



March 18, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,199.30	-\$3.20	\$1162.80	\$1,207.10	\$1362.50

Gold prices drifted lower on Tuesday as traders on the side-lines ahead of the Federal Reserve's two-day policy meeting. Gold futures fell to their lowest settlement price since early November. April gold closed down \$6.30 an ounce at \$1,146.90 an ounce and spot gold ended the day at \$1150.00 per ounce.

The highly anticipated meeting of the U.S. Federal Reserve's Open Market Committee (FOMC) began yesterday Tuesday and ends later today. The main concern in global markets is the timing of the FOMC raising interest rates. Some market participants think hike could come as early as June and others are wondering if a rate increase will even occur this year. Many look for the Fed to take the word "patient" out of its statement, regarding when to decide to raise interest rates. The FOMC will also release its latest economic projections Wednesday, and Fed Chair Janet Yellen will hold a press conference after the FOMC meeting.

Holdings in gold-backed funds fell for a 14th day, the longest run in more than a year. Global holdings in bullion-backed ETPs fell 2 metric tons to 1,638.4 tons as of Monday, according to data compiled by Bloomberg. The run of losses was the longest since January last year.

Gold prices have fallen in recent weeks due to the surge in the dollar which has risen almost relentlessly on expectations for higher interest rates, and as the European Central Bank eases in contrast to the U.S.

In India, demand for physical gold has declined slightly as jewellery stockists and retailers cut back

on their orders amid global sluggishness.

As widely expected the Bank of Japan (BoJ) did not make any changes to their existing monetary policy. The interest rate was held near zero while the committee voted 8-1 to keep the size of annual asset purchase at JPY 80 trillion.

The central bank maintained that "Japan's economy is expected to continue recovering moderately as a trend." However, "annual consumer inflation is seen moving around zero percent for the time being on declines in energy prices." BoJ governor Haruhiko Kuroda said that "depending on oil price moves, we can't rule out the possibility that core consumer prices will fall slightly year-on-year."



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

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