



June 2, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,188.10	-\$0.70	\$1196.10	\$1,184.50	\$1244.75

Gold prices spiked back above \$1200 an ounce on Monday but later pared gains after hitting an intra-day high of \$1205 an ounce. August gold closed down \$0.40 an ounce at \$1,189.40 an ounce and spot gold ended the day at 1188.80 per ounce

The U.S. dollar was higher on Monday due to safe-haven demand amid the Greek debt situation despite rumours that a deal had been reached.

The price of the yellow metal jumped as much as 1% on Monday, after U.S. consumer spending in April posted the weakest performance in three months.

The U.S. Commerce Department reported that consumer spending was flat in April after a revised 0.5% increase in March. The March advance had been the biggest gain since last August.

The flat reading for consumer spending in April had been expected given weakness previously reported in retail sales and auto sales for the month. Economists, however, forecast that spending will rebound in coming months. Strong gains in employment should translate into more confident consumers who are willing to spend more.

Consumer spending is closely watched because it accounts for 70% of economic activity.

In other economic news, U.S. manufacturing once again managed to remain in expansion territory in May, beating expectations, according to the latest data from the Institute for Supply Management

(ISM).

The ISM's Purchasing Managers Index showed a reading of 52.8% in May, up from the April reading of 51.5%. According to consensus reports, economists expected to see a relatively small rise to 51.9%.

Readings above 50 are seen as a sign of economic growth, and vice-versa.

In the Eurozone, Greece is entering into a crucial month. The country is due to repay the IMF in June while running out of cash. The next payment due is EUR 1.6 billion with the first installment due June 5.

Without a deal, Greece risks default or bankruptcy in weeks, a possibility that has supported gold prices to an extent.

Any worsening of the Greek debt crisis could potentially trigger demand for gold coins and bars.



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

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