

Commodities Fall Broadly On Europe Concerns

Sandy Shore, AP Business Writer

Doubts about Europe's political and economic future drove prices down for a wide range of commodities Tuesday as worries persisted about future demand for everything from copper and oil to soybeans.

Metals prices were hit hard. Gold, silver, platinum and palladium all fell. Energy and agricultural products were mixed.

An inconclusive Greek election raised questions about the country's ability to stave off financial disaster. Voters in France and Greece on Sunday supported members of parties that want to roll back or slow down government spending cuts and tax increases designed to help control the region's massive debt crisis.

If Greece is unable to remain solvent, there could be a ripple effect worldwide. Europe's economy is slowing. China's growth is slower and recent economic data has offered mixed signals about the U.S. economy.

Without a resolution in Greece, demand for U.S. and Chinese products will flatten, Country Hedging LLC market analyst Sterling Smith said. That, in turn, would hurt demand across the board for commodities.

Gold for June delivery fell \$34.60, or 2.1 percent, to finish at \$1,604.50 an ounce. Investors looked past its reputation as a relatively stable asset and bought dollars, which can give them ready access to funds when they see opportunities to buy again, said Dave Meger, vice president of metals trading at Vision Financial Group.

"What we've seen in the past is the immediate knee-jerk reaction to the downside as all asset classes are sold off," he said. However, gold often finds a base level of support after that initial reaction wears off and more investors buy it as a safe haven, Meger said.

In other metals trading, May silver fell 65.8 cents to end at \$29.414 an ounce, May copper dropped 9.2 cents to \$3.6855 per pound, July platinum declined \$21.80 to \$1,508.30 an ounce and June palladium ended down \$24.95 at \$622.85 per ounce.

Benchmark oil dropped 93 cents to finish at \$97.01 per barrel on the New York Mercantile Exchange. Heating oil rose 0.87 cent to \$2.9901 per gallon, gasoline futures increased 2.03 cents to \$2.9944 per gallon and natural gas ended up 5.7 cents at \$2.393 per 1,000 cubic feet.

In July agricultural crop contracts, wheat rose 3 cents to end at \$6.15 per bushel, corn rose 3 cents to \$6.23 per bushel and soybeans fell 27.5 cents to \$14.3825 per bushel.

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