



September 28, 2015

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,109.10	-\$1.80	\$1138.70	\$1,129.90	\$1210.50

Gold prices were softer on Friday after Federal Reserve Chair Janet Yellen hinted that a hike in interest rates might occur later this year, sparking a rally in the dollar. The price of spot gold ended the day down by \$7.80 an ounce to close out the week at \$1146.30 per ounce.

Last Thursday, Yellen said that she expected the U.S. central bank to start raising rates later in 2015 as long as inflation remained stable and the U.S. economy was strong enough to boost employment.

In her speech, Yellen said that the Fed would most likely still hike rates this year, so on the back of that the dollar gained some value and the price of gold came under some selling pressure.

Yellen's speech sent the dollar to a five-week high against a basket of major currencies, and lifted it 0.7% against the euro.

The world's top gold-backed exchange-traded fund, SPDR Gold Shares, saw a third straight day of inflows, with its holdings up 3.87 tons to 680.27 tons on Thursday.

According to a report by Thomson Reuters GFMS, global producers have squared off their long positions in commodity exchanges. Consequently, global miners reported a 9% decline in gold hedge in the second quarter of the current calendar year.

A Societe General study conducted by Thomson

Reuters GFMS titled "Global Hedge Book Analysis 2Q '15" reported hedging in the overall gold holding of producers at 5.69 million oz (177 tons) for the quarter ended June 2015, a decline of 0.54 million oz (17 tons) from the previous quarter.

This means, global gold producers de-hedged (squared off or abstained from hedging) of their positions amid fear of an upsurge in prices.

In total, 30 companies reduced their delta-adjusted hedge books during the period. This activity was only partially countered by new hedges from other gold miners. Also, little new hedging activity has been reported to have taken place since the end of June.



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

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