

Gold hits new high; equities struggle on virus fears

LONDON: Gold chalked up another record peak on Tuesday before pulling lower as the dollar clawed back earlier losses, while equity markets struggled with mounting coronavirus fears, dealers said.

With fresh infection spikes in Asia and Europe — on top of the already high number of new cases in the US — and new containment measures, the global economic outlook remains clouded.

Virus uncertainty combined with China-US tensions sent gold soaring nearly 30 percent this year — and on Tuesday it struck another record pinnacle at \$1,981.27 per ounce in Asian trade.

That smashed the previous day's peak, but the precious metal later pared its gains.

Some observers still predict \$2,000 could be broken as early as this week.

In the meantime, the focus is on the US Federal Reserve's policy meeting this week, which is tipped to result in more easing measures to support the world's top economy.

US second-quarter economic growth data are also due this week, and any disappointing reading could fuel further dollar weakness — and as a side effect, the surge in the gold price.

"There seems to be enough momentum in the US money supply to actually push gold higher," Fat Prophets analyst David Lennox said.

On Wall Street the Dow was down by fewer than 100 points approaching midday in New York, while key European markets gave a mixed picture at the close.

"Recovery has faded over the past few weeks as investors realise the fight against coronavirus is proving more challenging than some had anticipated," said Fawad Razaqzada, an analyst with ThinkMarkets.

Most Asian stock markets had earlier made gains after overnight strength on Wall Street.

Equity markets remain underpinned by hopes that US lawmakers can hammer out a new economy-boosting stimulus programme as their previous multi-trillion-dollar package begins to dry up.