

Gold picks up in mid-week trade despite weak demand for precious metals

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The price of gold moved up slightly on Wednesday, partially reversing falls seen earlier in the week as demand in the gold market remains weak.

Subdued demand of precious metals from jewellers, industries and retailers dented sentiment, with gold trading down on Tuesday ahead of a speech from Federal Reserve chair Janet Yellen.

Gold has remained largely flat over the course of the week, with a weak dollar helping prop up the market. Investors' lack of interest in gold can be seen at SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, where holdings declined by 0.35 per cent to 851.02 tonnes on Friday.

Carlo Alberto De Casa, Chief Analyst of ActivTrades said gold seemed to be "waiting for some clear direction".

"On one hand we have the downward trend of the last few weeks, which saw gold falling from \$ 1,300 to \$ 1,250 a barrel.

"On the other hand, we can see the long-term trend, which prompted gold to recover from December's low to \$ 1,123 an ounce, with some increasing lows (clearly visible in the attached chart).

“From a fundamental point of view, the picture appears to be improving slightly after the collapse of Indian demand recorded in 2016. The real impact of the American monetary policy remains to be seen, with another seven rate increases announced by Janet Yellen from now until the end of 2019. Reverse correlation between gold and the dollar is not always valid, but remains one of the factors to be monitored,” De Casa concluded.

Gold is currently trading up 0.39 percent at 1,2451 dollars to the ounce, with silver up 1.27 percent at 16.79 dollars to the ounce.