

Gold Futures Rise as Traders Focus on Stalled U.S. Wage Growth
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By Marvin G. Perez

(Bloomberg) -- Gold advanced after a report showed slower-than-expected U.S. wage gains, supporting the Federal Reserve's patient stance on interest rates even as hiring accelerated last month.

Growth in average hourly earnings was unchanged at 3.2 percent in April, below the median estimate in a Bloomberg survey of economists. At the same time, U.S. hiring topped forecasts as the jobless rate dipped to a fresh 49-year low, a government report on Friday showed.

Gold, coming off three straight monthly losses, got a lift as the wage data reassured investors that signs of moderate inflation will continue to stay the Fed's hand on rates. Low rates are a boon to gold, which doesn't pay interest. Fed policy makers reiterated their patient stance this week as Chairman Jerome Powell noted "very strong job creation" and said low inflation may be transitory.

"There was disappointing data on the wage-inflation side, and just puts a hint of doubt into the idea that low inflation is transitory," Ryan McKay, a strategist at TD Securities in Toronto, said by phone. "Gold has been under a lot of pressure since the Fed comments this week, and this helps ease some of that."

Gold futures for June delivery rose 0.7 percent to \$1,281.30 an ounce at 10:09 a.m. on the Comex in New York. Bullion has slipped 0.5 percent this week, on course for a fifth loss in six weeks. The metal has declined as a strong dollar, rising global equities and optimism over U.S.-China trade talks reduced the appeal of the metal as a haven.

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