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Gold firmed on Friday as a rise in risk aversion ahead of G7 talks this weekend lent support, but the yellow metal remained hemmed within its narrowest weekly range in over a decade as a recovery by the dollar capped gains. Expectations that the Federal Reserve will announce another U.S. interest rate hike next week also pressured gold. Higher rates lift the opportunity cost of investing in non-yielding assets, such as bullion.

Spot gold inched up 0.1 percent to \$1,298.11 per ounce by 1:35 p.m. EDT (1735 GMT), while U.S. gold futures for August delivery settled down 30 cents, or 0.02 percent, at \$1,302.70 per ounce. Gold has hardly budged since last Friday's close, with the spread between its highs and lows at just \$13.70 an ounce – the narrowest of any week since August 2007. Bullion headed for a weekly rise of 0.4 percent. World stocks fell as expectations of trade tensions dominating this weekend's G7 summit weighed on risk sentiment. The dollar edged off a three-week low rising against the euro.

Ahead of the G7 summit in Canada, leaders of the seven rich countries were seen as more divided than at any time in the group's 42-year history, as Trump's "America First" policies risk causing a global trade war and deep diplomatic schisms. "Gold is up today, but not doing much. The G7 talks are a bit disconcerting with tariffs. We have the Fed meeting

coming on Wednesday keeping a lid on gold,” said Patrick Magilligan, director of metals marketing for Key Metal Refining.

“The June 12 meeting with (North) Korea, probably underneath the gold price, keeping it buoyant,” he added. U.S. President Donald Trump is set to meet North Korean leader Kim Jong Un in Singapore on June 12, the same day as the Federal Open Market Committee starts its two-day meeting on U.S. monetary policy.

“It’ll be important what the direction from the Fed is ... We are still expecting two more hikes after next week,” said ABN Amro analyst Georgette Boele. A European Central Bank meeting on rates on Thursday is also in focus for traders next week. Silver increased 0.2 percent at \$16.70 an ounce, after hitting its highest in more than six weeks on Thursday. It was on track for a 2.3 percent rise for the week, its biggest in seven weeks. It is poised for a rally before the end of the year, traders said. Palladium dropped 0.3 percent at \$1,008.75 an ounce, on track for a 0.8 percent weekly increase. Platinum gained 0.3 percent at \$899.50 an ounce, headed for a 0.4 percent weekly rise.

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