



Jackson House, 18 Savile Row, London W1S 3PW
Tel: (020) 7758 4777 Fax: (020) 7287 5292
e-mail:

Gold rises in slow trade, eyes on EU summit

* Euro gains, oil moves towards \$75, gold ETF flat

Gold gained on Thursday after the euro bounced against the U.S. dollar ahead of a European Union summit that may decide to help debt-laden Greece avoid default and eventually restore confidence in the single currency.

Gold has dropped around 12 percent since striking a record at \$1,226.10 in December as the dollar gained on mounting fiscal worries in the euro zone, and recently on U.S. Federal Reserve Chairman Ben Bernanke's comments about a stimulus pullback.

Spot gold was quoted at \$1,078.20 an ounce by 0558 GMT, up \$6.65 from New York's notional close on Wednesday. It had hit an intraday high of \$1,080.25 an ounce.

"Obviously the anticipation is that we're going to get some good news as far as support for Greece is concerned," said Darren Heathcote, head of trading at Investec Australia in Sydney.

"If the dollar does unwind tonight, if we get a good result from the European Council, then you can expect that gold is going to go higher. We'll certainly be targeting \$1,100 again. Once the dust settles, gold will be higher," said Heathcote, referring to a high seen last week.

Other precious metals also rose, tracking gains in gold, with platinum moving away from a 5-week low hit last week. U.S. gold futures for April delivery added \$2.1 an ounce to \$1,078.4 an ounce.

European Union leaders will hold a summit on the economy Thursday and there was growing speculation a package would be hammered out for Greece.

The euro rose to \$1.3785, having fallen 0.4 percent on Wednesday. It has dropped more than 4 percent this year on mounting worries over how some euro zone countries like Greece, Portugal and Spain will service their debt.

In his most comprehensive description to date of how the Fed aims to withdraw its stimulus, Bernanke said the U.S. central bank could soon raise the discount rate it charges banks for emergency loans, but stressed that would not be akin to a tightening in monetary policy.

In theory, a firmer dollar reduces gold's appeal as an alternative investment.

Trading was thin in Asia due to the absence of Japanese players and ahead of the Lunar New Year, although dealers noted bargain hunting in Hong Kong due to a firmer euro as well as strong economic data from China and Australia.

"People are optimistic about the future of the economy in Asia after seeing the data. But I don't really see physical buying and trading volume is low," said a dealer in Hong Kong.

The world's largest gold-backed exchange-traded fund, SPDR Gold Trust, said its holdings stood at 1,106.378 tonnes as of Feb. 10, unchanged from the previous business day.

Oil climbed toward \$75 a barrel on Thursday, extending the previous session's gain of 1 percent, buoyed by an upbeat oil demand growth forecast by the U.S. Energy Information Administration and hopes of a rescue plan for Greece.

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