

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,195.90	+\$0.30	\$1,167.20	\$1,208.00	\$960.75

Gold extended its gains and rose to a one-week high on Wednesday, trading briefly above the key psychological and technical level of \$1,200/oz.

The Asian gold markets started off strong on Wednesday, following a report that stated the U.S. Federal Reserve may embark on a policy of buying more U.S. government securities in an effort to monetize U.S. debt. Many analysts believe that this quantitative easing of monetary policy will undermine the value of the U.S. dollar. Apparently, the report in the Wall Street Journal prompted fresh buying interest in gold, especially among Asian traders.

Almost minutes after the London pm gold fix had been posted at \$1199.50/oz, traders on Comex pushed the price of gold above \$1200/oz. Spot gold rose to a high of \$1,202.85 an ounce, its strongest since July 23, and was bid at \$1,201.15 an ounce at 1530 GMT. U.S. gold futures for December delivery jumped \$16.30 to \$1,203.80/oz. However, almost as soon as the highs of the day had been posted, the price drifted lower and December gold closed up \$8.40 an ounce at \$1,195.90/oz. Spot gold was quoted up \$10.40 at \$1,196.50/oz.

The USD/JPY, dropped to as low as 85.31 on Wednesday, sending the yen to a 15-year high against the dollar. The yen has now appreciated more than 31% against the dollar since the high of 124.13 in 2007. On Wednesday, the price of the yellow metal traded at around 101688 yen per ounce.

U.S. crude oil price rose a tad on Wednesday,

responding to weekly EIA inventory report that showed a higher than expected fall in crude stocks. Crude oil stocks fell by 2.8 million barrels to 358.0 million in the week to July 30, according to the EIA. Gasoline stocks were up 700,000 barrels at 223 million, with total distillate fuel 2.2 million barrels higher at 169.7 million.

Gold prices remained flat in Asian trade Thursday and spot gold traded at \$1194.75/oz at 12.00 noon Hong Kong time. Analysts said the precious yellow metal edged up on bargain hunting after prices slipped below \$1,200/oz but believe that traders are now awaiting the release of more economic data from the United States, particularly the non-farm payrolls report, which will offer clues on the health of the economy.

Spot gold in Zurich was quoted at \$1195.90/oz at 10:30 am Zurich time.



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

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