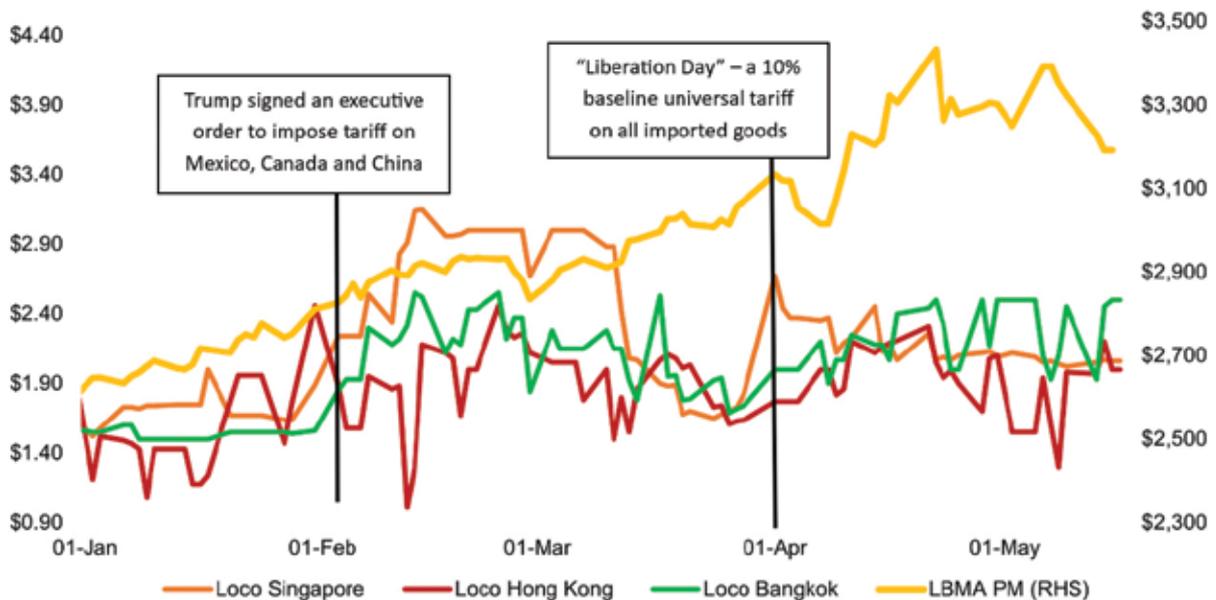
Since US President Trump's inauguration on January 20, 2025, his administration has implemented several aggressive tariff measures that have disrupted global trade, causing market turmoil and heightening economic uncertainty. From the initial announcement on February 1 focused on Mexico, Canada and China, through "Liberation Day" on April 2 to the present, the tariffs have not only significantly increased in most cases but also expanded to include all countries.

While most nations have taken a diplomatic approach, major trading partners like China, Canada, and the EU have adopted a more confrontational stance, implementing retaliatory tariffs. These countermeasures significantly heightened trade tensions, leading to a tit-for-tat tariff escalation, with duties reaching as high as 245% for China.

Trade tensions eased, however, when US officials scaled back tariffs in late May by announcing a 90-day tariff pause and reducing additional levies to 10%. Optimism for de-escalation grew after China and the US lowered their counter tariffs following trade talks on May 12, amid ongoing negotiations with other key US trading partners.

The volatile nature of Trump's tariff policies has intensified economic growth concerns, driving investors to seek refuge in haven assets like gold. The yellow metal has logged a fourth month streak of higher monthly close since the start of the year, reaching a new all-time high of USD 3,500.20/oz on April 22, before it gave up a chunk of those gains as US-China relations began to thaw.

KIS Gold Kilobar Premiums and LBMA PM (US\$/oz)



## Asia's Gold Kilobar Markets

Singapore, primarily a demand hub for freshly minted gold bars due to an exemption from Goods and Services Tax (GST) on bars that meet certain purity standards and are traded within the freeport, saw a surge in demand for gold kilobars when trade tensions between the US and China escalated. Freshly minted kilobars in Singapore typically trade at a premium of \$1.50–\$2.00/oz over international prices, but premiums spiked to a peak of \$3.15/oz in February. This sharp increase widened price differentials between Asian markets until March.

Bangkok exhibited trends similar to Singapore, albeit with greater volatility—except in March, when the two markets diverged. During March, premiums in Singapore declined while those in Bangkok rose, as climbing gold prices continued to attract investors amid broader market turmoil. The recirculated kilobar market in Bangkok also showed high volatility, when strong demand pushed buy-back prices for recirculated bars to trade at a discount ranging from \$3.50/oz to \$4.00/oz. This was indicative of robust buying interest in the market, before prices stabilised at a discount of around \$3.50/oz. From April through May, the market shifted to strong selling interest, with asking prices trading at approximately \$1.00/oz over spot.

Hong Kong, a market that also serves as a conduit to China, experienced strong volatility amid escalating US-China trade tensions. Unlike Singapore and Bangkok, which showed relatively strong demand for freshly minted bars in February, premiums in Hong Kong dipped significantly before rebounding. This mirrored movements in Shanghai gold premiums, which traded at a discount from early to mid-February. During this period, investors turned to recirculated

bars—favoured for their lower premiums—with buy-back prices dropping to a steep discount of \$11.25/oz, indicating aggressive buying activity among Chinese investors. This demand likely contributed to further upward pressure on gold prices. Similar to the Thai market, strong buying interest was recorded when gold prices fell sharply from \$3,500/oz to around \$3,300/oz, helping to provide price support. However, from late April through mid-May, investor sentiment in Hong Kong shifted, leading to increased selling activity.

## Impact on Chinese gold market

Chinese gold traded at premium to international prices throughout April and May, supported by haven demand despite higher domestic gold prices. The premium reached an 18-month high of USD 104.65/oz on April 22, following China's stern warning to countries considering trade agreements with the US that undermine its economic interests, fuelling concerns of a broader trade war. The premium has since fallen to ~USD 40/oz as China and the US scaled back their counter-tariff measures, including suspending curbs on select export goods.

## Impact on India gold market

Indian consumers are highly price-sensitive, which kept many on the sidelines in Q1 as gold surged amid escalating trade tensions. Buyers only returned during price dips, causing gold to trade at a discount to international prices in most sessions. In late April, during the India-Pakistan conflict, prices jumped past ₹100,000/10g as investors sought safe-haven assets. After the conflict was resolved in early May, international prices fell more sharply than domestic rates, pushing domestic gold to a premium by mid-May.

## Conclusion

Trump's tariff policies have reinforced gold's status as a safe-haven asset, with the precious metal being the best-performing asset class in 2025 so far, outpacing equities and other commodities. For Asian countries with a strong affinity for bullion, fluctuations in gold prices significantly influence local buying behaviour, presenting tremendous opportunities to those with access to the necessary market insights.

To stay informed about the latest regional gold price movements and premiums for freshly minted and recirculated bars, visit [www.kallindex.com/gold](http://www.kallindex.com/gold) or reach out to us at [info@kallindex.com](mailto:info@kallindex.com)!