

Risk sentiment soars on rising Middle East tensions and US rate cut concerns

By [Andre Cilliers](#)

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Recent geopolitical tensions in the Middle East and speculation surrounding potential rate cuts by the Federal Reserve have sent shockwaves through global financial markets.



Source: [Fxabay](#)

This surge in risk sentiment has seen investors flocking to safe-haven assets like the US Dollar and Gold while equity markets face downward pressure.

Israel has vowed to retaliate to Iran's strikes while US retail sales data continued to reflect a still robust US economy.

US bond yields are trading higher across the curve with the two-year yield currently sitting at 4.93% while equity markets continue to slide.

The DXY index has climbed to 106.37 this morning, with the dollar trading stronger at 1.0615 against the euro and 1.2438 against the pound.

The yen remains weak at 154.32, with no signs of any intervention from the Bank of Japan to support the currency. Despite

a better-than-expected Chinese Q1 GDP print of 5.3% versus market estimates of 4.8%, risk-sensitive currencies like the rand are on the back foot this morning.

The rand weakened by nearly 0.7% yesterday and has lost further ground this morning to be quoted at 19.02.

Gold recovers as geopolitical tensions rise

Gold, which had traded down to \$2,325 levels yesterday before recovering to close at \$2,382, has firmed even further this morning on the back of the Israel/Iran tensions.

Gold currently sits at \$2,388, while platinum is firmer at \$971, and palladium is softer at \$1,026. Base metals have opened mixed with zinc and aluminium weaker but copper and nickel showing small gains.

The better-than-expected Chinese GDP data, along with the geopolitical concerns in the Middle East continue to underpin the price of oil, with Brent crude now trading firmer at \$90.70.

ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking and corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.

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