

Gold sets another record amid recovery uncertainty

Sandy Shore, Associated Press, 6-19-10

Gold prices set a record high for a second day Friday as investors continued to question the strength of the global economic recovery.

Gold for August delivery rose \$9.60 to settle at \$1,258.30 an ounce after hitting \$1,263.70 an ounce earlier in the day. The previous settlement record was \$1,248.70 an ounce, set a day earlier.

Many analysts speculate gold could top \$1,300 an ounce in the months ahead.

Gold prices have risen about 12 percent since January as traders and investors seek out clues that the economic recovery is on track, both in the United States, where economic news has been mixed, and in Europe, which is coping with a financial crisis.

They are turning to gold as a refuge and avoiding riskier assets amid the bumpy global recovery, MF Global commodities analyst Tom Pawlicki said.

He said that a break out to new highs tends to draw in price-sensitive buyers, who "come in and buy it now rather than waiting and paying even more later." For instance, gold demand spikes for India's wedding and festival seasons in the fall, so buyers there won't risk paying an even higher price.

Gold's rise also helped prices for silver, palladium and platinum, which trade as precious metals but also for their industrial benefits. The gains also boosted minerals stocks such as Newmont Mining Corp. and Barrick Gold Corp. on the New York Stock Exchange.

In July contracts, silver rose 40.8 cents to \$19.184 an ounce and platinum rose \$15 to settle at \$1,587 an ounce. Palladium for September delivery rose \$10.15 to \$491.40 an ounce.

Copper for September delivery fell 2.25 cents to settle at \$2.9015 a pound, a third consecutive day of lost ground for the industrial metal.

Stock markets had little effect on oil prices with subdued trading on a "quadruple witching" day — the simultaneous expiration of four kinds of options and futures contracts.

Benchmark crude for July delivery rose 39 cents to settle at \$77.18 a barrel on the New York Mercantile Exchange.

In other Nymex trading in July contracts, natural gas fell 16.5 cents to settle at \$4.997 per 1,000 cubic feet; heating oil lost 1.85 cents to settle at \$2.1289 a gallon, and gasoline fell 1.64 cents to close at \$2.1476 a gallon.

In September contracts, wheat fell 0.75 cent to settle at \$4.7775 a bushel while corn added 3 cents to \$3.70 a bushel. Soybeans for July delivery rose 9 cents to \$9.61 a bushel.