

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,183.50	+\$1.50	\$1,186.00	\$1,210.50	\$955.00

On Monday, investor sentiment was boosted by some good economic data. The Eurozone PMI manufacturing index was revised slightly up from 56.5 to 56.7, solid earnings were reported from both HSBC and BNP Paribas, UK Manufacturing PMI dropped just mildly from 57.6 to 57.3 in July, but above expectations of 57.1, and even the Swiss SVMME PMI also beat expectations and rose to record high of 66.9, suggesting strong recovery onwards. Most global equity markets rallied during the day, with the DOW adding 2%, on the day.

The euro rallied against the dollar moving decisively above the 1.3100 handle and the US dollar index dropped further to as low as 81.17. Despite the large increase in inventories last week, the price of crude oil moved up sharply and broke through the \$80 per barrel level. Nymex crude rallied more than 3% pushing the price of WTI crude over \$81 per barrel. The prices of all the precious metals moved upwards with platinum adding 1.6%, palladium over 2% and silver added a touch over 2%.

Despite the rally in precious metals and a strong rally in crude as well as a weaker US dollar, gold put in a rather disappointing performance as it remained mostly flat with the exception of a sharp rally that began at 8 am New York time. In just over an hour it added \$15/oz to its price, but thereafter the price of the yellow metal drifted sideways to lower.

Gold managed to stay above \$1180/oz in thin Asian trade Tuesday and spot gold was trading at \$1182/oz 12.30 p.m Singapore time while December gold was flat at \$1,185/oz. The US dollar remains under

pressure on worries the U.S. growth outlook is deteriorating and could force the Federal Reserve to keep interest rates low.

India's gold demand is picking up for the busy festival season, starting with Raksha Bandhan on Aug. 24, and extending till Dhanteras in November, the single-biggest gold buying day. Jewellery makers in Indonesia also stock up before the Ramadan fasting month in August.

Prices of gold remained stable in London and Zurich this morning and the London am fix was set at \$1184/oz.



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

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