



January 25, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,294.90	-\$7.60	\$1260.60	\$1,179.50	\$1244.25

Gold prices rallied on Thursday after the European Central Bank (ECB) unveiled its plans to expand its stimulus measures, boosting demand for the metal as a store of value. February gold closed up \$8.40 an ounce at \$1,302.10 an ounce and spot gold ended the day at \$1,302.50.

The euro came under some selling pressure after the ECB launched a massive expansion in its asset buying program, worth over EUR 1 trillion.

The ECB President, Mario Draghi, said the bank will purchase 60 billion euros a month of assets beginning in March 2015 through to September to 2016. The Executive Board earlier proposed buying 50 billion euros (\$58 billion) of bonds a month through December 2016, according to two euro-area central-bank officials.

The expanded asset purchase program will start in March when the Euro system begins buying euro-denominated investment-grade securities issued by Eurozone governments and agencies and European institutions in the secondary market.

Concerning the operation, the Governing Council will be in control over the "design features" of the program and the ECB would "coordinate the purchases" so as to safeguard the unity of the Euro system's monetary policy.

The ECB indicated that the key reasons for today's decision were to fight against deflation as "inflation dynamics have continued to be weaker than

expected".

The plan was more aggressive than most market watchers anticipated which added some uncertainty to the market place and sent the euro to an 11-year low against the U.S. dollar.

The ECB's announcement caused the central bank of Denmark to cut rates for the second time this week, taking rates further into the negative at -0.35%.

European bond markets rallied on the news, as did European and U.S. stock indexes. The rallying stock and European bond markets did seem to reduce some buying interest for gold.



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

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