

Gold futures rise past \$650, then pare gains

By [Myra P. Saefong](#), MarketWatch

SAN FRANCISCO (MarketWatch) -- Gold futures touched their highest level in eight weeks Thursday after breaking through what analysts called a key price-resistance level of \$650, but prices pared gains by the afternoon to reflect weakness in oil prices.

"The key now is to climb the resistance around \$675, which would then accelerate this advance even further with the highs from 2006 then the next target," said Peter Spina, chief investment strategist at GoldSeek.com.

Gold for February delivery was last down 20 cents at \$648 an ounce on the New York Mercantile Exchange. It climbed as high as \$654.60 earlier, the contract's highest intraday level since early December.

Prices for the contract have already gained more than \$14 in the past two sessions.

"The gold market is showing tremendous strength," said Spina, in e-mailed comments. "Yes, oil and the U.S. dollar have been factors giving direction to this market, but now there is growing independence in gold's moves of late."

"There is strong investor interest again and...we could be in the midst of the next leg higher, but let the market confirm this to us," he said.

The "\$675 area is the key from a technical perspective and we may need to consolidate around the \$650 mark first before climbing the next wall," he said.

Indeed, "investors and traders are showing a marked degree of caution in assembling the building blocks of this rally," said Jon Nadler, an investment-products analyst at bullion dealers Kitco.com.

"If a sufficiently solid foundation can be established here, perhaps hedge funds or other trigger-finger happy speculators will reconsider early bailouts at higher levels," he warned in e-mailed commentary.

On the currency markets, the dollar traded slightly lower against other major currencies Thursday. [See Currencies.](#)

An economic report showed U.S. sales of existing homes declined slightly more than forecast last month while inventories fell sharply. Sales of existing homes fell 0.8% in December to a seasonally adjusted annual rate of 6.22 million, the National Association of Realtors said. [See full story.](#)

Elsewhere on the commodity markets, crude-oil futures edged lower, but held their ground above the \$55-a-barrel level. [See Futures Movers.](#)

Other metals traded higher on Thursday. March silver was up 19.7 cents at \$13.47 an ounce. April platinum rose \$6.90 to \$1,180 an ounce, with March palladium going up \$2.85 to \$352 an ounce. March copper futures tacked on 5.35 cents, or 2.1%, to stand at \$2.655 a pound.

On the supply side, gold inventories were unchanged at 7.46 million troy ounces as of late Wednesday, according to Nymex data. Silver supplies were unchanged at 114.2 million troy ounces and copper supplies were unchanged at 36,410 short tons.

In equities trading Thursday, the main benchmarks tracking metals and mining stocks traded on a mixed note, retreating from earlier highs gleaned from strength in metals prices.

The Philadelphia Gold and Silver Index ([XAU](#) :

phlx gold silver index capital-weight

Last: **138.67-1.55-1.11%**



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[HUI](#) 332.21, -2.44, -0.7%) declined by 0.1% to stand at 334.20.

But the DJ Wilshire Nonferrous Metals Index rose 0.7% to end at 6,077.85 and the DJ Wilshire Industrial Metals Index was at 3,482.26, up 1.3%. The DJ Wilshire General Mining Index added 1.9% to trade at 1,322.61. ■

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