
Gold Extends Gain as Inflation Risks and Virus Concerns Persist
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(Bloomberg) -- Gold rose for a fifth day, the longest run of gains since July, as risks around higher-for-longer inflation bolstered the metal's appeal.

On Friday, Federal Reserve Chair Jerome Powell said inflation could stay higher for longer, as he made clear that the central bank will begin tapering its bond purchases shortly but remain patient on raising interest rates. Meanwhile, Treasury Secretary Janet Yellen said on Sunday she expects price increases to remain high through the first half of 2022 and ease in the second half, but rejected criticism that the U.S. risks losing control of inflation.

Bullion, which can be bought as an inflation hedge, has climbed this month as traders try to gauge how central banks will address the rising price pressures which have been stoked by supply-chain bottlenecks and higher energy costs. There are also growing risks to the outlook for China, where a delta variant virus outbreak is expected to worsen in the coming days and the economy faces headwinds from a property-sector slowdown. Spot gold rose 0.5% to \$1,801.54 an ounce by 1:15 p.m. in London. Prices jumped to the highest in more than a month on Friday, before paring some of the gain following Powell's comments on tapering.

"Gold and silver's recent strong run of gains received a temporary setback on Friday in response to a sudden bout of taper tantrum following comments by Fed Chair Powell," Ole Hansen, head of commodity strategy at Saxo Bank A/S, said in a note. "At the same time, however, he talked down the risk of raising interest rates while also expressing concern over persistently elevated inflation."

In other precious metals, silver and palladium advanced, while platinum was little changed. The Bloomberg Dollar Spot Index edged higher, after touching the lowest since late September.

--With assistance from Yuliya Fedorinova.

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