



Gold May Rise as New Index Weighting Spurs Demand, Survey Shows

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By Claudia Carpenter



Dec. 31 (Bloomberg) -- Gold may rise as investors buy futures to reflect the metal's increased weighting in a benchmark raw-materials index.

Twelve of 20 traders, investors and analysts surveyed by Bloomberg News, or 60 percent, said bullion would gain next week. Eight forecast lower prices. Gold futures for delivery in February were down 0.8 percent for this week at \$1,095.60 an ounce at noon yesterday in New York.

New York gold futures will make up 9.1 percent of the **Dow Jones UBS Commodity Index** in 2010, compared with 7.86 percent for this year, according to Dow Jones Indexes/STOXX Ltd. The gauge will be rebalanced from Jan. 11 to Jan. 15, said Dow Jones spokeswoman Andrea Weidemann in Frankfurt.

The change will boost gold "definitely, particularly should more money be allocated to commodities in 2010 as we at Midas forecast," said **Tom Winmill**, New York-based portfolio manager of the Midas Fund. The precious-metal fund has \$120 million in assets and gained 83 percent this year through Dec. 29, he said.

About \$43 billion was invested in funds tracking raw materials in the Dow Jones UBS indexes as of Sept. 30, according to Dow Jones.

The red bars on the attached chart were derived by subtracting bearish forecasts from bullish estimates. Readings below zero signal that the majority of respondents expect a decline. The green line shows the gold price. The data shown are as of Dec. 25.

The weekly gold survey has forecast prices accurately in 169 of 294 weeks, or 57 percent of the time.

This week's survey results: **Bullish**: 12 **Bearish**: 8 **Neutral**: 0