



Barrick Sees 'Frightening' Trend Driving Gold Higher (Update2)

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By Stewart Bailey and Erik Schatzker

Jan. 29 (Bloomberg) -- **Barrick Gold Corp.** Chairman **Peter Munk** said an "unpleasant and frightening" trend of investors buying gold as protection against uncertainty in world markets may help push the metal over \$1,000 an ounce.

Munk, founder of Toronto-based Barrick, the world's largest gold producer, said he has received an increasing number of calls from wealthy investors looking for ways to buy bullion. While that is positive for the metal market, it is a "sad part of a civilized society," Munk said.

"That's not where you want to be, it's alarming," he said today in an interview from Davos, Switzerland, where he is attending the World Economic Forum. "Do I personally believe gold will break through \$1,000? It's not a question of if, it's a question of how soon."

The strong demand is being mirrored among professional investors whose funds are buying gold and shares of the companies that produce it. That helped the metal to its eighth straight annual gain last year and has driven a rally in gold stocks in recent months. Gold miners including Newmont Mining Corp. and Yamana Gold Inc. are taking advantage of the trend to raise cash, with new equity worth more than \$2 billion sold since November.

Barrick Gold rose \$5.47, or 7.7 percent, to \$77.45 at 2:57 p.m. in Toronto Stock Exchange trading. The shares climbed 7 percent last year, outperforming a 29 percent decline in the 16-company **Philadelphia Gold & Silver Index**.

'Counterweight' to Currencies

Gold is a "the obvious counterweight" to currencies, Munk said. The metal has reached record levels Indian rupees and Russian rubles, among others, as investors outside the U.S.

demonstrate a greater affinity to buy the metal as a hedge against currency declines, he said.

"Americans were brought up to believe in the dollar, with some justification and it is the Germans and Russians and Indians that never trusted their currency," Munk said. "Today, it's a situation where people also have concerns about the dollar paper currency."

Gold futures jumped to a record \$1,033.90 an ounce in New York on March 17 as the dollar slid toward a record low against the euro and bank losses increased. Some investors buy the precious metal as a hedge against inflation and a haven from financial turmoil.

Greenlight Buying

Greenlight Capital Inc., the \$5.1 billion hedge fund based in New York, said earlier this month it was buying gold and gold-mining stocks for the first time as protection against the Federal Reserve's attempts to revive the U.S. economy by devaluing the dollar.

"Our guess is that if the chairman of the Fed is determined to debase the currency, he will succeed," Greenlight said in a Jan. 20 letter to clients. "Our instinct is that gold will do well either way: deflation will lead to further steps to debase the currency, while inflation speaks for itself."

Eight years of gains for the metal is the longest winning stretch of the 19 commodities tracked

by the Reuters/Jefferies CRB Index.

Gold futures for April delivery gained \$16.50, or 1.9 percent, to \$906.50 an ounce on the Comex division of the New York Mercantile Exchange.

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