



Gold rises as US tariffs on EU boost safe-haven bets

PUBLISHED WED, OCT 2 2019 9:57 PM EDT | UPDATED AN HOUR AGO

 REUTERS



Gold prices rose on Thursday, having gained more than 1% in the previous session after the United States announced tariffs on European goods, creating more uncertainty for the global economic outlook.

Spot gold rose 0.4% to \$1,504.70 per ounce, while U.S. gold futures were up 0.2% at \$1,510.70 per ounce.

The U.S. on Wednesday said it would slap tariffs on certain products from the European Union after the World Trade Organization gave Washington a green light

to impose tariffs on \$7.5 billion worth of EU goods annually in a long-running trade case.

“Trump’s tariffs against the European Union create a certain amount of uncertainty and potential for economic failure,” said SP Angel analyst John Meyer.

Gold is considered a store of value during economic or political uncertainty.

Adding to the economic gloom in Europe, a survey showed euro zone business growth stalled in September as an ongoing contraction in manufacturing activity is increasingly affecting the services industry.

“It all indicates ongoing stress in the markets and an inevitable flight into recession,” Meyer said.

The U.S. tariff announcement sent world stocks to near four-week lows while yields on major benchmark bonds slipped, reflecting fears about global growth. 1/8USD 1/4 3/8

“Gold rebounded to \$1,500 on the back of new trade tension... The short-term trend remains mixed, while the medium-long term is still positive for bullion,” ActivTrades chief analyst Carlo Alberto De Casa said in a note.

“The strength of the rebound seen in the last 48 hours is significant, confirming that investors are still seeing any correction in gold prices as a good chance to add more bullion to their portfolio.”

Gold had jumped 1.4% on Wednesday after disappointing data on hiring by U.S. private employers unnerved investors already concerned about slowing growth in the world’s largest economy.

Further supporting gold, the dollar slid to one-week lows against the euro and yen.

Investors are now keeping an eye out for weekly initial jobless claims and September’s U.S. non-manufacturing due later in the day.

Holdings of the world’s largest gold-backed exchange-traded fund, SPDR Gold Shares, rose to 923.76 tonnes on Wednesday, very close to last week’s 924.94 tonnes, a peak since mid-November 2016.

Elsewhere, platinum rose 0.9% to \$894.82 per ounce, while silver gained 0.4% to \$17.63 an ounce.

Palladium was up 0.2% at \$1,690.64 per ounce.