

## Gold, Silver Rise as Dollar's Drop Boosts Appeal of Commodities

By Halia Pavliva

May 12 (Bloomberg) -- Gold and silver prices rose for the first time in three sessions in New York as speculation that the economy may resume growing soon and the dollar's decline boosted the appeal of the precious metals as hedges against inflation.

The Reuters/Jefferies CRB Index of 19 raw materials climbed as much as 0.9 percent with crude oil topping \$60 a barrel in New York. The dollar dropped as much as 0.8 percent against a basket of six major currencies.

"The global recession and the U.S. recession probably is over this month, maybe next month," [Jan Loeys](#), the global head of market strategy at JPMorgan Chase & Co., said in a Bloomberg Television interview from Hong Kong. "Commodities, materials in particular, are going to be benefiting right now as investors start to get a bit worried about future inflation."

Gold futures for June delivery gained \$10.40, or 1.1 percent, to \$923.90 an ounce on the New York Mercantile Exchange's Comex division. The price dropped 0.2 percent in the previous two sessions.

"Over the next year or so, we think we are going to be crossing \$1,000, probably go ultimately to \$1,200, \$1,300 just for inflation hedging and lack of supply," Loeys said. Gold touched a record \$1,033.90 an ounce in New York in March 2008.

Clients "are very worried about inflation in two, three years time," Loeys said in the interview. "The buying we are seeing now in commodities is really hedging, hedging off the potential risk that we will see a spike in inflation."

Loeys said crude-oil prices may rise faster than gold in the next few months as energy demand picks up.

### Fund Influences

"Gold prices are being influenced by fund flows, as price moves have been more impulsive than based on a fundamental input," said [Tom Pawlicki](#), an analyst at MF Global Ltd. in Chicago. Investment in the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion, remained unchanged at 1,104.1 metric tons yesterday, according to the fund's Web site.

Silver futures for July delivery rose 30.5 cents, or 2.2 percent, to \$14.215 an ounce. The price declined 0.9 percent in the previous two sessions.

The dollar dropped as evidence that the worst of the global economic slump may be over increased demand for assets with more risk.

“A pullback in the dollar prompted some fresh gold buying,” [Jon Nadler](#), a senior analyst at Kitco Inc. in Montreal, said today in a report.

Silver has jumped 26 percent this year, while gold is up 4.5 percent.

“Silver can still see a correction to come,” [Miguel Perez-Santalla](#), a sales vice president at Heraeus Precious Metals Management in New York, said in an e-mailed comment.

To contact the reporter on this story: [Halia Pavliva](#) in New York at [hpavliva@bloomberg.net](mailto:hpavliva@bloomberg.net).

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