

# Gold prices to continue upward trend — Experts

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## **BornOil gold backing per share climbs to unprecedented levels**

LABUAN: Borneo Oil Bhd (BornOil) gold backing per share continues to rise and now equates to some 21 per cent of its current share price of 14 sen.

In a statement released last Friday to Bursa Malaysia, the company said that its gold inventory currently stands at some 17,507.75 ounces or 544.58 kilograms (kgs).

Based on current gold price per ounce of US\$1,240 (RM4.23 per dollar), this then translates into an inventory valued at approximately US\$21.71 million or RM91.83 million.

As of last Friday, BornOil issued capital stands at some 2.973 billion shares, giving rise to three sen per gold backing.

“Our goal is to further increase our gold backing per share,” said BornOil executive director Raymond Teo.

“Last year, we made the strategic decision of venturing into the gold industry and it’s made our fundamentals even stronger than ever before with rising gold prices,” said Teo.

“We are optimistic that gold prices would continue to head upwards.”

Globally, investors have been seeking out gold as a ‘safe haven’ due to uncertainty in stock markets, coupled with the move to negative rates from some central banks.

“Investors are piling into gold, seeking shelter amid concerns that a turn toward negative interest rates in some countries is threatening to destabilise the global financial system,” according to a report in The Wall Street Journal entitled ‘Gold is biggest beneficiary of negative interest rates’.

Negative interest rates means that banks are charged for keeping cash in certain kinds of accounts at a country’s central bank. That policy is intended to dissuade banks from parking idle cash; hence, encouraging banks to pump money into the economy by making loans.

Meanwhile, gold-backed exchange-traded funds (ETFs) have recorded net inflows since the start of the year, signalling renewed investor interest, reported Yahoo Finance.

“Investors are returning to gold as a core diversifier and safe haven investment,” James Butterfill, head of research at ETF Securities, reportedly said in a note.

“Given the increasingly challenging investment and economic environment, we expect this trend to continue.”