Will fear drive gold even higher? Trader expects to see a further bullion bounce

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Published 6:02 PM ET Thu, 7 Sept 2017

After touching th ghest level in one year midday Thursday, gold prices could keep rallying if the Federal Reserve pumps the brakes on its monetary tigh g path.

The yellow metal d 1 percent, or about $14, on Thursday to pierce the $1,350 level to the upside; gold is now on pace for its third straight week of gains and will likely rise to $1,400, said Phil Streible, senior market strategist at Chicago-based RJO Futures.

"The flight to quality as a result of North Korea's [self-claimed] detonation of a hydrogen bomb has caused investors to flee riskier assets and go into your safe haven asset like the gold market," Streible said Thursday on CNBC's "Trading Nation."

He added that also supporting gold is the destruction left in the wake of Hurricane Harvey. The physically devastating storms also appeared to put people out of work, as reflected in Thursday's weekly jobless claims figure that surpassed economists' estimates by 57,000 jobs.

"This trade should continue now, with Hurricane Irma coming through ... and what this will do is it will handcuff the Federal Reserve from having the ability to raise interest rates for the remainder of the year. Because of that, we'll see interest rates sell off, and gold, since it's a non-yielding asset, will most likely continue higher from there," he said, referring to the typically inverse relationship between gold and interest rates.

However, if economic turbulence brought on by the hurricanes abates and the nuclear situation with North Korea is resolved, gold will likely break below $1,300, Streible said.

"But given the circumstances, it seems obvious that gold is on a path to move higher," he said.

In a note to clients on Tuesday, Goldman Sachs commodities analysts wrote that gold prices are being supported not solely by North Korea-

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related tensions, but more saliently by uncertainty surrounding President Donald Trump and political drama. However, this sentiment is likely to subside, the note said, which would not be supportive of gold.

For some, the metal has run too far, too fast. After all, gold prices have climbed over 17 percent this year.

Miller Tabak equity strategist Matt Maley **said** he wouldn't step in to buy gold until it falls a bit.

"Gold has gotten quite over-bought on a near-term basis, so it has gotten ripe for a near-term pull-back ... Once the yellow metal can work off this over-bought condition, we'll have to see if gold can rally further," Maley wrote in a note to clients on Tuesday.

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GOLD	1268.60 ▼	-9.10	-0.71%

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