

Citi expects gold to test \$1,000 in 2008

Mon Jan 14, 2008 11:18am EST

NEW YORK (Reuters) - Gold prices will test a record \$1,000 an ounce this year, boosted by growing investment interest, safe-haven demand and strong market fundamentals, a Citigroup metals analyst said.

"We believe gold has entered a new investment-driven phase, in a much more hospitable macro setting. Catalysts are rotating from safe-haven demand, to currencies, to the re-inflation trade, as new buyers enter the market," John Hill, director, metals research, at Citigroup in San Francisco, told clients in a note dated Sunday.

However, Hill also said he believed the broader investor base was not yet involved.

Hill kept his gold forecasts unchanged at \$750 for 2008, \$800 for 2009 and \$820 for 2010.

"Within these ranges, we fully expect a test of \$1,000 ounce in 2008," Hill said.

Hill also raised the price targets for shares of Barrick Gold Corp (ABX.N: [Quote](#), [Profile](#), [Research](#)), the world's largest gold producer, to \$62 from his previous estimate of \$48, and to \$67 from \$54 for No. 2 Newmont Mining Corp (NEM.N: [Quote](#), [Profile](#), [Research](#)).

Gold's appeal as a safe-haven investment has increased due to worries of further write-downs among major financial institutions and credit market meltdown in the United States, the world's biggest economy.

In just three weeks, spot gold has jumped nearly \$120 to Monday's peak of \$914.00 from a bottom of \$795.30 on December 21.

(Reporting by Frank Tang; Editing by Walter Bagley)

© Reuters 2007. All rights reserved. Republication or redistribution of Reuters content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Reuters. Reuters and the Reuters sphere logo are registered trademarks and trademarks of the Reuters group of companies around the world.

Reuters journalists are subject to the Reuters Editorial Handbook which requires fair presentation and disclosure of relevant interests.