



January 22, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,287.50	-\$5.40	\$1255.50	\$1,233.60	\$1235.00

Gold prices were marginally softer on Wednesday after hitting a five month high and breaking above a key psychological resistance level at the \$1,300.00 level for the first time since August as stagnating world economies drive demand for haven assets. February gold closed down \$3.80 an ounce at \$1,290.50 an ounce and spot gold ended the day at \$1,292.90 per ounce.

The price of the yellow metal slipped after the release of a report from the Wall Street Journal that stated a proposal from the European Central Bank (ECB) executive board calls for government bond purchases of about 50 billion Euros (\$58 billion) a month that would last for at least one year. The report also mentioned that bond purchases could amount to at least 600 billion Euros.

The proposal is being discussed by the ECB's decision-making Governing Council, which could still change the plan significantly. A final decision will be announced at a press conference in Frankfurt later in the day.

A German government five-year bond auction on Wednesday fetched a record-low 0.04% return for investors—a sign that European investors expect a quantitative easing package from the ECB that will further weaken the euro currency. Other European bond market yields are also near their record lows—mainly on concerns of freshly printed euros being pumped into the financial system in the coming

months.

The Bank of Japan (BoJ) maintained its current monetary policy in January but trimmed both growth and inflation outlooks. The central bank cut its core CPI forecast, for the current year ending March 2015, to 0.9% from its previous projection of 1.2%. Core CPI for fiscal year 2015/16 was revised lower to 1% from 1.7%.

Sterling weakened slightly after the Bank of England (BoE) meeting minutes revealed that BoE policymakers voted unanimously to keep rates on hold in January. The members also decided to keep asset purchases at 375 billion pounds.

A whopping 61 tons were withdrawn from the vaults in SGE trading week 1 (January 5 -9), the strongest week since early October 2014.



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

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