



June 1, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,186.30	-\$3.70	\$1204.90	\$1,185.60	\$1254.00

Gold prices inched up on Friday in a lack-lustre market as the Greek saga continues and as the U.S. dollar some ground. The price of spot gold ended the week and the month at \$1190.00 per ounce.

The U.S dollar retreated slightly after US Q1 GDP was revised lower to 0.7% on an annualized basis, down from the first estimate of 0.2%. But the reading was slightly better than expectation of 0.9%. The Chicago PMI also dropped sharply to 46.2 in May.

In China, stocks on the Shanghai Composite Index tumbled more than 6%, its largest decline in four months, after two major securities firms tightened margin requirements for lenders.

Following the lead of two of its top competitors, Changjiang Securities upped its margin requirement or the collateral put up by an investor when borrowing, from 60% to 80% on Wednesday evening. Guosen Securities, a prominent Shenzhen-based firm, also increased its margin limits for 908 counter stocks.

The Shanghai Composite Index has gained more than 125% in part due to the high level of margin financing from investors who have leveraged their bets with borrowed money.

In the Eurozone, there were no new developments as representatives from the International Monetary Fund, European Central Bank and European Commission met in an effort to reach an agreement on a bailout for Greece that could prevent the nation

from defaulting.

European officials have downplayed the developments that could free up the remaining €7.2 billion of a 240 billion bailout Eurozone creditors have provided to the cash-strapped Mediterranean nation. Greece is in desperate need of the funds as it grows closer to running out of cash by the day. Before the deadline to reach an agreement expires at the end of June, Greece owes approximately €1.6 billion to the International Monetary Fund over several payments due next month.

According to data from the International Monetary Fund, only Kazakhstan bought any sizeable quantity of gold in April (2.4 tons) apart from Russia. The figures show that the central banks acquired only around 11 tons of gold in total to diversify their currency reserves last month.



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

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