

**Gold drops after Federal Reserve cuts stimulus again**  
**Malaysian Insider**  
**May 1, 2014**

Gold fell yesterday after the US Federal Reserve reinforced its view in the economy's prospects as it reduced its monthly bond purchases by another US\$10 billion (RM33 billion), though the move disappointed bullion investors who had expected the central bank to slow tapering.

At the end of a two-day policy meeting, the Fed said the economy "will expand at a moderate pace and labor market conditions will continue to improve gradually" – an assessment that tracked its statement last month.

Still, traders said the gold market was frustrated at a lack of surprise in the latest Fed policy statement. Some gold investors had hoped the US central bank would slow its measured withdrawal of stimulus due to economic uncertainty.

In addition, the central bank's forecast of a steadily improving US economy pressured gold's appeal as an investment hedge, market watchers said.

"The status quo nature of the Fed commentary is keeping people confused about the short-term direction of gold," said Jeffrey Sica, chief investment officer at Sica Wealth, which manages over US\$1 billion in client assets.

Spot gold was down 0.4% at US\$1,290.70 an ounce by 2032 GMT (4.32am today, Malaysia time).

For the month, gold prices edged up 0.6% as geopolitical tensions triggered some safe-haven demand.

Still, U.S. Comex gold futures for June delivery settled down 40 cents at US\$1,295.90 an ounce.

The US central bank said in a statement that it would reduce its monthly bond purchases to US\$45 billion from US\$55 billion, a widely expected decision that puts the programme on track to end as soon as October. The decision was unanimous.

"It was widely anticipated that the Fed would taper an additional US\$10 billion," said Dan Walsh, market strategist at Chicago brokerage RJ O'Brien. – Reuters pic, May 1, 2014.

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Source: <http://www.themalaysianinsider.com/business/article/gold-drops-after-federal-reserve-cuts-stimulus-again>