



May 20, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,206.30	-\$1.70	\$1192.90	\$1,199.00	\$1301.00

Gold prices fell sharply against a surging US dollar on Tuesday, retreating 1.5% from Monday's 3-month highs as the US currency jumped after weak European inflation data were followed by strong US housing numbers. June gold closed down \$19.90 an ounce at \$1,207.70 an ounce and spot gold ended the day at \$1208.00 per ounce.

According to the U.S. Commerce Department, the number of building permits issued in April increased by 10.1% to 1.143 million units. Analysts expected building permits to rise by 2.2% to 1.060 million units in March.

The report also showed that U.S. housing starts soared by 20.2% in April to hit 1.135 million units from March's total of 944,000 units, easily surpassing expectations for an increase of 9.9% to 1.019 million.

The upbeat data added to signs of a recovery in the housing market and boosted the greenback.

The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, was up 1.15% to hit 95.31.

Earlier in the day, an official at the European Central Bank (ECB) said that the bank will boost May and June bond purchases intended to stimulate the Eurozone's economic recovery.

ECB official Benoit Coeure said Tuesday the bank

would buy more in those months so it can buy less in July and August, when bond market trading slows down.

At a speech in London, Coeure said that "moderately front-loading" purchases would permit the bank to stick to its goal of an average of 60 billion euros per month over the course of the purchase program.

The purchases are aimed at raising the rate of inflation from zero, considered too low, toward the bank's goal of just under 2%. They should also improve access to credit for businesses to help the economy grow.

Gold priced in euros jumped to a new one month high above €1090 per ounce after Coeure's speech.



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

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