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Photo: REUTERS

Gold inches closer to record peak as geopolitical risks lift safe-haven demand

Gold prices rose sharply, moving closer to record highs as geopolitical tensions increased safe-haven demand. The rally was fueled by heightened global uncertainty following the U.S. capture of Venezuela's president, which has unsettled markets. Spot gold climbed to around \$4,485 per ounce, near the all-time high reached in late December, after posting strong gains in the previous session.

Investor sentiment has also been supported by expectations of looser U.S. monetary policy. Markets are pricing in two Federal Reserve interest rate cuts this year, and lower rates tend to benefit non-yielding assets like gold. Strong central bank purchases and investment demand have further underpinned prices, with some analysts forecasting gold could rise to \$4,800 per ounce by the fourth quarter. Silver also posted significant gains, reflecting both safe-haven and industrial demand.

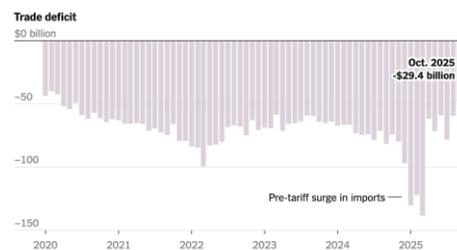
Source: <https://www.reuters.com/world/india/gold-hits-one-week-high-fed-rate-cut-bets-venezuela-turmoil-2026-01-06/>

U.S. Trade Deficit Fell to Lowest Level Since 2009 as Tariffs Reshape Trade

The U.S. trade deficit in goods and services fell sharply to \$29.4 billion in October 2025, its lowest monthly level since 2009, as imports declined and exports rose following the Trump administration's sweeping tariffs. Imports dropped 3.2 percent while exports increased 2.6 percent, narrowing the deficit and aligning with President Trump's long-standing goal of reducing it through trade restrictions.

However, economists cautioned that the decline was driven largely by temporary and volatile factors rather than a fundamental shift in trade dynamics. Fluctuations in gold and precious metals accounted for a significant share of the changes, along with a sharp fall in pharmaceutical imports after companies stockpiled drugs ahead of anticipated tariffs. As a result, despite the strong October figure, the overall trade deficit from January through October was still 7.7 percent higher than the previous year.

Trade patterns have been highly unstable throughout the year due to the on-again, off-again nature of tariffs, the end of the "de minimis" exemption, and sector-specific duties that pushed the U.S. effective tariff rate to its highest level since 1935. While the administration has highlighted recent monthly improvements as evidence of success, economists argue that broader factors such as savings rates, government spending, and inventory cycles play a larger role in shaping the trade deficit. They also warn that it remains unclear whether tariffs will produce lasting changes or whether trade flows will normalize as temporary effects fade.



Note: Data shows goods and services. Source: Bureau of Economic Analysis. The New York Times

Photo: NYTIMES

Source: <https://www.nytimes.com/2026/01/08/business/economy/us-trade-deficit-tariffs.html>



Photo: NYTIMES

Trump Proposes Huge Increase in Military Spending

President Trump has proposed a dramatic increase in U.S. military spending, calling for a \$600 billion boost that would raise the defense budget to \$1.5 trillion in 2027. He argues the expansion is necessary to ensure national security amid what he described as increasingly dangerous global conditions, while advancing a more aggressive U.S. posture abroad, including threats related to Venezuela and Greenland.

The proposal lacks details on how the additional funds would be allocated across military branches or weapons programs. Trump claimed the increase could be financed through tariff revenues, though current tariff income falls far short of covering the cost and has already been earmarked for rebates and relief payments. The plan follows last year's authorization of \$900 billion for defense spending, despite earlier criticism from Republicans that even that amount was insufficient.

To counter concerns about excessive profits in the defense industry, Trump suggested limiting executive pay at defense contractors and banning stock buybacks and dividends, though these measures were not clearly enforced in the executive order he signed. The proposal would represent one of the largest military spending increases in U.S. history, rivaling Cold War-era levels and far exceeding the military budgets of other major powers such as China and Russia.

Source:

<https://www.nytimes.com/2026/01/07/us/politics/trump-military-spending-budget.html>

House Passes Spending Package Before Another Shutdown Deadline

The U.S. House of Representatives overwhelmingly passed a roughly \$180 billion bipartisan spending package to fund several federal agencies ahead of a January 30 deadline, marking a significant step toward avoiding another government shutdown after last year's record-long closure. The legislation funds departments including Justice and Commerce and rejects the steep spending cuts proposed by President Trump, opting instead for modest trims, freezes, or small increases across agencies.

The bill passed by a 397–28 vote and is expected to clear the Senate, after which President Trump has indicated he will sign it. Lawmakers are still working to finalize six additional, more contentious spending bills—covering departments such as Homeland Security and Health and Human Services—to fully avert a shutdown.

The package reflects a return to “regular order” budgeting, with individual appropriations bills rather than temporary funding measures, a move that helped win conservative support despite objections to earmarks included for local projects. Democrats argued the approach strengthens congressional oversight of the administration, while Republicans emphasized bipartisan cooperation. The legislation also includes provisions requiring certain federal agencies weakened by efficiency cuts to maintain staffing levels necessary to fulfill their missions.



Photo: NYTIMES

Source:

<https://www.nytimes.com/2026/01/08/us/politics/house-spending-package.html>



Photo: NYTIMES

Trump's \$100 Billion Venezuela Oil Plan Gets a Cool Reception

President Trump is urging major U.S. and European oil companies to invest at least \$100 billion in Venezuela's oil sector, but the proposal has been met with significant skepticism from industry leaders. During a White House meeting, executives emphasized that Venezuela remains a high-risk and largely "uninvestable" environment due to past asset seizures, weak legal protections, and unresolved compensation claims stemming from nationalization efforts years ago.

Major companies like Exxon Mobil and ConocoPhillips made clear that any return to Venezuela would require substantial legal reforms and durable investment protections. While Exxon expressed limited openness to sending an exploratory team if security guarantees are provided, executives stressed that large-scale investments are premature. Although some smaller firms and traders are interested in increased Venezuelan oil output, even Trump-aligned industry figures stopped short of firm commitments.

Analysts note that modest production increases are feasible in the short term at relatively low cost, but significantly expanding output would require well over \$100 billion in long-term investment—far exceeding what companies are currently willing to consider. Chevron, which has maintained a presence in Venezuela and is now its largest private producer, expects moderate production growth but faces implicit pressure from the administration to align with broader U.S. policy goals.

Overall, while the U.S. government has offered security assurances and potential financing support through the Export-Import Bank, oil executives remain cautious, citing political, legal, and financial risks that continue to deter large-scale investment in Venezuela.

► Source:

<https://www.nytimes.com/2026/01/09/business/energy-environment/trump-venezuela-oil-executives.html>