



January 5, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,196.20	+\$6.20	\$1195.50	\$1,205.90	\$1238.00

Gold prices rallied off the daily lows on Friday as traders on Comex saw some buying from short-covering and bargain hunting. February gold closed at \$1,182.40 an ounce and spot gold ended the day at \$1189.90 per ounce. Despite Friday's positive close, gold ended the week in slightly negative territory.

The euro opened the year on a slightly softer note as it fell to as low as 1.2047 to the U.S. dollar; trading close to the lows of 2012. The common currency weakened after comments made by ECB chief economist, Peter Praet, who warned of "negative inflation during a substantial part of 2015" due to recent decline in price of crude oil. He also said that "inflation expectations are extremely fragile" and "the risk of second-round effects seems to be greater today than it was in the past." Praet hinted at the possibility of sovereign bond purchases.

Gold priced in euros hit its highest level since 2013 as investors who see more long-term weakness in the euro look for ways to protect their capital.

Meanwhile, the International Monetary Fund reported that euro's share of global reserve holdings dropped further to 22.6% in Q3, hitting the lowest level since 2002. Of particular note is the central bank holdings of euros which has dropped from USD 1.5 trillion to USD 1.4 trillion while US dollar holdings increased from USD 3.8 trillion to USD 3.9 trillion, the highest level since December 2011.

In economic news, and in the U.S. the Institute for Supply Management reported that that its Purchasing

Managers Index fell to its lowest point in six months, hitting a level 55.5%, down from November's reading of 58.7% and well below economist expectations of 57.5%.

As of the last day of 2014, total US debt soared by \$98 billion in one day (driven again by Social Security debt surging on the last day of the month to a record \$5.117 trillion), and closing off 2014 with a new all-time high total of \$18.141 trillion in Federal debt - an increase of \$136 billion in the month of December and \$790 billion for all of 2014.



**About the author:** David Levenstein is an independent precious metals market commentator with more than 30 years experience.

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