

Gold prices rise, keep record highs

Gold prices rose in Asian trade on Thursday and remained in sight of record highs as traders bet that the yellow metal will still benefit from a lower interest rate environment.

But bets on a bumper interest rate cut by the Federal Reserve diminished greatly after core consumer price index inflation data read higher than expected for August. Traders were seen positioning for a smaller, 25 basis point reduction later in September- a notion that boosted the dollar and limited gold's advance.

Spot gold rose 0.2% to \$2,516.88 an ounce, while gold futures expiring in December rose 0.1% to \$2,544.55 an ounce by 00:36 ET (04:36 GMT).

Gold stalls below record highs with Fed, PPI inflation on tap

Spot gold was trading just below a record high of \$2,532.05 an ounce, after coming within spitting distance of the level earlier this week.

The yellow metal benefited from some increased safe haven demand over the past week, especially as fears of a U.S. recession battered risk-driven markets.

Wednesday's CPI reading saw traders largely scale back expectations of a 50 bps rate cut when the Fed meets next week, with the central bank now expected to enact a 25 bps reduction, CME Fedwatch showed.

Sticky inflation gives the Fed less impetus to cut interest rates sharply.

Before next week's meeting, markets will also have to contend with producer price index inflation data, which is due later on Thursday.

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