



Gold Can Surpass Its 2011 Price Peak Later This Year, Dillon Gage Says

Tensions in the Middle East will underpin crude oil and in turn gold

ADDISON, TX (March 12, 2012)...Gold prices raced to two and a half-month highs in February as stock markets rose and crude oil exceeded \$110 a barrel. But at February's end, gold suffered a big, one-day drop when profits were taken. Longer term and probably later this year, gold can surpass its 2011 record, according to Dallas-based dealers **Dillon Gage Metals**.

“Gold, along with equities and crude oil, had a good run recently,” said Terry Hanlon, president of **Dillon Gage Metals**. “Positive investor sentiment, because of gains in the stock market, spilled into precious metals. After such a big run, the month-end profit-taking we saw in gold was to be expected.”

“The stock market has risen with the perception that the U.S. is on the brink of an economic recovery and that Greece is on the road to securing a second bailout,” Hanlon added. A strengthening safety net for Europe's debt crisis and improving economic conditions outside Europe could dampen investor's interest in acquiring gold for now. But other factors are supportive for the yellow metal. Geopolitical conditions, most notably tensions in the Middle East, will continue to buoy gold and crude oil prices this year, he predicted.

Hanlon noted that demand for gold bars and coins remains strong worldwide, and on the industrial side, gold's use in electronics continues to grow.

Last year, global gold demand reached 4,067 tons, the most since 1997 – worth \$205.5 billion, the highest value ever – according to the World Gold Council (WGC) last month. Investment demand in India, China and Europe in particular drove those gains. China and India generated 55 percent of global gold jewelry demand last year and accounted for 49 percent of the world's gold demand, according to the WGC.

Central banks were net buyers of gold in 2011 as they were in 2010. Purchases by central banks grew to nearly 440 tons last year from 77 in 2010, reflecting a need to diversify assets, rebalance reserves and reduce reliance on a few currencies to protect national wealth.

Gold used in global electronics rose 1.1 percent in 2011 to 330 tons, valued at a record \$16.7 billion, according to the WGC. China's manufacturing sector remained a chief source of gold demand.

“I look for gold to advance in 2012 and to take out its 2011 peak at \$1,895 an ounce,” Hanlon said. “I expect the 2012 high to be made in the latter part of the year, as it was in recent years. Gold may be able to reach a record \$2,000 or \$2,100 an ounce then.”

About Dillon Gage Metals

Dillon Gage Metals is one of the largest and most diversified precious metals dealers in the world, offering bullion trading, online trading of physical metals, rare coins and estate liquidations, jewelry and diamond close-outs, refining services, and depository storage and fulfillment facilities.

A division of **Dillon Gage Incorporated of Dallas**, which was founded in 1979, the operating units of **Dillon Gage Metals** include:

- [Dillon Gage Bullion Trading](#), one of the largest bullion dealers worldwide, also offering rare coins and estate liquidation. ([DillonGage.com/Metals/Bullion-Trading](#)) 800.375.4653
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