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2012 Trends - FED: Drives stocks & Gold Down by Micron Associates by [Micron Associates Info](#)

Article published on April 7th 2012 | [Business](#)

NEW YORK (Reuters) – U.S. Central Bank meeting presented that the policymakers may be less willing to launch further stimulus. The world stocks go down and gold prices were dropped to 2 percent on Tuesday as it was being showed in the said meeting.

The dollar rose 1 percent next to yen, while safe-haven bonds slid.

In the March meeting minutes of the Federal Reserve policymakers, they noted the current signs of somewhat better growth; however they remained guarded about the broad pick-up in the U.S. economic activity. Meanwhile, the minutes commend to have another dose of stimulus through quantitative moderation, so-called QE3 which has eased.

The Chief investment officer of First Citizens Bancshares in Raleigh, North Carolina, who helps oversee \$21 billion in assets, Eric Teal said that – “There have been signs of strong manufacturing and employment. As Fed is taking a marginal wait-and-see approach a lot of investors also got disappointed.”

Supportive central bank policies, along with improving economic data, helped fuel S&P 500 gains of 30 percent since October.

The Nasdaq Composite Index (NAS:^COMP) was down 6.13 points, or 0.20 percent, at 3,113.57.

The Dow Jones industrial average (DJI:^DJI - News) fell 64.94 points, or 0.49 percent, to end at 13,199.55. The Standard & Poor's 500 Index (MXP:^GSPC - News) was down 5.66 points, or 0.40 percent, at 1,413.38, retreating from a four-year high.

U.S. stock sectors tied to growth were the big losers of the day, with energy shares (.GSPE) down 1 percent and materials (.GSPM) off 0.9 percent, extending losses after the release of the Fed minutes, though they consequently rebounded. The day's strongest performer, the utilities sector (.GSPU), is considered a suspicious play.

GOLD RETREATS

Spot gold dropped 2.1 percent at \$1,642.06 an ounce.

Gold has now into its below levels in late January, as the Fed stated that it would keep interest rates is on going to zero until at least late 2014 and investors believed likely to reduction.

More Fed stimulus would be equal to printing money, and diminished expectations of QE3 hold up the dollar against the yen.

The dollar last traded at 82.94, 1.1 percent higher than the yen which is on the road to recovery from a low 81.54 yen. In the U.S. bond market, standard 10-year notes were last down 29/32 in price to yield 2.28 percent, up from around 2.18 percent before the minutes were released. Strong

correlations between U.S. Treasury yields and the dollar/yen currency pair propose that U.S. interest rates and Fed monetary policy will decide whether the USDJPY continues its recent gains.

The FOMC minutes suggested there may be less of a chance the Fed will buy more bonds to seize down long-end rates. This will make a way to some traders to step out from earlier bets that the Fed is prepared to buy more Treasuries after the \$400 billion Operation Twist program is set to end in June.

"The (Fed) committee's discussion was in line with the view that the Fed has a fairly high bar for implementing additional reduction. "For this reason, the markets responds about the strengthening of the dollars, bonds down, stocks down and a little go down of gold," said Brian Jacobsen, chief fixed-income strategist for Wells Fargo Advantage Funds in Menomonee Falls, Wisconsin.

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Article Keywords:

micron associates, 2012 Trends, FED: Drives stocks & Gold Down, micron associates trends

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