



April 21, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,194.70	-\$1.10	\$1192.10	\$1,184.50	\$1299.25

Gold prices slipped below \$1200 an ounce on Monday, as investors weighed China's move to provide an unexpected stimulus and on continued uncertainties over Greece's financial crisis as well as a rebound in the U.S. dollar. June gold closed down \$10.00 an ounce at \$1,193.10 an ounce and spot gold ended the day at \$1195.80 per ounce.

In order to stimulate the economy, the People's Bank of China (PBoC), effective on April 20, slashed its reserve requirement ratio for banks, or the amount of deposits banks require to hold as reserves, to 18.5% from 19.5%.

While the cut was widely expected the size of it was bigger than anticipated and the largest since the end 2008. The cut should inject around RMB 1.3 trillion of liquidity into the financial system. The latest series of data reaffirms that the growth momentum in China has deteriorated.

China's economy grew at the slowest pace in six years during the fourth quarter.

There still remains a lot of apprehension in the global financial markets due to developments in Europe with lingering concerns over Greece. It is likely Greek banks may soon run out of collateral to access European Central Bank refinancing unless Athens reaches a deal over the release of another 7.2 billion euros in bailout funds from the European Union. A meeting of euro-area finance ministers will be in Latvia on April 24.

Greece is in imminent danger of defaulting if bailout aid fund from international creditors are not made available, even as discussions over an extension remained inconclusive.

Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, moved up to 739.06 tons from its previous close of 736.08 tons.

According to a report by RBC Capital Markets, the price of gold will keep getting support as central banks load up on more gold this year.

RBC forecast appetite for gold by central banks, mostly in emerging markets, to hit 275 tons this year as compared to 409 tons last year.



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

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