



January 27, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,280.80	-\$0.50	\$1277.60	\$1,185.00	\$1270.00

Gold prices retreated from recent highs on Monday and fell back below the \$1300 an ounce mainly due to some profit-taking from recent gains that saw prices hit a five month high last week, and a strong U.S. dollar index that notched a 12-year high. February gold closed down \$13.40 an ounce at \$1,279.30 an ounce and spot gold ended the day at \$1,281.30 per ounce.

The Greek anti-austerity party won the elections by a wider-than-expected margin. The Syriza party reportedly won 149 seats out of 300 seats and around 36% votes, while the Conservative New Democracy party got only 28% of votes.

Global financial markets responded positively about the news from Greece which was also a negative for safe-haven gold. Gold reversed earlier gains on Monday as a stronger dollar offset safe-haven demand following the win by Greece's anti-austerity party that sparked fears of renewed instability in Europe.

European leaders have said Greece must respect the terms of its 240 billion euro bailout deal, but Alexis Tsipras the leader of the leftist Syriza party said he would renegotiate with international lenders for a beneficial solution for the debt crisis of the country, raising the possibility of a major conflict with euro zone partners.

The CME Group's Asian gold contract began trading in Hong Kong on Monday. The 1 kg physically settled contract was trading at a premium of \$2-\$3 an ounce over the global benchmark.

The Chinese currency, the yuan, fell to a multi-month low Monday, as China's central bank weighs monetary stimulus measures to jumpstart its flagging economy. And, the Russian ruble came under more downside pressure against world currencies following a weekend of fighting in Ukraine and the threats of more sanctions against Russia coming from the U.S. and European Union.

Standard & Poor's rating agency has downgraded Russia's credit grade by one notch to junk status, citing a weakened economic outlook.

The agency dropped the rating to BB+ from BBB- as it sees the country's financial buffers at risk amid a slide in the country's currency and weakening revenue from oil exports.



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

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