



August 19, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,122.40	+\$4.90	\$1117.90	\$1,1116.00	\$130275

Gold prices were flat on Tuesday, ahead of the two-day Federal Open Market Committee's (FOMC) meeting even as the dollar trended higher against a basket of major currencies. December gold closed down \$2.40 an ounce at \$1,116.00 an ounce and spot gold ended the day at \$1117.50 per ounce.

The release of the minutes from the July Federal Reserve is due out later today. Market participants will be looking for clues on when the Fed intends to raise interest rates. However, the general view is that the Fed's plan for an interest rate hike in September may be delayed until December due to China surprise devaluation of the yuan last week.

In economic news, a Commerce Department report on Tuesday showed housing starts in the US to have inched up to a nearly eight-year high in July, but also indicated a sharp drop in building permits. Housing starts in the US inched up by 0.2% to an annual rate of 1.206 million in July from the revised June estimate of 1.204 million.

Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, remained unchanged at 671.87 tons on Tuesday, from its previous close.

Chinese stocks plunged on Tuesday as the yuan weakened against the dollar, reigniting fears that Beijing may be intent on a deeper devaluation of the currency despite the central bank's comments that it sees no reason for a further slide

The Shanghai Composite Index plummeted by 6.2% as traders reduced stimulus bets and speculated the government will pare back efforts to prop up equities after data showed home prices rose.

The decline comes a week after China's first major devaluation since 1994 surprised global investors and fuelled concerns authorities are struggling to combat a slowdown in the world's second-largest economy.

Oil traded near the lowest in six years in New York on speculation the global glut that drove prices into a bear market will be prolonged. West Texas Intermediate crude oil slipped to trade at \$41.55 a barrel.

Copper dropped as much as 2.3% to the lowest price since 2009. Aluminium also reached a six-year low, while lead, nickel and zinc retreated.



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

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