



January 29, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,280.60	-\$2.70	\$1287.50	\$1,186.00	\$1254.75

Gold prices slipped on Wednesday while the U.S. dollar was higher and crude oil prices were lower. The price of the yellow metal showed very little reaction to the FOMC statement issued in the afternoon. February gold closed down \$3.70 an at \$1,288.00 an ounce and spot gold ended the day at \$1,283.30 per ounce.

In Wednesday's policy statement, the Fed said the U.S. economy was expanding "at a solid pace" with strong job gains, leaving the central bank on track to raise rates this year. But it repeated it would be "patient" in deciding when to raise benchmark borrowing costs from zero.

The dollar was firmer against a basket of currencies and not far from an 11-year peak reached last week as dollar bulls focused on the positive in the Fed's statement.

The prospect of an increase in U.S. rates makes non-interest-bearing assets such as gold less attractive and that helped pull bullion further away from a five-month peak reached last week.

Recent developments, including plunging crude oil prices, economic turmoil in the Eurozone, and other countries moving to stimulate their monetary policies, have led many to believe the Fed might not raise interest rates until late this year, or may have to wait until 2016.

Greece remains the focus of financial markets at the

moment following the weekend Greek anti-austerity Syriza party election victory.

Greek stocks and bonds are under much pressure this week. Prime minister, Alexis Tsipras promised there will be no "catastrophic clash" with international creditors but the markets ignored this. Analysts noted that overall sentiment is rather negative for Greece as there are many uncertainties regarding the negotiations with Troika on the bailout terms.

In Australia, headline CPI eased to 1.7% on an annualised basis in 4Q14 from 2.3% in the previous quarter.

In India, demand for physical gold was subdued, with local prices trading at a discount to the global benchmark.



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

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