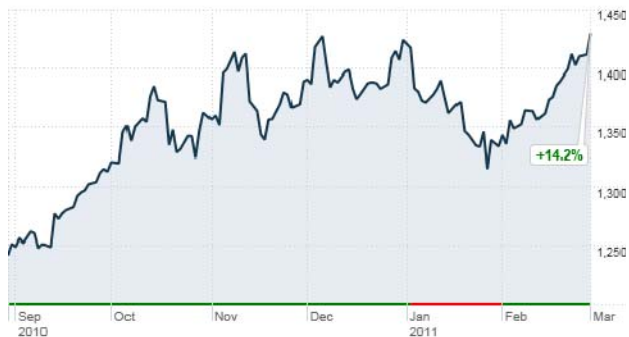


# Gold hits record high

Gold Prices



By Charles Riley, staff reporter

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NEW YORK (CNNMoney) -- Gold prices settled at a new record high on Tuesday, as unrest in North Africa and the Middle East pushed the safe-haven commodity north of \$1,430.

April gold futures rose \$21.30, or 1.5%, to settle at an all-time high of \$1,431.20 an ounce.

Tuesday's record high is not adjusted for inflation. If adjusted for inflation, gold's record price is much higher.

Investors rushed to gold as unrest in the key oil producing state of Libya **continued to rage**, and reports from Iran indicated large numbers of protestors were in the streets.

That unrest was contributing to a "fear factor" that was driving gold higher, according to Thomas Winmill, portfolio

manager of the Midas Fund.

Gold prices have been moving steadily higher since late January, a trend Winmill attributed primarily to geo-political upheaval.

But he also said fears of rising inflation rates have played a role in gold's ascent. Gold is often viewed as a classic hedge against inflation because it's a tangible asset, unlike a paper currency

On Tuesday, investors keyed in on Fed Chairman Ben Bernanke's testimony on Capitol Hill, where the central bank chief **walked a fine line** on inflation.

Speaking before the Senate Banking Committee, Bernanke noted that rising commodity prices will likely be passed on to consumers, but this effect would be only "temporary and relatively modest."

But he acknowledged that if higher prices persist, inflation could become a serious risk. "Sustained rises in the prices of oil or other commodities would represent a threat

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both to economic growth and to overall price stability," he said.

With inflation rates already spiking in some developing economies, some investors worry that the combination of low interest rates in the U.S. and the Fed's quantitative easing plan will cause inflation to spike.

