

## Gold rises on soft dollar as focus turns to Fed

**(Reuters) - Gold rose on Monday, consolidating around the \$1,950 mark after sliding 4.5% last week, buoyed by a weaker dollar as investors await the fine print on the U.S. Federal Reserve's strategy to stem the economic toll from the coronavirus.**



FILE PHOTO: Gold bars at the Austrian Gold and Silver Separating Plant 'Oegussa' in Vienna, Austria, March 18, 2016. REUTERS/Leonhard Foeger/File Photo

Spot gold rose 0.6% to \$1,954.74 an ounce by 1157 GMT and U.S. gold futures rose 0.7% to \$1,963.00.

Gold last week registered its biggest decline since March as investors reassessed positions after bullion retreated from a record peak of \$2,072.50 scaled on Aug. 7.

"We're seeing a consolidation phase after last week's sell-off," said ActivTrades chief analyst Carlo Alberto De Casa, adding that "interest for gold remains elevated".

The market is trying to find a new equilibrium, but signs of further dovish central bank policy and a move above \$1,960 could provide space for further rallies, he said.

Coronavirus cases, meanwhile, continued to surge globally, especially in the United States and India, casting a shadow over hopes of an economic recovery.

Also supporting gold, the dollar fell to a more than one-week low, making the yellow metal cheaper for those holding other currencies.

The minutes from the Fed's last policy meeting are due on Wednesday, with markets looking for any hints of a possible change to its guidance at its next review in September

"If there is something strong (from the Fed), more than what's already priced in", gold could rise again to \$2,000, said ActivTrades' Carlo.

Unprecedented global stimulus measures in response to the COVID-19 pandemic, which have fuelled fears of inflation and currency debasement, have helped gold prices to climb more than 28% this year.

While the outlook remains constructive for gold, there are indications the recent correction could have room to run in the short-term, said IG Markets analyst Kyle Rodda.

In other precious metals, silver rose 2% to \$26.93 an ounce, platinum gained 2.1% to \$955.54 and palladium was up 2.3% at \$2,157.68.

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