



June 22, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,196.80	-\$3.50	\$1181.30	\$1,210.90	\$1310.00

Gold prices were a tad lower on Friday, but settled above \$1,200 an ounce to post a gain for the week. The price of spot gold ended the day and the week at \$1200.30 per ounce.

The price of the yellow metal hit a three-week high on Thursday, due to a softer dollar after Fed policymakers said a hike would be appropriate only after further improvement in the labour market and greater confidence that inflation would rise.

The on-going saga in Greece has also bolstered gold prices to some extent. Eurozone leaders will try to clinch a deal on Greece's bailout at a summit on Monday, after finance ministers failed again to bridge the gap between Athens and its lenders.

On June 30, Greece's bailout from the Eurozone will come to an end and so the next few days are crucial for Greece.

The creditors want Greece to implement budget cuts, mostly through pensions and sales-tax increases, which they say are needed to restore the country's long-term financial health.

"Those are measures that are not popular, they will not be easy to take and the big question is whether the Greek government is prepared to take them," said Jeroen Dijsselbloem, who heads up the so-called Eurogroup of Eurozone finance ministers. "And if they're not prepared to do that, then they are taking a big, big risk on the future of Greece."

The Indian government is planning to issue sovereign

bonds linked to the bullion price in an effort to divert some of the estimated 300 tons of annual demand for gold bars and coins and curb bullion imports, which can push up the trade deficit.

The Reserve Bank of India will issue the bonds on behalf of the government, with a minimum interest rate of 2%, according to a draft outline issued by the government late on Thursday.

"The main idea is to reduce the demand for physical gold," according to the draft.

The sovereign bonds would be issued in denominations of two, five and 10 grams of gold or other sizes for a minimum term of five to seven years and they could be used as collateral for loans, it said.



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

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