



## Gold Rises for Third Day on Investment Demand; Silver Gains

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By Pham-Duy Nguyen

March 13 (Bloomberg) -- Gold rose for a third straight day on speculation the recession will widen, boosting the appeal of the precious metal as a store of value. Silver also gained.

Investment in the **SPDR Gold Trust**, the biggest exchange-traded fund backed by bullion, has risen 33 percent this year to a record 1,041.53 metric tons. Since the second quarter of 2007, banks worldwide have posted more than \$1.2 trillion in credit losses and writedowns. The Standard & Poor's 500 Index has dropped 17 percent this year while gold has gained 5.2 percent.

"Gold continues to resist any sustained decline, bouncing back quickly from any minor sell off," said **Adrian Day**, president of Adrian Day's Asset Management in Annapolis, Maryland. "The fly in the ointment could be a sustained and strong, broad global stock-market rally which would calm some investors' fears. There is little prospect of this on more than a short-term basis in my view, so we continue to be buyers on any dips."

Gold futures for April delivery rose \$6.10, or 0.7 percent, to \$930.10 an ounce on the Comex division of the New York Mercantile Exchange. The price rose 3.1 percent in the previous two sessions. The metal is still down 1.3 percent this week.

Silver futures for May delivery climbed 27.2 cents, or 2.1 percent, to \$13.215 an ounce. While the price fell 0.9 percent this week, it is still up 17 percent this year.

The SPDR Gold Trust's holdings surpassed Switzerland's yesterday, making the ETF the sixth-largest holder of bullion, based on data from the producer-funded World Gold Council. The U.S. has the world's largest gold reserves.

### Limited Advance

Gold's gains were limited as the S&P headed for the biggest weekly increase since November, curbing investor demand for alternatives to owning equities. Earlier, the price slipped as low as \$919.60.

The decline was a buying opportunity for investors like Day, who has been purchasing gold this week as the metal dropped to a one-month low \$891.10 on March 10.

Gold may also benefit as an alternative to currencies. The Swiss National Bank said yesterday it was selling the franc, undermining the currency's haven status.

China's Premier Wen Jiabao said he is "worried" about his country's holdings of U.S. Treasuries and wants assurances that the investment is safe. China is the biggest holder of U.S. debt.

"Should China or some other significant buyer of U.S. debt announce that they will no longer buy U.S. debt unless denominated in a non-U.S. dollar currency, gold is going to the moon," said **Tom Winmill**, president of New York-based Midas Management Corp.

In 2008, Treasuries returned 14 percent while gold gained 5.5 percent as investors sought a haven from financial turmoil. Treasuries slumped 2.9 percent this year through yesterday.