

Mining Weekly Daily Update: Africa and Europe

Gold could hit \$2 000 if US recovery fails – analyst

By: Loni Prinsloo
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JOHANNESBURG (miningweekly.com) – The gold price could breach the \$2 000/oz mark by 2012/13, if hopes for a US economic recovery are not realised, said mining analyst **Rene Hochreiter** at a gold conference in Johannesburg. Hochreiter believed that even though the mantra of a US recovery this year had been sung by a number of economists, such a recovery would probably not be realised until about 2014/15.

He said that the US still had too much debt, as much of the rest of the developed world, which could, contrary to popular expectations, even lead to a double-dip recession.

Gold rose to record highs during the 1929 to early 1940s Great Depression and immediately subtracted after the depression ended. “Even though we have now technically ‘exited’ the recession, we have still not seen gold prices going lower, which could indicate a double-dip recession,” said Hochreiter.

Gold was trading at \$1 462,33/oz on Thursday and Hochreiter said that the yellow metal could go as high as \$1 800/oz this year, but expected that it would probably trade at around current levels of \$1 400/oz to \$1 500/oz for the remainder of 2011.

The latest gold survey by metals consultancy GFMS forecast an average price of \$1 455/oz for this year, with a low of \$1 319/oz and a high of \$1 620/oz.

Last month gold rose by 1,5% and the combination of escalating geopolitical uncertainty and sovereign risk concerns boosted bullion prices further in April.

In addition, robust demand for gold from the ‘new world’s’ strongest growing economies India and China, is currently also buttressing high prices. “There are more dollar-millionaires in India than there are in the US, and the country has a population of almost a billion people, which bodes well for future prices,” said Hochreiter.

A group of ten analysts surveyed by financial advisory company Allan Hochreiter predicted an average gold price of \$1 379/oz for 2011, declining to \$1 071/oz by 2014.

However, Hochreiter expected that prices would only start coming down between 2015 and 2020, but would still be way above historical levels.

By 2020, world gold demand was expected to be 6 800 t, while gold production would be around 6 000 t. Last year, output rose to a record 2 652 t.

Edited by: Mariaan Webb