

## Gold Climbs to Highest Since August as Inflation Misses Estimate

- Personal consumption measure rises below forecast for October
- Bullion gains 8% in November on signs of less hawkish Fed

By Eddie Spence and Sing Yee Ong

(Bloomberg) --

Gold extended an advance to the highest since August after US inflation data came in cooler than expected, taking pressure off the Federal Reserve to hike rates.

The Personal Consumption Expenditure Deflator, a measure of inflation based on changes in personal consumption, rose 0.3% in October from the month before, below economists' median forecast. It follows two other inflation gauges that indicated price pressures were easing, boosting bets on a slowdown in monetary tightening.

Rate hikes to curb inflation have weighed on non-interest bearing gold throughout the year by pushing up bond yields and the dollar. Bets on a slowdown and China's Covid loosening saw bullion rise 8% in November as the greenback retreated the most since 2009.

Other data showed the jobs market gradually cooling, a welcome sign for the Fed as it tries to tame inflation. Wage gains driven by labor tightness have been a major driver of price increases.

On Wednesday, Fed Chair Jerome Powell signaled the pace of rate hikes would slow at the Fed's next meeting, saying he was optimistic inflation could be contained without the US economy tipping into recession.

Still, borrowing costs would need to keep rising and remain restrictive for some time, Powell said.

"We think it's too early to call for a Fed pivot, and the recent US dollar weakness appears overdone," UBS Group AG strategists wrote in a note. "We don't recommend chasing gold. But prices could rise beyond our forecasts if these trends persist."

Spot gold rose 1.8% to \$1,800.57 an ounce as of 12:05 a.m. in New York. The Bloomberg Dollar Spot Index fell 0.8%. Silver, platinum and palladium climbed.

--With assistance from Yvonne Yue Li.

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