

Rand Refinery Daily Gold Update



Rand Refinery Limited | Tel: (+27) (11) 418 9000
E-mail: gold@gold.co.za | www.randrefinery.com



12 August, 2010

| Gold | Today | Change | Week Ago | Month Ago | Year Ago |
|------|------------|---------|------------|------------|----------|
| | \$1,200.30 | +\$2.40 | \$1,195.90 | \$1,203.75 | \$956.00 |

The yen continued to extend its gains, yesterday as global equities tumbled on concern of a slow down in economic recovery. The USD/JPY breached the 2009 low of 84.81 and reached as low as 84.81. In the bigger picture, the down trend from 2007 high of 124.13 is still in progress and it is now possible for the US dollar to fall towards the next key level of 79.75 (1995 low).

The sharp -2.7% fall in Nikkei, which was triggered by disappointing data from China, was followed by broad based weakness in European stocks. Major European indices were down over -1.5%. Sterling was put under pressure as the BOE revised down GDP and CPI forecasts in its Quarterly Inflation Report.

On Tuesday, The European Central Bank said gold and gold receivables held by euro zone central banks rose by one million euros to 352 billion euros in the week ending August 6. In its regular weekly consolidated financial statement, the ECB said net foreign exchange reserves in the Euro system of central banks were virtually unchanged at 191.7 billion euros.

China reported a slowdown in factory output, adding to the picture of softening domestic demand and the US trade deficit widened by 18.8 percent in June, its highest since October 2008, a government report showed on Wednesday.

In the US, the Dow Jones industrial average and the Standard & Poor's 500 both fell more than 2 percent. Crude oil prices were also sharply lower.

Gold prices rallied on the opening of Comex yesterday as investors reacted to the Fed's downgrade of the US economy and its decision to buy U.S. bonds. Gold for December delivery added \$9.20 to \$1,207.20 an ounce at the Comex division of the New York Mercantile Exchange. However, gold prices fluctuated as the dollar surged the most since December. At one stage the greenback soared 300 pips against the euro and 1.8 percent against a basket of major currencies, heading for the biggest gain since Dec. 19. The spike in the US dollar put pressure on the yellow metal which ended the US session below the \$1200/oz level.

This morning, in thin trading spot gold in Asia was trading at \$1,198.60/oz, at 2:00 pm Singapore time. In early morning European trade spot gold was hugging the \$1200/oz level and at 9:30 am UK time it was trading at \$1200.30/oz.



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

© 2010 all rights reserved.

Information contained herein has been obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. Any opinions expressed herein reflect judgements at this date and are subject to change without notice.