

Gold May Advance to Record as Dollar Weakness Increases Demand

Contributed by Egypt News
Tuesday, 13 October 2009

Gold, little changed in Asia, may rise to a record as signs of a recovery in the global economy weaken the dollar, boosting demand for the precious metal as a store of value and inflation hedge.

Bullion, which usually moves inversely to the dollar, is on course for a ninth annual gain after the dollar has dropped 6.3 percent this year against a basket of six currencies. Asian stocks rose today after the Standard & Poor's 500 Index reached a one-year high on speculation corporate profits will improve.

"The main driver is still the U.S. dollar, which continues to show weakness, and we see gold testing higher again," said Darren Heathcote, head of trading at Investec Bank Ltd. in Sydney. "As we start to see more evidence of economic recovery, we might see the momentum catalyst push gold higher."

Gold for immediate delivery traded at \$1,056.20 an ounce at 12:32 p.m. in Singapore compared the all-time high of \$1,061.55, set on Oct. 8, and today's low of \$1,051.30. The Dollar Index was little changed at 76.176.

The S&P 500 climbed for a sixth day, its longest streak since June 2007. Among stocks that advanced, Ford Motor Co. surged as the carmaker said sales in Europe increased 12 percent in September. Oil futures gained as much as 2.9 percent yesterday, and traded at \$73.02 a barrel today in New York.

"Whether it's oil, gold or stocks, the weaker dollar is helping to inflate asset prices and it's giving the market nominal gains," Peter Boockvar, equity strategist at Miller Tabak & Co. in New York, said yesterday.

Gold holdings in the SPDR Gold Trust, the biggest exchange traded fund backed by bullion, were unchanged at 1,109.31 metric tons as of Oct. 12, according to the company's Web site.

President Barack Obama has increased U.S. marketable debt to a record as he borrows to reignite growth in the world's biggest economy. That's boosted speculation increased money supply will debase the currency and spur inflation.

The Federal Reserve has cut its main interest rate almost to zero and backed asset purchases and credit programs to combat the recession. Chairman Ben S. Bernanke is leading plans to buy mortgage-backed securities, federal agency debt and Treasuries.

Among other precious metals, silver rose 0.2 percent to \$17.7475 an ounce, platinum added 0.3 percent to \$1,345.50 an ounce and palladium was unchanged at \$329 an ounce.

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