

Gold could hit \$1,100/oz: GFMS

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Widening gap between production and jewellery demand could lead to a strong rally in gold prices this year, according to the latest forecast by Gold Fields Mineral Services (GFMS).

The London-based consultancy projected that gold prices may hit the psychological barrier of \$1,100 per ounce this year. Higher prices would largely be driven by existing issues including dollar weakness.

The view is significant as the metal not only breached the GFMS target of \$1,000 last year but hit a life-time high of \$1,011.25 on March 17.

According to a release issued by GFMS today, "the hefty correction in gold prices in the last few weeks was not a surprise at all as the speed of the earlier gains looked a little unsustainable. However, we don't think current hesitancy means it's game for the rally."