

GOLD RATE TODAY FALLS, DOWN 10,000 FROM RECORD HIGHS, SILVER RISES

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Gold prices struggled in Indian markets today ahead of Fed rate decision. On MCX, gold futures prices were slightly lower at 46,633 per 10 gram while silver rates rose 0.7%. In the previous session, gold had jumped 0.7% while silver had surged 1.2%. Gold prices have been volatile in India this year after hitting a record high of 52,200 last year.

In global markets, [gold rates](#) were flat today ahead of US Fed policy decision later in the day. Uncertainties triggered by China Evergrande's debt crisis also supported gold on the lower side. Spot gold was flat at \$1,775.63 per ounce.

The US dollar today edged up against a basket of other currencies. Gold has edged up from recent lows but persistent strength in US dollar ahead of Fed meeting may keep pressure on prices, say analysts.

The US Federal Reserve's two-day meet is due to conclude today and traders would be looking for clues on when a taper may begin. The US central bank is also likely to provide an outlook on interest rate hikes.

A hawkish move by the Fed could diminish gold's appeal as bullion is seen as hedge against inflation and currency debasement amid widespread stimulus, . Higher interest cost increase the cost of holding non-interest bearing gold.

"Weighing on price is persistent strength in US dollar. The US dollar index tested a 4-week high yesterday but pared some of the gains. The US dollar has risen sharply in last few days as optimism about US economy and general rise in price pressure has strengthened the case for Fed to start monetary tightening and the central bank at its meeting this week is expected to outline a plan to start bond tapering," Kotak Securities said in a note.

While Fed is expected to start monetary tightening soon, persisting risks for US and global economy could cause the central bank to not sound too hawkish, says Kotak Securities in a note.

Meanwhile, ETF inflows showed weak investor interest in the precious metal. Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.1% to 1,000.79 tonnes on Tuesday from 1,001.66 tonnes on Monday.

Among other precious metals, silver climbed 1.2% to \$22.74 per ounce. *(With Agency Inputs)*

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