



January 8, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,208.50	-\$2.60	\$1190.50	\$1,195.25	\$1226.50

Gold prices were slightly softer on Wednesday, after hitting a three-week high on Tuesday. February gold closed down \$9.10 an ounce at \$1,210.00 an ounce and spot gold ended the day at \$1,207.30 per ounce

It seems that the price of gold has come into some near-term resistance at around the \$1,220 level, but a close above that level could lead to further gains, with a short-term target of \$1,250 an ounce.

Interestingly, the price of the yellow metal has rallied in the face of a stronger U.S. dollar and weaker oil prices.

Usually, lower oil prices would tend to reduce gold's appeal as a hedge against oil-led inflation.

The U.S. trade deficit fell in November to the lowest level in 11 months as crude oil imports dropped to a two-decade low.

The trade deficit narrowed to \$39 billion in November, down 7.7% from a revised October deficit of \$42.2 billion, the Commerce Department reported Wednesday.

The U.S. trade deficit is being helped by falling global oil prices and a boom in U.S. energy production, which has lessened America's reliance on imports.

The November deficit was the lowest since a trade gap of \$37.4 billion in December 2013. Through the first 11 months of 2014, the deficit is running 5.1 percent above the same period in 2013.

The CME Group it is expected to launch a new one-kilogram gold physical delivery futures contract for Hong Kong by Jan. 26, pending all regulatory review periods.

According to the company's press release, the physical contract will be similar to the current benchmark 100-troy ounce gold Futures contract. "It will be tied directly to 9999 gold prices in Hong Kong and be physically-delivered in Hong Kong to provide access to round-the-clock price discovery for the Asian gold market," the press release said.

"As demand for gold grows rapidly in China and the Far East markets, and physical bullion moves eastward, the world increasingly looks at market conditions and price signals in the biggest bullion trading hub in the region – Hong Kong," said Harriet Hunnabell, Executive Director, Precious Metals, CME Group.



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

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