



August 20, 2015

| Gold | Today | Change | Week Ago | Month Ago | Year Ago |
|------|------------|---------|-----------|------------|-----------|
| | \$1,138.00 | +\$3.90 | \$1118.60 | \$1,116.20 | \$1325.00 |

Gold prices extended recent gains hitting a four week high on Wednesday. December gold closed up \$12.60 an ounce at \$1,129.80 an ounce and spot gold ended the day at \$1134.10 per ounce.

Minutes of the Fed's July policy meeting hinted that any September rate hike will not happen. According to the minutes, "Most judged that the conditions for policy firming had not yet been achieved, but they noted that conditions were approaching that point. Participants observed that the labour market had improved notably since early this year, but many saw scope for some further improvement."

Nevertheless, the Fed seems to be moving closer to the first interest rate increase in nearly a decade, minutes of the central bank latest meeting indicated.

The minutes of the Federal Open Market Committee's (FOMC) 28-29 July meeting did not mention any timetable, but did state that most members believed that economic conditions were "approaching" those that would warrant a rate increase.

In an article published on Bloomberg, gold sales in Germany increased 50 percent to about 700 million euros (\$777 million) during the first six months of the year, according to Chief Executive Officer Wolfgang Wrzesniok- Rossbach of Degussa. The trend continued in July, with sales for the month reaching the second-highest on record.

A declining currency made buying gold profitable for European investors. Gold valued in euros rose 2.7% this year. In dollar terms, prices have dropped on signs that Federal Reserve is preparing to raise

interest rates and metal demand is slowing in major markets like China and India. The metal trades at \$1,115.08 an ounce in London.

"We are seeing constant buying," Wrzesniok-Rossbac said by phone on Wednesday. "Greece has certainly been a driver, as well as the weak euro."

The risk of widespread currency devaluation will increase enthusiasm for gold, he said. China's decision Tuesday to allow markets greater sway in setting the yuan triggered the biggest selloff in 21 years and roiled global markets.

"The market is volatile, but we are pretty confident that this growth will continue," according to Wrzesniok-Rossbach.



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

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