



February 11, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,199.30	-\$1.90	\$1264.60	\$1,230.50	\$1282.75

Gold prices drifted lower on Tuesday as the U.S. dollar firmed slightly off-setting concerns over Greece's future in the Eurozone and fears over escalating violence in Ukraine, which hurt risk appetite. April gold closed down \$10.30 an ounce at \$1,231.30 an ounce and spot gold ended the day at \$1233.70 per ounce.

While concerns about Greece's financial situation are still weighing on the market, it has been reported that the European Commission might propose a compromised deal at an emergency meeting with Greece in Brussels today. This will allow Greece more time to negotiate a new deal with the creditors while it negotiates a new EUR 10 billion in short term funding.

Speculation about the probability of Greece leaving the Eurozone has increased as Prime Minister Alexis Tsipras has taken an increasingly hard line over government debt.

European Commission President, Jean-Claude Juncker, told Greece not to expect the Eurozone to bow to Tsipras' demands in a growing confrontation that has rattled financial markets and prompted U.S. and Canadian pleas for calm and compromise.

Greek Finance minister, Yanis Varoufakis, reaffirmed that his government will not abandon the current bailout deal or allow the budget to be derailed. Germany is clear that any extension of assistance to Greece would come with strings attached. Meanwhile,

UK Chancellor of the Exchequer warned that the risk of the standoff between Eurozone and Greece is "growing each day", and "the risks of a miscalculation or a misstep leading to a very bad outcome are growing as well".

Last Thursday, Ukraine's central bank said it will raise the key interest rate by 5.5% to 19.5%, marking its highest level since June 2001.

The decision, which took effect on Friday, was taken due to the aggravation of inflation risks, caused by the conflict in eastern Ukraine, where government troops fight against pro-independence insurgents, a statement on the bank's website said.

The rate increase is intended to support local currency, the hryvnya, which has lost over half of its value against the U.S. dollar since February 2014.



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

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