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Gold prices: Dubai trader says 'bull run is over' amid further declines



Ben Flanagan, Al Arabiya

The bull run in gold is over, a Dubai-based trader said today, as prices for the precious metal continued to decline following their worst plunge in 30 years.

Gold for immediate delivery today fell by as much as 2.8 percent to \$1,337.86, and stood at \$1,365.40 at 12.30pm in Singapore, Bloomberg reported.

That breaks a brief two-day advance that followed massive declines earlier in the week, when prices dropped to \$1,321.95, the lowest level since January 2011.

Jeff Rhodes, the global head of precious metals and chief executive of INTL Commodities at the Dubai Multi Commodities Centre (DMCC), said the collapse in gold signals the end to an era of prolonged price rises.

"It probably does signal the end of the bull market," Mr Rhodes told Al Arabiya. "We will transition from a bull market with occasional dips into a bear market with short-covering rallies."

Rhodes has been in the gold trade for 35 years, but says the events of the last week surprised him.

"We saw gold collapse... That was a move that was unprecedented in my entire career," he said. "You can't point to any one reason behind it."

It is significant that the decline in gold prices came with high trading volumes, Rhodes said.

"The declines that we've seen over the last few days are on the back of record volumes," he said. "All markets saw record trading, including Dubai."

Trading on the Dubai Gold and Commodities Exchange (DGCX), which is part of DMCC, hit record volumes on Tuesday. The DGCX saw the highest ever overall daily trading value of \$3.8 billion, with a record 103,126 contracts.

That compares with Dubai's total gold trade in 2012, which was valued at around \$70 billion, according to DMCC figures.

"It's the highest ever daily volume," a spokesman for DGCX told Al Arabiya. The number of contracts traded on Wednesday was around 77,000, the spokesman said.

Global gold prices plunged by 9.1 per cent on April 15, the biggest one-day fall since 1983. Prices are down by about 30 percent from a high in September 2011, suggesting an end to a 12-year rally in the precious metal.

The April 15 decline was partly prompted by investors ditching gold in search of a better return elsewhere.

It was followed by two days of rising prices, before the gold price fell again today in Singapore.