

Gold Rebounds on Demand for Haven Amid Escalating European-Debt Concerns

By Pham-Duy Nguyen and Claudia Carpenter - Jan 10, 2011

Gold futures rose, rebounding from the biggest weekly loss since July, as planned Portuguese and Spanish bond sales revived concern that [Europe's](#) debt crisis will linger.

The cost of insuring European sovereign debt against default increased to a record today before Portugal's bond sale on Jan. 12 and Spain's the following day. Gold gained 30 percent last year as bailouts of Greece and Ireland sent the euro down 6.5 percent against the dollar.

"When you look over your shoulder, the worries in Europe are still there," said [Frank McGhee](#), the head dealer at Integrated Brokerage Services in Chicago. "Another bailout means you'll be seeing a movement out of European currencies into metals."

Gold futures for February delivery rose \$5.20, or 0.4 percent, to settle at \$1,374.10 an ounce at 1:55 p.m. on the Comex in [New York](#). The price dropped 3.7 percent last week.

The metal climbed to a record \$1,432.50 on Dec. 7 and reached an all-time high priced in euros last month.

Investors in China and India may boost gold purchases to hedge against inflation, said Bayram Dincer, an analyst at LGT Capital Management in Pfaeffikon, Switzerland.

Silver futures for March delivery gained 19 cents, or 0.7 percent, to \$28.861 an ounce. The price tumbled 7.3 percent last week.

On the [New York Mercantile Exchange](#), platinum futures for April delivery rose \$6.80, or 0.4 percent, to \$1,745.10 an ounce, and palladium

futures for March delivery fell \$6.30, or 0.8 percent, to \$749.65 an ounce.

Palladium dropped 5.9 percent last week, and platinum slid 2.2 percent.

To contact the reporters on this story: Claudia Carpenter in [London](#) at ccarpenter2@bloomberg.net; Pham-Duy Nguyen in Seattle at pnguyen@bloomberg.net.

To contact the editor responsible for this story: Steve Stroth at sstroth@bloomberg.net.

©2011 BLOOMBERG L.P. ALL RIGHTS RESERVED.