

## Gold Down as Dollar Gains Strength

Gold was down on Tuesday morning in Asia, sending prices tumbling remaining close to the one-week low hit during the previous session and is set for its worst month since 2016. A strengthening dollar and concerns over whether the U.S. Federal Reserve would tighten its monetary policy sooner than expected also weighed on the yellow metal.

The rise in U.S. stocks to a fresh record and a resurgent dollar have also weighed on the precious metal. Investors are also assessing new travel restrictions in Europe amid concerns about the coronavirus delta variant, which helped spur a re-think of the reflation trade.

However, “the dollar will start to weaken again, because the landscape is clear on the rate hike front for at least another 18 months to two years,” said Meir..

“Although having rebounded from a selloff two weeks ago, gold has continued to trade below its 100-day moving average level,” OCBC said in a note.

“We expect gold to resume its downward trend this week as risk sentiment firms and markets continue to look towards the prospects of tightening monetary conditions from the Fed,

Gold is stabilizing as traders now focus on the timing of when policy makers may start dialling back stimulus. Fed officials meeting in June responded to increasing inflation risks by pulling forward their expected timing and pace of interest-rate increases, from the current near-zero level, and kicking off a discussion of when to taper asset purchases.

“Gold is starting to find support as we are starting to see investors moving back into metals on these lower prices now, as the Fed’s more hawkish shift seems to be priced in,” Guardian Gold Australia business development manager John Feeney told Bloomberg.

Sources: fxstreet.com, Reuters.com, investing.com