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Post Trade War Era: Investor Strategies For Dealing With Falling Gold Prices

Selviani[1], Sintya Gracella [2], Siti Aisya[3], Wenni Anggita[4]*

[1,2,3,4] Departement of Accounting, Universitas Bangka Belitung, Bangka/Indonesia
* Correspondence: enghietha@gmail.com

Abstract: *This study analyzes the impact of the U.S.–China trade war de-escalation on global gold prices and investor strategies. During 2020–2025, trade tensions drove gold prices upward as a safe-haven asset, yet after the trade agreement in April–May 2025, gold prices declined as market confidence improved and investors shifted to riskier instruments such as stocks and bonds. The research employed a quantitative-descriptive approach using linear regression, event study, and portfolio strategy evaluation based on modern portfolio theory. Data were collected from global gold prices (XAU/USD), volatility indices, the U.S. dollar index, and questionnaires completed by 43 retail investors in Indonesia. The findings show that trade war de-escalation significantly affects gold prices (34.3%) and investor strategies (27.2%). These results highlight the crucial role of geopolitical stability, while other factors such as inflation, monetary policy, and exchange rates also play significant roles. The study recommends portfolio diversification, the application of Dollar-Cost Averaging (DCA), and improved financial literacy to help retail investors adapt to post-trade war market fluctuations.*

Keywords: US–China trade war; global gold price; retail investors; investment strategies.

JEL: F1, F3, F4

1. INTRODUCTION

The trade war, particularly between the United States (US) and China, has been one of the main drivers of global economic uncertainty during the 2020–2025 period. This conflict began with the imposition of significant import tariffs by the US on Chinese goods during Donald Trump's presidency, which was later met with reciprocal tariffs by China on American goods (Zhang & Wang, 2024). Tensions escalated in 2024–2025, with US tariffs on China reaching 145% and China responding with 125% tariffs on American products. This uncertainty affected international trade, global supply chains, and investor sentiment, prompting them to seek safe-haven assets such as gold as protection against market volatility. Gold, widely recognized as a stable asset during times of crisis, experienced a surge in demand throughout this period of geopolitical and economic tensions, as evidenced by the global gold price reaching US$3,245.28 per troy ounce in April 2024 (Li & Lucey, 2022). This demand was driven by gold's role as a hedge against inflation and currency depreciation, both of which often occur due to disruptions in global trade (Baur & McDermott, 2010).

When trade war tensions began to ease, as seen after the postponement of US import tariffs on April 10, 2025, gold prices tended to decline. This postponement, which introduced a 90-day pause before reciprocal tariffs were implemented, reduced market uncertainty and boosted investor confidence in global economic stability (Li & Lucey, 2022). As a result, investors shifted from safe-haven assets like gold to riskier investments such as stocks or bonds, which offer higher return potential amid improving economic conditions. For example, in May 2025, Antam's gold price dropped by Rp20,000 to Rp1,866,000 per gram, reflecting the market's response to the easing of US–China trade war risks. This phenomenon highlights the inverse relationship between market confidence and gold prices, where a stronger US dollar and economic optimism often reduce demand for gold. However, such declines are not always sustained, as other factors such as inflation or central bank monetary policy can significantly influence gold prices (Erb & Harvey, 2013).

The fluctuations in gold prices triggered by trade war dynamics raise an important question: how do investors navigate such conditions? During the 2020–2025 period, investors faced the challenge of managing a highly volatile gold market. When gold prices surged due to heightened uncertainty, both retail and institutional investors increased their allocations to gold to protect their portfolios from

systemic risk (Conlon & McGee, 2021). Conversely, when gold prices declined, investor responses were divided: some viewed the drop as an opportunity to buy gold at lower prices, while others reduced their exposure out of concern for further losses. According to market analyst Peter Walden (2024) falling gold prices often spark renewed interest among novice investors who had previously been hesitant to buy at higher levels. Survey data from NEXT Indonesia Center (2023) also revealed that 41% of middle-class households and 71% of upper-class households in Indonesia held at least 10 grams of gold, reflecting the asset's popularity as a store of value amid uncertainty. These responses underscore the need for adaptive investment strategies to cope with gold price volatility.

Despite the extensive literature linking geopolitical tensions and trade policy uncertainty to gold price movements, prior research has predominantly relied on macro-level indicators and market data, focusing on price dynamics and volatility rather than investor decision-making. As a result, less is known about how trade-war developments, particularly de-escalation episodes, translate into changes in investment strategies at the individual level. Moreover, evidence from emerging markets remains limited, even though these markets are often dominated by retail investors who may differ from institutional investors in terms of experience, risk tolerance, information processing, and preferences for tangible assets such as gold. This study addresses these gaps by examining the effect of US-China trade-war de-escalation not only on gold price dynamics but also on retail investors' investment strategies in an emerging-market context. By combining a macro-geopolitical narrative with micro-level behavioral evidence, this research extends the safe-haven asset literature and contributes to a more comprehensive understanding of how geopolitical stabilization affects both market outcomes and investor behavior.

The volatility of gold prices emphasizes the importance of diversification and risk management in investment portfolios. Although gold is considered a safe-haven asset, it still carries significant short-term price risks. Therefore, investors are advised not to rely solely on gold but to diversify into other assets such as stocks, bonds, or mutual funds to build a balanced portfolio. Researchers at the World Gold Council (2023) recommend allocating 40% of a portfolio to gold and 60% to stocks to optimize performance during periods of economic uncertainty. The Dollar-Cost Averaging (DCA) strategy has also become a popular approach, where investors purchase gold gradually to minimize the impact of price fluctuations. In addition, risk management involves monitoring factors such as central bank monetary policies, inflation, and geopolitical tensions, all of which influence gold prices. By understanding these dynamics, investors can make more rational and informed decisions, whether gold prices are rising or falling.

2. LITERATURE REVIEW

2.1 Portfolio Theory

Portfolio Theory was first proposed by Harry Markowitz in 1952 in his seminal work *Portfolio Selection.* Markowitz, an economist, was awarded the Nobel Prize in Economics in 1990 for his contributions to investment theory. Although the theory was first published in 1952, the fundamental concept of portfolio management has continued to evolve through various refinements. Portfolio theory has undergone significant development since its inception. Subsequent research, including the Capital Asset Pricing Model (CAPM) developed by William Sharpe, John Lintner, and Jan Mossin, has further clarified the relationship between risk (beta) and asset returns. Portfolio Theory explains that investment risk can be minimized by constructing a diversified portfolio consisting of multiple assets that are not perfectly correlated (Markowitz, 1952). The total risk of a portfolio is not solely determined by the risk of each individual asset but also by the interaction among those assets. Diversification becomes the core principle of this theory, whereby combining assets with different risk profiles reduces the overall portfolio risk.

Portfolio Theory holds significant relevance to this research, which examines investment strategies following the deescalation of the US–China trade war and its implications for global gold prices and investment decisions. Gold price fluctuations (Y_1) can serve as an indicator for investors to reallocate capital to other assets that may offer higher returns or lower risks, consistent with the principle

of diversification in portfolio theory. The de-escalation of the trade war (X) creates new market dynamics that affect the stability of gold prices and investment preferences. In responding to these market changes, investors attempt to adjust their portfolios to mitigate risks while maximizing returns. Thus, Portfolio Theory provides an essential theoretical framework for analyzing investor responses to gold price volatility and the shifting geopolitical landscape following the Geneva meeting in May 2025.

2.2 Gold Prices

The global gold price, commonly referred to as XAU/USD, represents the value of one troy ounce of gold denominated in United States dollars (USD). The code *XAU* is the standard symbol for gold in international trading, while the USD serves as the reference currency for its pricing. According to Kurniawan (2019), gold functions as the foundation of financial systems in various countries and serves as a stable medium of exchange that is universally recognized worldwide. Gold is among the most heavily traded commodities globally and operates as a safe-haven asset in international finance, an asset relied upon during periods of economic turmoil, political instability, or market fluctuations. As a safe-haven asset, gold, despite being sensitive to changes in global conditions, is considered effective in mitigating risks associated with inflation and market uncertainty (Fathimiyah & Fianto, 2020). There exists an inverse relationship between economic stability and gold prices. On the one hand, a strong economy reduces the attractiveness of gold, as investors shift toward instruments with higher returns. On the other hand, economic uncertainty increases the demand for gold as a protective asset, thereby driving its value upward. Gold prices (XAU/USD) may also be influenced by external factors such as monetary policy changes, inflation rates (Gunadi & Robiyanto, 2024) and geopolitical tensions, including the US–China trade war.

In this study, however, the "gold price" variable refers to respondents' perceptions of gold price movements rather than the raw XAU/USD market series. Specifically, it is measured through a Likert-scale questionnaire capturing investors' subjective assessments of whether gold prices are rising or falling, the perceived magnitude of those changes, and how strongly such movements are believed to reflect shifts in uncertainty and safe-haven demand. This perception-based operationalization is used to align the measurement of gold prices with the study's micro-level unit of analysis (retail investors) and to capture how investors interpret and respond to changes in gold market dynamics.

2.3 Investment Strategies of Investors

Investment strategy refers to the methodology applied by investors in allocating portfolio assets to achieve optimal returns while mitigating risks (Bodie et al., 2014). In times of market uncertainty, such as during the escalation of the US–China trade conflict, the implementation of appropriate investment strategies becomes crucial in minimizing potential losses and preserving portfolio value (Baker & Wurgler, 2006). One commonly used approach is portfolio rebalancing, in which investors adjust their asset composition in response to changing market conditions. This strategy enables investors to take advantage of new investment opportunities following the de-escalation of conflicts, such as the potential upside returns from riskier instruments like equities (Ang & Bekaert, 2002). Diversification is a fundamental strategy in portfolio risk management. This principle works by distributing investments across various asset classes that are not perfectly correlated, thereby minimizing systematic risk through the effect of risk pooling (Elton & Gruber, 1997). Markowitz's (1952) Modern Portfolio Theory emphasizes that optimal diversification can generate the efficient frontier, a set of portfolio combinations that deliver maximum returns for a given level of risk. Further studies by Sharpe (1964) in the Capital Asset Pricing Model (CAPM) reinforced this concept by introducing beta as a measure of systematic risk, which became the foundation for analyzing the risk–return relationship in diversified portfolios.

2.4 De-escalation of the Trade War

The de-escalation of a trade war refers to the reduction of tensions in trade disputes between countries that had previously implemented protectionist policies such as tariffs and import–export restrictions. The de-escalation of trade wars can be measured using geopolitical tension indices, such as the Geopolitical Risk Index (GPR), which incorporates three key components: Trade Policy

Uncertainty, Diplomatic Tensions, and Financial Market Volatility. In May 2025, the Geneva meeting between the United States and China successfully produced an agreement that reduced trade tensions. This decision was expected to alleviate uncertainty in global markets, which had previously caused high volatility in commodities and risky assets such as gold. The easing of tensions had a direct impact on the Geopolitical Risk Index (GPR), which had earlier reflected significant levels of uncertainty. Following the agreement, the index recorded a decline, signaling a more stable environment for investors.

In addition to this objective approach, trade-war de-escalation (X) can also be operationalized through respondents' perceptions using a Likert-scale measurement. Under this approach, de-escalation is defined as the extent to which respondents perceive that trade-policy conflict, diplomatic friction, and market uncertainty between the disputing countries have eased after major negotiations or agreements. Respondents rate their agreement (e.g., 1 = strongly disagree to 5 = strongly agree) with statements capturing perceived reductions in trade tensions, lower trade policy uncertainty, improved diplomatic relations, reduced concerns about future tariffs or retaliatory measures, and a decline in overall geopolitical risk affecting investment decisions. The variable X is then computed as the average (or sum) of the item scores to form a composite index of perceived trade-war de-escalation, capturing the behavioral dimension of de-escalation that can shape investor expectations and market reactions beyond what is observed in objective indices alone.

2.5 Conceptual Framework

The research framework can be understood as a model that illustrates concepts related to the theoretical foundation of the study. A conceptual framework is a design that broadly describes the research flow using visualizations or diagrams that represent the processes carried out in the study. The following is the conceptual framework formulated for this research:

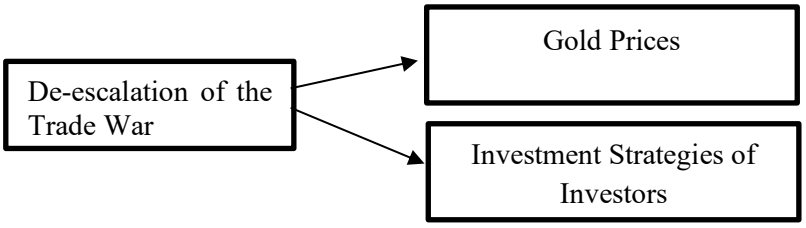

Figure 1. Conceptual Framework

3. METHOD

This study employs a quantitative-descriptive research design aimed at analyzing the causal relationship between the independent variable, namely the de-escalation of the trade war between the United States and China, and two dependent variables: global gold prices (XAU/USD) and investors' investment strategies. A causal comparative approach is highly relevant when researchers cannot or do not intend to manipulate the independent variable directly, but instead observe its effects retrospectively through naturally occurring events (Sugiyono, 2019). Primary data were collected online via Google Forms from respondents who invest in gold and follow news related to the trade war. The research instrument used was a Likert-scale questionnaire (1–5) designed to measure respondents' perceptions.

3.1 Population, Sample, and Sampling Technique

According to Sugiyono (2019), a population is a generalization area consisting of objects or subjects that possess certain qualities and characteristics determined by the researcher to be studied and from which conclusions are drawn. The population in this study comprises all retail investors in Indonesia, particularly those actively investing in gold instruments during the 2024–2025 period. The

sampling technique employed in this research is purposive sampling, a method in which respondents are selected based on specific considerations or criteria relevant to the research objectives (Sugiyono, 2019). The criteria for the sample in this study are as follows:

1) Investors aged at least 20 years.
2) Individuals who have invested or are currently investing in gold (physical or digital) during the 2024–2025 period.
3) Individuals who are aware of or follow the development of the US–China trade conflict.
4) Willingness to complete the research questionnaire fully and honestly

The data analysis in this study was conducted using SPSS version 25, involving several statistical tests to ensure the accuracy and reliability of the model. A normality test was performed to verify whether the data were normally distributed, followed by a multicollinearity test to detect potential high correlations among independent variables. The heteroscedasticity test was applied to examine whether residual variances were constant across observations, while the coefficient of determination (R^2) was used to measure the explanatory power of the independent variable on the dependent variable. Finally, partial t-tests were carried out to evaluate the significance of each independent variable's effect on the dependent variable. These analytical steps ensured that the regression model met classical assumptions and provided robust results.

4. RESULTS AND DISCUSSION

4.1 Results

4.1.1 Research Data

Based on the questionnaire data, the respondents consisted of 16 males (37.2%) and 27 females (62.8%), with the majority being under 25 years old (83.7%), followed by 25–35 years old (9.3%) and 36–45 years old (7%). The most dominant type of investment chosen was retail (86%), while institutional investment was selected by only 14% of respondents. In terms of investment experience, more than half of the respondents were relatively new, with less than one year of experience (53.5%), whereas 32.6% had 1–3 years of experience, and only 14% had more than three years of experience. These findings indicate that the majority of respondents in this study are young individuals who are just beginning their investment journey, with a tendency to prefer retail investment.

4.2.1 Validity Test

The validity test is used to determine whether the questionnaire employed in collecting primary data is appropriate and measures the intended constructs accurately. An indicator is considered valid if the calculated correlation coefficient (r-count) exceeds the critical value from the r-table (r-table), or if the significance value is less than 0.05. The r-table value is determined using the formula df = n − 2, where n represents the sample size. In this study, with n = 43, the degrees of freedom are df = 41, and at a 5% one-tailed significance level, the obtained r-table value is 0.3008. Therefore, the results of the validity test are presented as follows:

Table . 1 Result Of The Validity Test

Variabel	Questionnaire Item	R Count	R Table	Result
De-escalation of the Trade War	X1	0,662	0,3008	Valid
	X2	0,807	0,3008	Valid
	X3	0,843	0,3008	Valid
	X4	0,706	0,3008	Valid
	X5	0,859	0,3008	Valid

Gold Prices	Y1.1	0,861	0,3008	Valid
	Y1.2	0,794	0,3008	Valid
	Y1.3	0,728	0,3008	Valid
Investment Strategies of Investors	Y2.1	0,785	0,3008	Valid
	Y2.2	0,607	0,3008	Valid
	Y2.3	0,655	0,3008	Valid
	Y2.4	0,758	0,3008	Valid
	Y2.5	0,493	0,3008	Valid

Source : Primary Data Processing (2025)

Based on the data presented in Table IV.2, the calculated correlation values (r-count) for each statement item are greater than the r-table value, and the significance values are also below 0.05. Therefore, all questionnaire items are declared valid. This indicates that the research instrument meets the required adequacy criteria and can be considered reliable for supporting the analysis and producing accurate research findings.

4.2.2 Reliability Test

The reliability test is used to assess whether the instrument applied in this study can be considered reliable or dependable, meaning that it produces consistent and stable results over time. In this research, reliability is evaluated using Cronbach's alpha statistic. A construct is considered reliable if it yields a Cronbach's alpha value greater than 0.60; otherwise, it is deemed not reliable. The results of the reliability test are presented as follows:

Tabel 2 Result Of The Reliablity Test

Variabel Penelitian	Cronbach Alpha	Description
De-escalation of the Trade War (X)	0,837	Reliable
Gold Prices (Y1)	0,709	Reliable
Investment Strategies of Investors (Y2)	0,653	Reliable

Source : data processed by the researcher, 2025

The data in Table IV.2 show that all Cronbach's alpha values for each variable are above 0.60. This indicates that the instrument used in this study has a good level of reliability. The higher the reliability value, the more accurate and consistent the measurement results, making the data obtained more trustworthy. Therefore, the questionnaire used in this research is appropriate and dependable as a reliable data collection instrument and supports the analysis results effectively.

4.3.1 Normality Test

In this study, the normality test was conducted using SPSS version 25. Based on the Kolmogorov-Smirnov test, it was concluded that the residual distribution of the model followed a normal pattern. This condition is evidenced by the results showing that the significance value of X on Y1 reached *p* (Asymp. Sig. 2-tailed) = 0.200, and the significance value of X on Y2 was *p* (Asymp. Sig. 2-tailed) = 0.179, both of which are greater than the threshold criterion of 0.05.

Table 3. Normality Test Results (Kolmogorov-Smirnov) of X on Y1

		Unstandardized Residual
N		43
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.24976475
Most Extreme Differences	Absolute	.112
	Positive	.112
	Negative	-.094
Test Statistic		.112
Asymp. Sig. (2-tailed)		.200[c,d]

Source : data processed by the researcher, 2025

Table 4. Normality Test Results (Kolmogorov-Smirnov) of X on Y2

		Unstandardized Residual
N		43
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.64427151
Most Extreme Differences	Absolute	.115
	Positive	.115
	Negative	-.085
Test Statistic		.115
Asymp. Sig. (2-tailed)		.179[c]

Source : data processed by the researcher, 2025

4.1.3 Multicollinearity Test

This test was conducted by examining the tolerance and Variance Inflation Factor (VIF) values. If the VIF value is less than 10 and the tolerance is greater than 0.10, it can be concluded that there is no multicollinearity problem in the regression model used. In this study, the tolerance value for the Trade War De-escalation (X) on gold prices (Y1) was 1.000, which is the same as for investor investment strategies (Y2). Meanwhile, the VIF value for both variables was also 1.000, which is less than 10. Therefore, it can be concluded that there is no indication of multicollinearity in this study.

Table 5. Multicollinearity Test Results of X on Y1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.267	1.632		1.389	.172		
	TX	.421	.091	.586	4.631	.000	1.000	1.000

Source : data processed by the researcher, 2025

Table 6. Multicollinearity Test Results of X on Y2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	11.533	1.918		6.012	.000		

	TX	.417	.107	.521	3.910	.000	1.000	1.000

Source : data processed by the researcher, 2025

4.1.4 Heteroscedasticity Test

In this study, the Glejser test was used to detect heteroscedasticity. If the significance value obtained is greater than 0.05, it can be concluded that there is no heteroscedasticity in the regression model. In the tables below, the probability value of Trade War De-escalation (X1) on gold prices (Y1) reached 0.259. Based on this result, it can be concluded that the regression model in this study is free from heteroscedasticity problems. However, the probability value of Trade War De-escalation (X1) on investor investment strategies (Y2) was 0.001. This indicates that the residual variance is not constant, or in other words, there is heterogeneity in the distribution of errors. Consequently, the regression model may produce inefficient estimates, potentially affecting the validity of the analysis results.

Table 7. Heteroscedasticity Test Results (X on Y1)

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.037	.798		1.299	.201		
	TX	.051	.044	.176	1.145	.259	1.000	1.000

Source : data processed by the researcher, 2025

Table 8. Heteroscedasticity Test Results (X on Y2)

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	6.101	1.140		5.350	.000		
	TX	-.240	.063	-.508	-3.779	.001	1.000	1.000

Source : data processed by the researcher, 2025

4.1.5 Coefficient of Determination Test

Based on the General Effect regression output, the coefficient of determination (R^2) for the regression of X on Y1 is 0.343. This means that 34.3% of the variation in gold prices (Y1) can be explained by trade-war de-escalation (X) within the model, while the remaining 65.7% of the variation is attributable to other factors not included in this study. Likewise, the R^2 value for X on Y2 indicates that 27.2% of the variation in investors' investment strategies (Y2) is explained by trade-war de-escalation, whereas 72.8% of the variation is driven by other variables outside the scope of the analysis. These results suggest that numerous factors beyond trade war de-escalation can influence changes in gold prices and investors' investment strategies.

Table 9. Coefficient of Determination Test Result (X on Y1)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.586[a]	.343	.327	2.277

Source : data processed by the researcher, 2025

Table 10. Coefficient of Determination Test Result (X on Y2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.521[a]	.272	.254	2.676

Source : data processed by the researcher, 2025

4.1.6 T-Test (Partial Test)

In regression analysis, the t-test is used to examine partial hypotheses, namely the extent to which each independent variable has a significant effect on the dependent variable. The decision criterion is generally based on the probability value (sig./p-value). If the significance value is less than the predetermined significance level (e.g., 0.05), the independent variable is considered to have a significant effect on the dependent variable. Conversely, if the significance value is greater than 0.05, the variable is considered not significant. Based on the tables below, the results show that the significance value (0.000) is less than 0.050. Therefore, according to the decision criteria, it can be concluded that the de-escalation of the trade war has a significant effect on the decrease in gold prices as well as on investor investment strategies (data processed by the researcher).

Table 11. T-Test Result (X on Y1)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.267	1.632		1.389	.172		
	TX	.421	.091	.586	4.631	.000	1.000	1.000

Source : data processed by the researcher, 2025

Table 12. T-Test Result (X on Y2)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	11.533	1.918		6.012	.000		
	TX	.417	.107	.521	3.910	.000	1.000	1.000

Source : data processed by the researcher, 2025

4.2 DISCUSSION

The results of this study indicate that trade-war de-escalation has a significant effect on both gold prices and investors' investment strategies, confirming that geopolitical conditions and international trade stability influence market behavior at both the asset-price level and the portfolio-allocation level. Hypothesis testing shows a statistically significant relationship between trade-war de-escalation and gold prices ($t = 4.631$; $p = 0.000$), where the test statistic exceeds the critical value (t-table = 1.660) and the significance level is below 0.05. This supports the view that a reduction in geopolitical and trade-policy uncertainty alters the demand for safe-haven assets, thereby affecting gold market dynamics. Similarly, the second hypothesis confirms that investors' investment strategies change following trade-war de-escalation ($t = 3.910$; $p = 0.000$), indicating that investors adjust their portfolio positions when trade tensions decline.

These findings are consistent with the mechanism proposed in the safe-haven and uncertainty literature. When US–China trade tensions de-escalate, uncertainty in global markets tends to decrease, reducing the need for protection through safe-haven assets such as gold (Baur & McDermott, 2020). As demand for gold weakens under improving macroeconomic sentiment, gold prices tend to decline. At the same time, investors become more willing to allocate funds toward instruments with higher return potential—such as equities and bonds—reflecting a shift away from defensive positioning. From the perspective of Modern Portfolio Theory (Markowitz, 1952), this behavior can be interpreted as portfolio re-optimization: investors rebalance assets to improve the risk–return trade-off as perceived systematic

risk falls, increasing exposure to higher-risk assets while maintaining diversification.

The responsiveness observed in this study is notable given that the sample is dominated by relatively young and less experienced retail investors. Even within this profile, respondents appear to react to macroeconomic signals by re-evaluating portfolio composition in response to changes in geopolitical stability. This suggests that investment decisions among retail participants are not solely driven by experience level, but can also be shaped by widely available market narratives and macroeconomic information that influence expectations and risk perceptions (Conlon & McGree, 2021; Ang & Bekaert, 2002). In other words, trade-war developments may function as salient signals that retail investors incorporate into their allocation choices, reinforcing the linkage between external events and micro-level investment behavior.

In terms of consistency with prior research, the results align with studies showing that heightened trade uncertainty encourages increased allocation to gold, whereas periods of improved stability reduce reliance on safe-haven assets and support reallocation toward higher-yield instruments. For example, Dano (2022) reports that trade uncertainty strengthens gold demand, while Pratiwi (2022) finds that trade stability can increase equity allocations due to higher market confidence. Together, these findings support the conclusion that de-escalation in trade conflict is generally associated with declining safe-haven demand and portfolio rebalancing toward riskier assets.

At the same time, the literature also suggests that these responses may vary across contexts. Research by Baur and McDermott (2020) and Li and Lucey (2022) notes that in certain markets, gold may remain attractive even when geopolitical tensions ease, due to cultural preferences, conservative investor behavior, regulatory conditions, or monetary policy environments. This implies that the strength and speed of portfolio shifts following trade-war de-escalation may depend on moderating factors such as investor risk tolerance, financial literacy, and the maturity of domestic financial markets. Therefore, while the overall pattern observed in this study supports the theoretical expectation of risk reallocation under declining uncertainty, variations across investor groups and market settings remain important for interpreting outcomes.

Overall, the findings suggest that trade-war de-escalation operates as a meaningful macro-level signal that can influence both gold price dynamics and investors' portfolio decisions. Integrating the empirical results with Modern Portfolio Theory and prior evidence reinforces a nuanced conclusion: geopolitical stabilization tends to reduce demand for safe-haven assets and encourage allocation toward higher-return instruments, yet the magnitude of this adjustment may differ depending on investor characteristics and the broader market environment.

5. CONCLUSION AND SUGGESTION

This study shows that the de-escalation of the trade war between the United States and China has a significant impact on both global gold price dynamics and investors' investment strategies. The easing of trade tensions reduces the role of gold as a safe-haven asset, resulting in a tendency for gold prices to decline. These findings support portfolio theory, which emphasizes asset diversification, as the reduction in systemic risk encourages investors to shift to higher-risk instruments with greater return potential, such as stocks and bonds. Furthermore, the results reveal that even though the majority of respondents are young retail investors with limited experience, they remain responsive to changes in macroeconomic and geopolitical conditions. International trade stability is shown to drive a shift in strategies from a defensive approach to a more aggressive strategy with diversified investments.

Quantitatively, the contribution of trade war de-escalation to gold prices is recorded at 34.3%, while its effect on investment strategies is 27.2%. This confirms that geopolitical factors indeed play a role, but they are not the sole determinants. Other factors, such as inflation, the US dollar exchange rate, monetary policy, and global market volatility, play a more dominant role. The implication of this study is that geopolitical stability remains a key factor in gold market dynamics and investors' portfolio allocation decisions, although it must be considered alongside other economic factors. This research contributes to the literature on the relationship between geopolitical conditions and investment behavior while providing practical insights for investors in designing adaptive portfolio strategies in response to global changes.

However, these conclusions should be interpreted cautiously in light of the study's limitations. First, the sample size is relatively small (43 respondents) and is dominated by young retail investors

with less than one year of investment experience; therefore, the findings are most representative of this specific respondent group and should not be generalized broadly to the wider investor population. Second, gold prices are influenced by multiple macroeconomic factors such as USD exchange rates, inflation, interest rates, and market volatility and the regression model in this study does not include these variables as controls. The absence of control variables may introduce omitted-variable concerns and limits the extent to which the estimated relationship can be interpreted as isolated from other macroeconomic influences. Future research is therefore recommended to expand the sample size, diversify respondent profiles (including more experienced and institutional investors), and incorporate key macroeconomic control variables to provide a more comprehensive explanation of gold price movements and investor decision-making. Practically, despite these limitations, the study offers useful insights for investors and policymakers on the importance of monitoring geopolitical and global economic developments when designing adaptive and resilient portfolio strategies.

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