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Most Accurate Gold Forecaster, UniCredit's Hitzfeld, Raises 2011 Estimate

By Nicholas Larkin - Sep 6, 2010

UniCredit SpA's [Jochen Hitzfeld](#), the most accurate gold forecaster tracked by Bloomberg in the last three quarters, raised his estimate for the metal's average price next year by 12 percent to \$1,400 an ounce.

Bullion will average \$1,600 an ounce in 2012, Munich-based Hitzfeld said today in a report. He increased next year's forecast from \$1,250. Gold for immediate delivery traded at \$1,249.75 at 3:45 p.m. in London, 1.2 percent below a record \$1,265.30 reached on June 21.

The metal is headed for a 10th annual climb in a row this year, helped by concern about the effect of government economic-stimulus plans and speculation about increased demand in China, the world's second-largest buyer after India. The Federal Reserve last month decided to restart Treasury purchases, its first attempt to bolster growth since March 2009 to keep the U.S. economy from relapsing into recession.

"The gold market reacted extremely positively to a monetization of government debt" in the past, Hitzfeld said. "In the interim, a growing number of Chinese investors are also discovering the gold market. The Chinese demand will now increasingly be felt on the global markets."

China, the world's biggest gold producer, last month unveiled plans to let more banks import and export bullion and give foreign companies greater access to trading.

The Fed opted to reinvest principal payments on mortgage holdings into long-term Treasury securities. The U.S. central bank first resorted to direct bond purchases, also known as quantitative easing, as part of its response to the world financial crisis. The latest Fed decision means investors remain concerned about inflation, Hitzfeld said.

Gold climbed the past five weeks, the longest winning streak since September last year. The median estimate for next year's average price is \$1,247.50, according to 17 forecasts compiled by Bloomberg.

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