Gold rebounds as U.S. non-farm payrolls fall short of expectations * U.S. nonfarm payrolls at 559,000 versus 650,000 forecast * U.S. factory orders slide more than expected in April* Dollar drops from three-week high June 4 (Reuters) - Gold rebounded from a more than two-week low on Friday after U.S. nonfarm payrolls did not rise as much as expected, although bullion was still on course to register its biggest weekly decline since March. Spot gold jumped 1% to $1,889.27 per ounce by 1:46 p.m. EDT (1746 GMT), having earlier in the day hit its lowest since May 19 at $1,855.59. It was down 0.7% for the week so far. U.S. gold futures settled up 1% at $1,892. “We’re seeing a modest rally in the wake of the slight miss on the nonfarm payrolls ... more than a few market watchers were looking for a much bigger number and when that didn’t occur the gold market bulls kind of gave a sigh of relief,” said Kitco Metals senior analyst Jim Wyckoff. “The rebound that we’ve seen today keeps the uptrend on the daily chart alive in the gold market, and that’s encouraging for the bulls,” Wyckoff added. U.S. nonfarm payrolls increased by 559,000 last month versus 650,000 forecast in a Reuters poll, while new orders for U.S.-made goods fell more than expected in April. The dollar index eased from a three-week high, making gold more affordable for holders of other currencies, while benchmark 10-year Treasury yields also moved lower. “Part of what we’re seeing in terms of the strength in gold are inflation expectations and those are partly based on the stronger economic data, like higher jobs growth, a broader recovery in the U.S. (and) parts of Europe, and China is still doing well,” said Jeffrey Christian, managing partner of CPM Group. “Gold prices will probably continue to trade between $1,855 and $1,920-an-ounce levels,” Christian said. Silver gained 1% to $27.896 per ounce. Palladium fell 0.1% to $2,837.54 and platinum rose 0.5% to $1,162.83. (Reporting by Sumita Layek, Nishara Karuvali Pathikkal in Bengaluru Editing by David Evans, David Holmes, Jonathan Oatis)