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Gold Plunges the Most in Four Weeks With Dollar Extending Gains  
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By Yvonne Yue Li

(Bloomberg) -- Spot gold plunged by the most in almost four weeks as a rising dollar and higher U.S. Treasury yields accelerated this year's sell-off.

A gauge of the dollar rose to its highest in more than a month, supported by data that showed U.S. companies added more jobs than forecast in January. The U.S. 10-year yield climbed as much as 2 basis points, while the equivalent rate for U.K. debt surged close to 10 basis points. Higher yields reduce the appeal of bullion, which doesn't offer interest.

Gold has lost ground in 2021, with prices currently on course for consecutive weekly losses as investors weigh efforts to resuscitate the U.S. economy, vaccination drives and overall haven demand. The metal failed to break above its recent range despite the rally in silver, and on Thursday touched a two-month low. A report on U.S. nonfarm payrolls due Friday will offer more clues on the recovery.

"Looks like there's some liquidation so far this morning," said Tai Wong, head of metals derivatives trading at BMO Capital Markets. "The dollar is slowly grinding higher, 10-year Treasury yields are back up. Longs are very disappointed that gold never broke above key resistance at \$1,860-70 even as silver soared." Bullion for immediate delivery fell 2.4% to \$1,789.88 an ounce at 11:16 a.m. in New York. The metal dropped as much as 2.7%, the most since Jan. 8. Spot silver slid 2.7% while platinum and palladium also declined.

The wild ride in silver fueled partly by retail investors is abating for now. Last week, posts on Reddit's WallStreetBets forum initially called for a "short squeeze" of the metal, and that snowballed into a buying frenzy through exchange-traded funds and physical markets. But sentiment shifted after CME Group raised margins, causing prices to swiftly decline, and the volatility is being scrutinized by U.S. regulators.

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