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History shows gold could fall another \$500/oz

The price of gold could fall below USD 800 an ounce over a long-term horizon, a drop of some USD 500 from its current level of USD 1,294 an ounce, Duke University's Campbell Harvey told CNBC on Monday.

Harvey, who works at Duke University's Fuqua School of Business, said that over 2,500 years of history, the real price of gold (the nominal price adjusted for inflation) had remained roughly the same.

"Right now we're way above the mean," Harvey said, suggesting that the price of gold would correct over the long-term to approximately USD 800 an ounce.

"If you look historically, it doesn't just go down to the average and stay there. It actually goes through and falls below, then comes back up," he said.

The price of gold could therefore potentially go even lower than USD 800, he said. "It has been lower in recent history."

"It might not be tomorrow," Campbell added, but "the cycles go in 10-15 years, and we're well into one of these cycles."

He said investors mulling the price of gold should focus on demand rather than supply, which he said was "amazingly constant".

A slowdown in growth in China, as evidenced in data released on Monday which showed that growth had slowed to 7.5 percent, was one potential indicator of lower gold demand.

"China is a demander of gold, lower growth there means lower demand," Campbell said.

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