

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,211.60	\$1.10	\$1,253.80	\$1,256.00	\$932.50

After the biggest one-day decline in five months, gold declined nearly 4 percent to below \$1,200 an ounce on Thursday triggering a major technical break that caused some funds to liquidate bullion in order to cover losses in other markets like equities.

On Friday, gold rose marginally on bargain-hunting and short-covering. And, the price of the yellow metal ended up close on \$10 per ounce on the day. The eagerly awaited non-farm payrolls came in largely in line with market expectations while overall employment in the US fell for the first time this year as thousands of temporary census jobs ended, showing the recovery is failing to gain traction. In the medium term, fears for a double-dip recession could fuel demand for gold as a haven from risk, analysts said.

For the week, the USD fell versus the euro, yen, pound and Swiss franc while gaining against the Australian and Canadian dollars. The S&P 500 declined 4.79 to 1,022. The yen consolidated some of this week's strong gains. Sterling was up modestly, just below the 1.52-area resistance.

The sell-off in gold on Thursday prompted a liquidation of a very small amount of the yellow metal held in the world's largest gold exchange traded fund (GLD). Even though this was the first decline in eleven weeks, the holdings of fund are still up this year by 16% to a record 1319 tons.

Gold traders and investors were reluctant to open any new positions ahead of a three-day U.S.

Independence Day weekend. And, the foreign exchange markets ended the week with a steadier tone.

In spite of Thursday's sell-off, the long term fundamentals have not changed and gold will continue to be used as a safe haven for investors, especially during volatile economic conditions and times where there is uncertainty about major currencies like we are currently experiencing with the Euro.

The markets are expected to trade in a thin range today due to the public holiday in the USA.



About the author: David Levenstein is an independent precious metals market commentator with more than 30 years experience.

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