



May 28, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,189.30	+\$1.30	\$1211.00	\$1,201.20	\$1265.25

Gold prices fell marginally on Wednesday as the U.S dollar contained to gain, having rallied to an eight-year high against the yen after a batch of upbeat data bolstered the case for a U.S. interest rate hike this year. August gold closed down \$1.20 an ounce at \$1,186.50 an ounce and spot gold ended the day at \$1188.00 per ounce.

The U.S. dollar traded slightly higher, hitting 123.33 yen, a level not seen since mid-2007. It was also up against the euro, which slid to its lowest since April 28 at \$1.0864. The common currency last stood at \$1.0872.

China has announced the establishment of a new international gold fund with over 60 countries as members. The large fund, which expects to raise 100 billion yuan or \$16 billion, will develop gold mining projects across the economic region known as the New Silk Road.

President Xi Jinping said earlier this year he hoped annual trade with the countries involved in the increasingly important modern Silk Road would surpass \$2.5 trillion in a decade.

According to Xinhua, the official Chinese news agency, the project will facilitate the central banks of member states to acquire gold for their reserves more easily. This may explain the broad support which the project has received in the area.

"About 60 countries have invested in the fund, which

will in turn facilitate gold purchase for the central banks of member states to increase their holdings of the precious metal, according to the SGE."

The project is being overseen by the Shanghai Gold Exchange (SGE) and it is likely that the newly mined gold will be either traded on the SGE or be sold directly to the PBOC and other central banks.



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

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