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## Gold Could Push Lower, But No Need To Panic – Fund Manager

By Neils Christensen of Kitco News  
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([Kitco News](#)) - Gold could continue to trend lower until the end of the year in anticipation of the Federal Reserve interest rate hike, but its bull market isn't about to end anytime soon, according to one European hedge fund manager.

In a telephone interview with Kitco News, Ronald-Peter Stoeferle, fund manager at Incrementum AG and author of the In Gold We Trust Report, said this just a "healthy correction" in market that is entering the second phase of its bull market.

Based on the speculative positioning among money managers, Stoeferle said that gold has room to move lower in the near-term. However, despite panic selling Tuesday, causing gold prices to drop almost 3% during the session, he warned that investors need to put the move in context of the broader market.

"Yes, gold is consolidating but prices are still up more than 20% since the start of the year. Gold has seen fantastic gains so it is not surprising that some investors are taking profits," he said. "Not only is gold up in U.S. dollar terms but it is up 16% against the euro, it is up almost 40% against the pound. Gold has had an amazing year and the bull market is not over."

December gold futures last traded at \$1,277.80 an ounce, down 2.66% on the day.

He explained that the bull market started at the beginning of the year as hedge funds invested heavily in precious metals as a play against global negative interest rates. This latest correction will provide an entry point for retail investors, which is expected to drive prices higher in the term, he added.

Incrementum is fairly bullish on gold in the long-term as the firm expects a low interest rate environment with growing market uncertainty to eventually push it to \$2,300 by 2018.

"Whether our target is reached or not, the important thing for investors to remember is that we are in a bull market and there will be correction but we view the correction as buying opportunities," he said.

One of the key catalysts Stoeferle sees for the gold market is higher inflation pressures, adding that higher inflation coupled with low interest rates will mean real rates will grind down.

Although the Fed is expected to raise interest rates in December, Stoeferle said that it is clear the long-term trend remains extremely subdued. He noted that because of expectations, the Fed has no choice but to raise rates at the end of the year.

"There is no easy way out for central bankers these days and that makes gold an important asset."

Not only will the Fed be behind the inflation curve, but Stoeferle added that the economic cycle is starting to turn and a rate hike could push equity markets into a bear market, leading to a recession. In a recent report, he noted that the Fed's unconventional monetary policy has inflated asset prices to unsustainable levels.

"It's unlikely that the Fed can return to monetary normalcy without affecting asset prices," he said in the report. "There is a palpable danger that a bear market could trigger a chain reaction that leads to a recession."

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Ronald-Peter Stoeferle, fund manager at Incrementum

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