

KDVR

Gold rises above \$1,000 as bets on stronger economy, weaker dollar lift metals and oil

TIM PARADIS

AP Business Writer

2:20 PM MDT, September 8, 2009

NEW YORK (AP) — Gold pushed above the \$1,000 mark Tuesday for the first time since February as hopes for an improving economy fed a broader rally in commodities.

A weaker dollar also drove prices higher, analysts said.

The gains also came after the Group of 20 leading economies pledged at a weekend meeting in London to maintain higher levels of government spending and low interest rates to help the world's economies recover from recession. Concerns that a recovery could spark inflationary pressures helped lift prices for gold, which investors often use as a hedge against inflation.

Gold for December delivery rose \$3.10 to settle \$999.80 an ounce on the New York Mercantile Exchange. It had risen as high as \$1,009.70, the first time it topped \$1,000 since early this year and the highest level since mid-March last year. Gold closed under \$950 on Aug. 27.

December silver jumped 22.5 cents to \$16.510 an ounce and hit a 13-month high of \$16.860. Copper, nickel and zinc also gained. Benchmark crude rose more than \$3 a barrel.

Tom Winmill, portfolio manager of the Midas Fund in New York, contends that the gain in gold is, in part, a show of confidence by investors and not just a guard against the dollar. He said rising prices for commodities like platinum and oil signal that investors are placing bets on an improvement in the economy.

"Prices are rising for commodities and that's going to carry gold," he said.

Winmill said, however, that a weaker dollar eventually could be the biggest force pushing gold higher. "Ultimately, weakness in the dollar is going to be the thing that is going to underpin a big, big move in gold," he said.

The gains in gold prices follow a rally last week that came as the dollar weakened and as analysts said investors were looking for areas of safety. A six-month surge in stocks has

left the Standard & Poor's 500 index up 50 percent from a 12-year low in early March. Gains of that size often take years to accumulate, and some investors are worried the stock market is due for a correction.

In other trading, light, sweet crude for October delivery rose \$3.08 to settle at \$71.10 a barrel on the New York Mercantile Exchange.

Gasoline futures for October delivery rose more than 5.26 cents to \$1.8289 a gallon. Heating oil advanced 6.2 cents to \$1.7825 a gallon. Natural gas rose 7.9 cents to \$2.807 per 1,000 cubic feet.

Grain prices were mixed on the Chicago Board of Trade.

December wheat futures fell 12.75 cents to \$4.59 a bushel. Corn for December delivery rose 1.25 cents to \$3.0750 a bushel. November soybeans rose 14.5 cents to \$9.3650 a bushel.

Other soft commodities, like cotton, cocoa and coffee rose. Orange juice and sugar fell.