

# Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,189.00	-\$3.20	\$1,214.00	\$1,259.50	\$947.75

Comex gold futures closed higher and nearer the session high on Tuesday, after hitting another fresh two-month low earlier on in the day. Short covering and fresh bargain-hunting buying interest were featured. August gold closed up \$10.40 an ounce at \$1,192.30. Spot gold was last quoted up \$8.50 at \$1,193.00.

News reports out on Tuesday said Russia's gold reserves increased by 0.9% in June. Russia's central bank said its gold reserves were 22.6 million ounces as of June 1. During the last quarter the governments of Venezuela and the Phillipines were also buyers of gold.

The US dollar continued to rebound from two-month lows of 1.3028 against the euro, testing 1.2850 following key US data and corporate earnings. Some risk aversion was seen following the failed three-month auction out of Hungary. GBP/USD moved off its earlier highs of 1.5310 to test 1.5150 aided by disappointing UK public finance data. The Bank of Canada continued its tightening phase as it raised its key rate by another 25bps to 0.75%.

Traders are awaiting the stress test results for European Union financial institutions, due out Friday. The Committee of European Banking Supervisors is testing 91 banks to see whether the banks can withstand a 3% decline in EU economic growth. The committee will also test for sovereign risk at a level beyond the market conditions experienced during May. Traders are also awaiting Federal Reserve Chairman Ben Bernanke's testimony on monetary policy in front of Congress today and tomorrow.

From a technical perspective, gold has formed a clearly defined support level of \$1180/oz which also represents a Fibonacci retracement of 38.2% of the move that began in February this year and which peaked in June.

Gold prices eased in thin Asian trade today and spot gold was trading at \$ 1190.60/oz at noon time Hong Kong. In London spot gold was bid at \$1188.50/oz and offered at \$1189.30/oz at 9.30 am London time.



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

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