Commodities Round-up: Gold rides past $1,240 mark on weaker dollar and safe-haven calls

Oil falls for third successive session but gold rally extends further into positive territory.

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February 8, 2017 15:15 GMT

Gold futures extended gains as the dollar continued to weaken

Gold markets remained buoyant on Wednesday (8 February) as the dollar weakened and safe-haven seeking investors continued to maintain their appetite for the yellow metal.

At 2:10 pm GMT, the Comex gold futures contract for April delivery was 0.48% or $5.90 higher at $1,242.00 an ounce, while spot gold was 0.50% or $6.20 higher at $1,240.05 an ounce.

Carlo Alberto De Casa, chief analyst at ActivTrades, said the fear factor over Donald Trump's politics, risk of US trade wars with both Mexico and China, as well as the last dovish statement from the US Federal Reserve, pushed investors to buy "safety" with gold.

"If you add uncertainty surrounding the European political scene then you have a cocktail of uncertainty. The yellow metal passed the resistance area placed at $1,220 and continued to show its good momentum reaching a new 3-month high well above $1,230.

"This is confirmation of the concerns of investors in this situation. The first resistance could be placed at $1,250, while we could see a weakness signal only if price could return below $1,200 and below the recent minimum of $1,180."

Concurrently, Comex silver was up 0.33% or 6 cents at $17.82 an ounce, while spot platinum was 1.14% or $11.51 higher at $1,016.91 an ounce, still clear of the psychological $1,000-level it last breached in January.

Meanwhile, oil prices slid for a third successive day, still lurking around three-week lows. At 2:16pm GMT, the Brent front month future contract for April delivery was down 0.18% or 10 cents at $54.95 per barrel, while the West Texas Intermediate (WTI) was 0.58% or 30 cents lower at $51.87 per barrel

Overnight, the American Petroleum Institute said crude inventories rose 14.2 million barrels last week and gasoline climbed 2.9 million barrels. Earlier oilfield services company Baker Hughes noted that 729 oil and gas rigs were operational in the US, along with 343 in Canada, a rise of 158 and 101 rigs respectively compared to the first week February in 2016, with market sentiment leaning in favour of a possibility of higher US production.

FXTM research analyst Lukman Otunuga said the resurgence of US shale amid the rising oil could undermine the efforts of Opec and non-Opec members in mitigating the global oversupply consequently leaving oil prices vulnerable.

"There is a threat of the Opec production cut deal falling apart in the future if US shale continues to pump incessantly. Although oil prices were initially buoyed by the optimism over Opec and non-Opec members achieving roughly 82% compliance with its production cut, the big elephant in the room known as US shale should limit upside gains. The breakdown below $52 on WTI could spark a further selloff lower towards $51."