

Gold falls to almost seven-week low with higher U.S. dollar

CHICAGO, Oct. 23 (Xinhua) -- Gold futures on the COMEX division of the New York Mercantile Exchange sharply fell Tuesday, as disappointing corporate earnings drew traders to the safe haven of the dollar, heaping pressure on the precious metal.

The most active gold contract for December delivery sank 16.9 dollars, or 0.98 percent, to settle at 1,709.4 dollars per ounce.

After edging up slightly in the previous trading session, gold reversed course and continued its recent slide downward, closing at its lowest settlement since early September. The precious metal is now only around 10 dollars above the critical 1,700 dollars an ounce trading level, a massive drop from the 1,796 dollars an ounce high notched just earlier this month.

Markets across Wall Street were lined in red Tuesday, as disappointing quarterly corporate earnings led to a large sell-off in U.S. equities and crude oil. Given the bearish trading atmosphere, investors preferred the safe haven investment of the dollar, and the greenback rose sharply on the session. The higher dollar put even more pressure upon gold futures, as it makes commodities more expensive to holders of other currencies.

However, gold traders also looked to the ongoing two-day policy meeting from the Federal Reserve Bank, with a policy statement from the U.S. central bank due out Wednesday afternoon.

Despite recent declines in the gold market, many analysts feel the precious metal retains a strong amount of underlying support due to the third round of quantitative easing policies announced at the Fed's last meeting. New economic stimulus measures are positive for gold, as the precious metal traditionally rises on fears of inflation.

Silver for December delivery fell 45.9 cents, or 1.42 percent, to close at 31.793 dollars per ounce.