

[text] **Source:** [ACFX Forex Broker \(Review and Forex Cashback\)](#)

Gold has tumbled over 4% in the early hours of this week opening. The precious metal was trading below 1100.00 price for the first time during the past 5 years, reaching the low of 1086.00 per ounce. The price slump was caused by the speculative selling in the Shanghai Stock exchange, therefore was not triggered by a simple price discovery. It is believed that a major hedge fund selling its holdings in the early Asian session. "It was down to speculation here, someone taking advantage of the low liquidity environment," Victor Thianpiriya, commodity strategist at ANZ, told CNBC. "Around 5 tonnes of gold was sold on the Shanghai Gold Exchange within the space of two minutes between 09:29 and 09:30. The daily volume last week was about 25 tonnes," he observed. "It clearly wasn't driven by fundamentals, because the U.S. dollar didn't move at that time". Chinese Central Bank, one of the biggest gold buyers globally, has reported on Friday that its gold reserves were more than half of expected level. The Financial Times reported, the Central Bank's Gold reserves were 1,658 tonnes (53.31 million fine troy ounces) as of the end of June, comparing to 1,054 tonnes reserves in April 2009. Positive US economic data and the Federal Reserve continues affirmation that the US interest rate will be increased by the end of this year had added to the Gold price weakness, significantly influencing the reduction of the demand for the precious metal.

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