



March 26, 2015

| Gold | Today | Change | Week Ago | Month Ago | Year Ago |
|------|------------|---------|-----------|------------|-----------|
| | \$1,204.10 | +\$9.00 | \$1171.20 | \$1,211.30 | \$1314.50 |

The price of gold briefly traded above \$1200 an ounce on Wednesday mainly due to a softer U.S. dollar. April gold closed up \$5.70 an ounce at \$1,197.00 an ounce and spot gold ended the day at \$1195.10 per ounce.

Gold prices received a bit of a boost when the greenback came under some pressure after the release of a weak-than-expected U.S. durable goods orders report. Durable goods orders in February were down 1.4%, versus expectations of an increase of 0.2%.

It was reported that the European Central Banks (ECB) has asked Greek banks not to increase Greek government bonds and bills holdings. Apparently, the ECB and Bank of Greece instructed banks to limit such exposures for prudential reasons. And, any additional Greek T-bills could not be accepted as collateral.

In their latest research report, analysts at the French Bank, Societe Generale (SocGen), have forecast that the gold price is headed sharply lower, as the dollar is set to continue to strengthen. According to their report, the bear market in gold is set to continue further and the price could fall to an average of only \$925 an ounce between 2016 and 2019.

Meanwhile, HSBC is "cautiously optimistic" of the gold price outlook for 2015, predicting a trading range of \$1,120/oz-\$1,305/oz with an average price of \$1,234/oz.

"The possibility that deflationary pressures could bring on negative rates in some economies helps reaffirm our cautiously optimistic view on gold," head analyst James Steel said.

However, in Steel's view gold prices are not "entirely hostage" to monetary developments.

"The recent price slump below \$1,150/oz may be encouraging greater demand from price sensitive emerging market buyers, notably, but not exclusively, in India and China," Steel said.

"Low prices are also discouraging recycled scrap supplies, the second largest source of new supply to the market after mining," said Steel, looking for a price positive factor.



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

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