

# Globe Investor <sup>BETA</sup>

## Gold higher on U.S. housing data

Investors also hoping for precious metals boost from new silver-backed ETF

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Gold (GC-FT 951.10 4.20 0.44%) futures rose to end above \$950 (U.S.) an ounce Thursday as better-than-expected U.S. housing data fuelled economic optimism, and a new U.S. silver-backed exchange-traded fund that could lift the precious metals complex.

Wall Street rallied over 2 per cent, and the Dow Jones industrial average (DJIA-I 9,337.95 -32.12 -0.34%) rose above 9,000 for the first time since early January. Hopes of a quick economic recovery boosted bullion's appeal as a hedge against long-term inflation.

Meanwhile, a new U.S.-listed silver ETF rekindled expectations that a similar U.S. platinum ETF – if it clears regulatory hurdles – could boost prices across the board in the precious metals sector.

U.S. August futures settled up \$1.50 at \$954.80 an ounce on the Comex division of the New York Mercantile Exchange.

Spot gold was at \$950.30 an ounce at 3:30 p.m. ET, against \$950.40 in its previous finish.

U.S. existing home sales notched their third monthly rise in June and prices hit their highest level since October, fuelling hopes that the housing sector is finally on the mend and will help propel a broader economic recovery.

The data prompted sharp gains in the global equities market.

Oil (CL-FT 70.90 0.30 0.42%) also jumped nearly \$2 to above \$67 a barrel as traders were cheered by firmer equities and the optimistic home sales data.

The market largely shrugged off a second daily outflow from the world's largest gold ETF, New York's SPDR Gold Trust, and ETF Securities' smaller London-based gold fund, as interest shifted to other products, analysts said.

"It may be that outflows from things like the ETFs or the retail base are being offset by more buying of OTC- or futures-based [products]," said Calyon metals analyst Robin Bhar.

Among other precious metals, silver was at \$13.77 an ounce against \$13.68. In investment news, the ETFS Silver Trust said it had issued shares backed by physical silver to be traded on the New York Stock Exchange.

"Silver can be extremely volatile and the more participation we can get, the better. It's definitely a plus for the structure of the market," said Bill O'Neill, managing partner of New Jersey-based commodity firm Logic Advisors.

In April, London's ETF Securities also filed with the SEC to launch platinum and palladium trusts in the United States.

Strong ETF demand for platinum and palladium could cut supply for the auto makers and other industrial users. Auto industry demand represented 60 per cent of total platinum demand in 2008.

Spot silver (SI-FT 14.41 0.05 0.35%) \$13.75 an ounce, compared with its previous close of \$13.68.