

## Gold price dips as greenback recovers

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A rise in the US dollar index and a dip in crude oil prices were bearish 'outside market' elements that worked against the precious metals markets in the trading week between December 10 and 15.

The greenback weakened in the review period after the Federal Reserve on Wednesday left its rate outlook for the coming years unchanged, even as policymakers projected a short-term jump in US economic growth from the Trump administration's proposed tax cuts.

The dollar gained against the euro on Thursday after the European Central Bank stuck with its pledge to provide stimulus for as long as needed, before losing ground again after two US Republicans sought changes to the proposed legislation to overhaul the US tax code.

"Markets are really consolidating at this point into holiday trading," *Reuters* quoted Mark McCormick, North American head of FX strategy at TD Securities in Toronto, as saying. "People will be eyeing the US tax plan. There are expectations building they could have it done by next week. If not, that pushes it off until next year. That's your last major risk event."

The tax bill needs a simple majority to pass in the Senate, in which Republicans hold just 52 of the 100 seats, and no Democrats are expected to support it.

In the domestic market, the Federation of Nepal Gold and Silver Dealers' Association (FeNeGoSiDA) had set the rate for gold at Rs 54,500 per *tola* when the market opened for trading on Sunday. The bullion price dropped by Rs 200 a *tola* each day for the next two days to be traded at Rs 54,300 per *tola* on Monday and Rs 54,100 a *tola* on Tuesday. The precious yellow metal was traded at the same rate on Wednesday before recovering the earlier loss by surging Rs 400 a *tola* to Rs 54,500 per *tola* on Thursday. On Friday, however, gold price dipped by Rs 200 a *tola* to close the week at Rs 54,300 per *tola*.

Similarly, FeNeGoSiDA had set silver price at Rs 715 a *tola* on Sunday and its price remained constant for the next three days. On Thursday, the price of the grey metal rose by five rupees per *tola* to be traded at Rs 720 a *tola*. On Friday, however, it annulled the gain of the earlier day by shedding five rupees per *tola* to close the week at Rs 715 a *tola* — the same rate at which it was traded in the beginning of the week.

Source : The Himalayan Times, 18<sup>th</sup> December, 2017