



July 21, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,105.70	+\$8.00	\$1154.00	\$1,198.50	\$1312.75

Gold prices plummeted on Monday and hit a five-year low of \$1,080 an ounce. Although prices rebounded from the lows, they were much lower on the day. August gold closed down \$24.60 an ounce at \$1,107.40 an ounce and spot gold ended the day at \$1097.70 per ounce.

The sell-off in gold occurred in Asian trading where some 900,000 lots were traded on a key contract on the Shanghai Gold Exchange, compared to less than 27,000 lots on Friday.

A mystery seller dumped 33 tons of gold on to Shanghai's exchange at a time when dealing in the metal is at its quietest. But, immediately before this sale, sellers dumped 7,600 contracts covering 24 tons on the Globex exchange in New York in a two-minute span after it opened late on Sunday night.

The combined hit of 57 tons in such a short period is an extraordinary event in the world's relatively small gold market.

The move immediately sent the price of gold tumbling as much as 4% at one stage to as low as \$1088.05 an ounce — its' weakest since March 2010.

The sell-off had seen thirty times as much metal traded in Shanghai as usual, sending the price crashing through "stops" put in place by investors to limit losses on their positions, and triggering more automatic selling.

Gold has also come under more pressure since US Federal Reserve chair-woman Janet Yellen told Congress that the US central bank is on course to raise interest rates for the first time in almost a decade if the US economy expands as expected. Bank of England Governor Mark Carney has also warned markets to be on the alert for a rise "around the turn of the year".

Greek banks reopened on Monday for basic services, even as capital controls remain in place. The Finance Ministry in Athens said that they had approved a payment of €6.8 billion (\$7.4 billion) to creditors following the agreement on bridging finance for Greece reached last week.

With Greece fading from the limelight, and with a possibility of a rate hike later this year by the Fed, the U.S dollar gained against the euro which fell near to its lowest in seven weeks.



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

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