



## Gold Rises on Demand for Haven; Credit Crisis Spreads to Europe

By Pham-Duy Nguyen

Oct. 6 (Bloomberg) -- Gold rose the most in two weeks on demand for a haven as the credit crisis deepens in Europe. Silver dropped.

Equities in the U.K. headed for the lowest close in almost four years. BNP Paribas SA said it will buy Fortis's units in Belgium and Luxembourg after government intervention failed, and Germany is planning a rescue of the nation's second-biggest commercial-property lender. Gold dropped 6.2 percent last week as the U.S. passed a \$700 billion package to bail out banks.

"This is truly a financial panic," said **Leonard Kaplan**, president of Prospector Asset Management in Evanston, Illinois. "It's obvious safe-haven buying for gold. One bank after another is going under in Europe. And what's scaring people is that they don't have all the safeguards that we do in this country."

Gold futures for December delivery rose \$38.40, or 4.6 percent, to \$871.60 an ounce at 10:34 a.m. on the Comex division of the New York Mercantile Exchange. A close at that price would mark the biggest percentage gain for a most-active contract since Sept. 22. The metal reached a record \$1,033.90 on March 17.

The Reuters/Jefferies CRB Index of 19 raw materials slumped as much as 3.1 percent. Only gold posted a gain.

Silver futures for December delivery fell 6 cents, or 0.5 percent, to \$11.265 an ounce. The metal tumbled 16 percent last week.

The euro fell as much as 1.8 percent against the dollar and posted the biggest decline against the yen since 1999, when the 15-nation currency debuted. Gold priced in euros traded at 644.77, approaching the all-time high of 647.56 on March 5.

' Nightmare Scenario'

The Dow Jones Industrial Average fell below 10,000 for the first time since October 2004. The gauge plunged 7.3 percent last week.

"This is a nightmare scenario," said **Ron Goodis**, a retail trading director at Equidex Brokerage Group Inc. in Closter, New Jersey. "This is very dangerous because the market isn't reacting the way people wanted it to. They're not calm. What are they going to do next? I don't think the Fed wants to lower interest rates without coordinating with other central banks."

Since the second quarter of 2007, banks worldwide have posted \$585.4 billion in writedowns and losses related to investments in subprime mortgages.

Gold may average \$898 this year and \$900 in 2009 as the financial crisis keeps borrowing rates low, analysts at Deutsche Bank AG said in a quarterly report on Sept. 29.

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