

Gold May Advance as Equity Slump Boosts Demand

Contributed by Egypt News
Monday, 02 November 2009

Gold, little changed, may rebound on speculation that investors will seek safer assets after equities slumped and the bankruptcy of lender CIT Group Inc. sapped confidence in an economic recovery.

CIT Group, a 101-year-old commercial lender, filed for bankruptcy after a government bailout and debt exchange offer failed. U.S. stocks dropped after a Commerce Department report on Oct. 30 showed consumer spending fell 0.5 percent in September after a 1.4 percent jump in August. The MSCI Asia Pacific Index of regional stocks fell 1.8 percent.

"I believe we will see the gold price settle higher this week as investors flock to safety once again in the wake of uncertainty in financial and equity markets," said Gavin Wendt , resource analyst with Mine Life Pty Ltd. in Sydney.

Gold for immediate delivery traded at \$1,044.30 an ounce at 9:09 a.m. in Singapore, compared with \$1,045.40 at the end of last week. The precious metal has gained 18 percent this year.

Bullion, which typically moves inversely to the dollar, fell 1 percent last week as the U.S. currency rallied from a 14-month low against the euro. Gold topped a record \$1,070.80 an ounce on Oct. 14.

"The U.S. dollar is still hovering near very low levels, which makes more cash flow into the market, so there's still a great chance for a higher price," said Kate Harada , a senior trader with Mitsubishi Corp. Futures & Securities Ltd. in Tokyo.

Among other precious metals, silver added 0.4 percent to \$16.375 an ounce, platinum slipped 0.2 percent to \$1,332 an ounce and palladium gained 0.5 percent to \$322 an ounce.

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