



February 24, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,199.40	-\$2.40	\$1224.70	\$1,289.00	\$1333.00

After dipping to an intra-day low of \$1191.40 an ounce in Hong Kong, the price of spot gold recovered slightly, but was still marginally down on the day. April gold closed down \$3.90 an ounce at \$1,201.30 an ounce and spot gold ended the day at \$1201.80 per ounce.

U.S. home re-sales fell sharply to their lowest level in nine months in January amid a shortage of properties on the market.

According to the London Bullion Market Association the gold benchmark will be set via an electronic platform managed by ICE Benchmark Administration beginning on March 20.

The new LBMA Gold Price will be set twice daily—at 1030 GMT and 1500 GMT— in dollars, euros and sterling. It will replace the current private telephone conference between a group of four banks, a process that has existed since 1919.

A range of market participants, including mining companies and exchange-traded funds, use daily fixes to settle contracts to buy and sell metals. The benchmark helps set jewellery prices and can be used to determine the value of derivatives contracts.

“The launch of the new LBMA Gold Price on 20 March means that all four precious metal prices will be on electronic auction platforms,” said Ruth Crowell, Chief Executive of the LBMA.

Gold, with a daily turnover of roughly \$150 billion, is

the largest precious metals market. Once it makes the switch, all four precious metals will have made the move to an electronic platform. Curiously, however, the price-setting will be done on three different platforms.

The move to electronic platforms came amid heavy regulatory pressure, given the concerns about possible manipulation following the discovery that the Libor interest rate was being rigged.

The four banks that currently set the gold fix are Bank of Nova Scotia-ScotiaMocatta, Barclays Bank, HSBC Bank U.S.A., and Societe Generale.



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

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