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Gold prices climb past \$1,255 on a weak US dollar

Courtney Goldsmith



Will the gold rally continue or run out of steam? (Source: Getty)

Gold prices are climbing past \$1,255 for the first time in weeks on the back of a weaker US dollar.

The yellow metal was trading 0.3 per cent higher at \$1,255.80 per ounce after it finally broke through the \$1,250 barrier yesterday.

"After the strong decline seen in the final days of June, when the precious metal fell close to \$1,200, the weakness of the US dollar is now helping the recovery of the commodity sector, including the yellow metal," said Carlo Alberto De Casa, chief analyst at ActivTrades.

De Casa said the gold price could jump back up to \$1,300 as uncertainties swirl around [Donald Trump's](#) government.

He said:

The honeymoon between the markets and Donald Trump seems vanishing. In case the investors will see too much uncertainty on the US government and the expected reform could be at risk, their interest for gold could jump again. And if prices can overcome the area \$1,261-\$1,263 it would not be so unlikely to see gold again at \$1,300.

However, analysts will have to bear in mind that gold will be influenced by the [Federal Reserve's](#) next decision, he added.

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Gold recovery will run out of steam

Carsten Menke, commodities research analyst at Julius Baer, argued that the recent recovery was not backed by improving physical demand as [investors sold the safe-haven asset](#), meaning it won't be sustainable as support from a weaker dollar fades.