

Gold Extends Gains With Huge ETF Inflows Reflecting Growth Fears

- Investors buying gold as pandemic signals economic slowdowns
- ETF holdings rise to record ahead of Fed, BOJ and ECB meetings

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(Bloomberg) --

Gold managed its first back-to-back gain in over a week as investors weighed the prospects of another wave of stimulus in virus-hit economies.

Bullion-backed exchange-traded funds boosted their holdings, with this month's net inflows of 4.6 million ounces -- or about \$8 billion on average -- heading for the most since February 2016, according to Bloomberg data. Investors are pouring money into the traditional safe haven as the pandemic shuts down economic growth and governments and central banks try to combat the impact with massive currency-debasing fiscal and monetary stimulus.

"With the fiscal programs that all the governments are appropriately injecting into their economies and printing money, the one currency you cannot print is gold," Jake Klein, executive chairman at Australia's Evolution Mining Ltd. told Bloomberg TV. "That's why it's got investors' interest."

Next week, policy makers from the Federal Reserve, European Central Bank and Bank of Japan all meet to assess their stances, raising the possibility of further assistance.

Gold futures for June delivery rose 0.4% to settle at \$1,745.40 an ounce at 1:34 p.m. on the Comex in New York after surging 3% on Wednesday. Global holdings in ETFs rose for a 23rd session on Wednesday and are at a record. Silver futures advanced on the Comex, while platinum and palladium climbed on the New York Mercantile Exchange.

Gold gained further support Thursday after a report showed initial U.S. jobless claims continued to increase. The five-week total is 26.5 million, the steepest downturn for the U.S. labor market since the Great Depression. Meanwhile, more U.S. consumers than at any time in the last 11 years said prospects for the economy were deteriorating. Signs of a weakening economy tend to boost safe-haven demand for gold.

"Gold is holding onto its gains after another dramatic jobless claims number," Naeem Aslam, chief market analyst at Ava Trade, said in an emailed message. "The Fed is going to continue to expand its balance sheet, and the damage done by coronavirus is going to take a long time to repair the economy."

Jake Klein, executive chairman at Evolution Mining Ltd., discusses gold, his business strategy and operations in Canada. He speaks exclusively to Bloomberg.

Gold isn't the only precious metal getting a bid from ETF investors. Holdings in physically-backed silver funds are near a record reached last week of more than 670 million ounces, heading for a fourth straight month of inflows. Investment demand in the metal is set to jump this year, with bar and coin demand expected to rise 16%, according to a report Wednesday.

“There has been a real run on silver ETFs, which has led to a price recovery,” Commerzbank analyst Daniel Briesemann said in a research note. “Silver is apparently considered very cheap in absolute and relative terms and thus attractive.”

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