

# PRECIOUS-Gold at near 4-month low on dollar ahead of Greece summit



By Clara Denina

\* Euro zone summit on Greece starts at 1600 GMT

\* Palladium, platinum at multi-year lows

\* China shares drop despite support measures

(Updates prices, adds comment)

LONDON, July 7 (Reuters) - Gold fell to a near four-month low on Tuesday as the dollar climbed ahead of an emergency euro zone summit on Greece with the country's banks rapidly running out of cash.

Gold, usually seen as an alternative investment in times of financial and economic uncertainty, has so far failed to see significant safe-haven buying due to the ongoing Greek crisis as fears of contagion seem to be limited, traders said.

Spot gold dropped to its lowest since March 18 at \$1,154.45 an ounce earlier and was down 1 percent at \$1,158.15 an ounce by 1341 GMT, while U.S. gold futures dropped 1.5 percent to \$1,155.90 an ounce.

Gold weakness and dollar strength also hit the rest of the precious metals complex, with silver down 4 percent at \$15.13 an ounce, its lowest for the year.

Palladium fell 2.7 percent to a two-year low of \$659.20 an ounce and platinum dropped to its lowest since March 2009 at \$1,039.75 an ounce.

"Attention is certainly on the Greek crisis, which is reinforcing the dollar against the euro and that's obviously weighing on gold, which is not being perceived as a preferred safe haven at the moment," ActivTrades chief analyst Carlo Alberto de Casa said.

"A close below \$1,157 could trigger further losses to the yearly low of \$1,143 and then the \$1,130 area."

In recent days, the weakness in the euro from the Greek crisis has supported the dollar, which rose to a one-month high against a basket of leading currencies on Tuesday.

In wider markets, Chinese equities failed to benefit from policy measures at the weekend intended to halt a slide of almost 30 percent since mid-June.

Gold's upside has also been hurt by the prospect of higher U.S. interest rates later this year, which would boost dollar demand and increase the opportunity cost of holding the metal.

"I find it difficult to see a significant move to the upside for gold because I would not know where the spark would come from," said Gerhard Schubert of SC Consultancy DMCC.

For now, the focus remains on the euro zone meeting that begins at 1600 GMT in Brussels.

Greek lenders are down to their last few days of cash and the European Central Bank has tightened the noose on funding, putting pressure on Greek Prime Minister Alexis Tsipras to persuade the bloc's other 18 leaders to open negotiations fast.

Failure to reach a deal would increase the likelihood of Greece leaving the single currency.

(Additional reporting by A. Ananthalakshmi in Singapore; editing by Jason Neely and David Evans)