

BUSINESS & FINANCIAL OVERVIEW

Gold ends lower, building on a weekly decline

Gold futures ended lower on Thursday as concerns surrounding U.S.-China trade talks eased and the dollar traded higher for the week.

However, the largest monthly drop in retail sales in nine years backed expectations that the U.S. Federal Reserve will pause interest-rates hikes, helping to limit the loss for gold.

April gold GCJ9, +0.12% lost \$1.20, or less than 0.1%, to settle at \$1,313.90 an ounce, trading about 0.4% lower for the week so far. The SPDR Gold Shares ETF GLD, +0.56% was up 0.4%.

March silver SIH9, +0.08% fell 12.4 cents, or 0.8% to \$15.528 an ounce.

Although a more cautious Federal Reserve — a shift seemingly backed by that latest figure from retailers — has been a market feature for weeks now, focus on the economy revs up as a tense geopolitical picture fades briefly into the backdrop amid progress to avoid another government shutdown and continued discussions over U.S.-China trade. Geopolitical rumblings tend to boost demand for haven precious metals.

Some of the selling in gold may be “the result of declining safe haven psychology from both trade and budget,” analysts at Zaner Precious metals wrote in a note Thursday. “In fact it would appear as if [U.S. President Donald Trump] is poised to sign a budget bill and he has also indicated the potential for a 60 day delay in the next round of tariffs on China.”

“However, Chinese trade data overnight could strengthen the Chinese bargaining position as their exports increased and showed diversification away from the U.S.,” they said.

The ICE U.S. Dollar Index DXY, +0.04% a measure of the U.S. currency against a basket of six major rivals, was down 0.1% at 97.022, but trading 0.4% higher for the week so far. Gold and the dollar tend to move inversely.

“With the gold market down six dollars in the face of another upside breakout in the dollar, it is clear the market is facing increased currency market pressures,” said analysts at Zaner. Gold futures have lost roughly \$6 month to date.

Meanwhile, sales at U.S. retailers fizzled in December and posted the biggest decline in nine years in a worrisome sign for the U.S. economy, according to a long-delayed government report. Retail sales sank 1.2% in December, the U.S. Census Bureau said Thursday. It’s the largest drop since September 2009.

Investors are parsing the data for clues that back up the Fed’s plan to pause interest-rate hikes for now, a strategy shift at the central bank that has helped to drive gold up some 7% over a three-month stretch.

Among other metals traded on Comex, palladium saw its March contract PAH9, +0.47% continue to push deeper into record territory, up 1% at \$1,385.90 an ounce.

March copper HGH9, -0.45% settled at \$2.774 a pound, up 0.04%, while April PLJ9, -0.37% shed 0.3% to \$789.20 an ounce.

