

Investing in Gold, Investing in your Future Part 2 of 2

Note: I made a grammar mistake in my former delivered I forgot to add an "r" at the end. I am sorry for that.

The Gold Fixing, or the London Gold Fixing or Gold Fix, is the procedure by which the price of gold is set on the London market by the five members of the London Gold Pool. It is designed to fix a price for settling contracts among members of the London bullion market, but, informally, the Gold Fixing provides a familiar rate that is used as a benchmark for pricing the majority of gold products all over the world's markets.

The gold price fix takes place twice daily at 10.30am and 3pm, London time.

The original fixing took place on September 12, 1919 amongst the five principal gold bullion traders and refiners of the day. The price of gold at that time was four pounds 18 shillings and ninepence per troy ounce.

Due to government controls and war emergencies, the London Gold Fixing was poised between 1939 and 1954. price of gold are fixed in United States dollars (USD), Pound sterling (GBP) and European Euros (EUR).

Historically, the Fixing took place twice daily at the City offices of N M Rothschild & Sons in St Swithin's Lane, but since May 5 2004 it takes place by telephone. In April 2004, N M Rothschild & Sons announced so as to it intended to withdraw from gold trading and from the London Gold Fixing. Barclays Bank took its place from 7 June 2004, and the chairmanship of the encounter, formerly held permanently by Rothschilds, currently rotates annually.

On January 21 1980 the Gold Fixing reached the price of \$850, a figure which was not overtaken until January 3 2008. This is when a new record of \$865.35 per troy ounce was set in the morning Fixing. However, with inflation, the 1980 high would be equal to a price of \$2398.21 in 2007 dollars. So, the 1980 record still holds in real conditions.

While gold is traded in markets all over the world, the market is essentially homogeneous since the gold price is always in dollars and the gold traded is "loco London" (gold deliverable in London and meeting London trading standards). The London PM fix is normally considered the main reference price for the day and is the price most often used in contracts. The price of gold is quoted in USD per troy ounce.

Since May 2004 it has been conducted by telephone. The chairman begins with a 'trying' price. The five fixing members' representatives relay the price to their dealing quarters. And these are in contact with other dealers. The market members then announce how much gold they are prepared to buy or sell at that price. The dealers, who are in contact with their clients, could change their order or add to it or cancel it at any time; the view declared by the dealers is the net position outstanding among all their clients. (If one is buying two tonnes and another is selling one tonne, then he declares himself a buyer of one tonne.) If more gold is required than is offered, then the price will be adjusted upwards (and vice versa) until equilibrium is reached. At this point the gold price is fixed. On very rare occasions the price will be fixed when there is disequilibrium, at the discretion of the chairman of the fix.

A tradition of the London Gold Fixing was that participants might raise a small Union Flag on their desk to pause proceedings. Under the telephone fixing system, participants can register a pause by saying the word "flag", and the chair ends the meeting with the phrase "There are no flags, and we're fixed".

"Together Securing your Future".

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