

# Gold prices dip on rising dollar, bond yields

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[BENGALURU] Gold prices eased on Tuesday, hurt by a stronger dollar and rising US Treasury yields, while investors awaited more cues from Federal Reserve officials on the central bank's monetary policy shift.

Spot gold fell 0.1 per cent to US\$1,748.01 per ounce by 1.15am GMT, while US gold futures were down 0.3 per cent to US\$1,747.50.

The dollar index was up 0.1 per cent, making gold more expensive for holders of other currencies.

Overnight, benchmark 10-year US Treasury yields rose to their highest level in three months.

US Federal Reserve officials on Monday tied reduction in the Fed's monthly bond purchases to continued job growth, with a September employment report now a potential trigger for the central bank's bond "taper".

Fed Chair Jerome Powell is due to testify later in the day before Congress on the central bank's policy response to the pandemic.

In prepared remarks, Mr Powell said the US central bank would move against unchecked inflation if needed.

While gold is often considered a hedge against higher inflation, a rate hike would increase the opportunity cost of holding gold, which pays no interest.

China's central bank vowed to protect consumers exposed to the housing market on Monday and injected more cash into the banking system as the Shenzhen government began investigating the wealth management unit of ailing developer Evergrande.

SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, said its holdings fell 0.3 per cent to 990.32 on Monday.

Poland's central bank has more than 230 tonnes of gold and plans to expand its reserves, the head of Poland's Central Bank said on Monday.

Silver fell 0.8 per cent to US\$22.47 per ounce.

Platinum dropped 0.5 per cent to US\$976.07, while palladium was down 0.6 per cent at US\$1,952.44.