

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,228.00	+\$0.10	\$1,221.10	\$1191.25	\$953.75

Gold remained relatively firm for most of the day, Friday. Then, towards the afternoon gold fix and the US opening, spot gold slipped below \$1,230/oz as the dollar strengthened. Spot gold was bid at \$1,225.65 an ounce at 1500 GMT, against \$1,230.10 late in New York on Thursday. US gold futures for December delivery eased \$7.60 to \$1,227.80/oz but, overall the price of the yellow metal was up over 1% on the week.

The price of gold reached a seven-week high of \$1,237.15/oz on Thursday after weak US jobless and manufacturing data created a sell-off in the dollar. However, on Friday, the dollar had a modest recovery which exerted pressure on the price of the yellow metal. Typically, any strength in the dollar weighs on gold, as it curbs the metal's appeal as an alternative investment and makes dollar priced assets more expensive for holders of other currencies. However, gold can break its usual link with the dollar in times of extreme risk aversion, as was seen earlier this year during the euro zone sovereign debt crisis.

The Asian markets closed lower on Friday on concerns that international demand for their exports will be weaker in the coming months. European stocks were also with the European DJ Stoxx 50 down -0.70 % at a 4-week low and Sep S&Ps down -4.90 points. The euro slumped to a five week low against the dollar on Friday, after comments from ECB council member, Webber, said the European Central Bank should wait till 2011 to decide whether

to begin phasing out emergency lending support for euro-zone banks and other institutions.

Investment demand for gold re-emerged on Thursday as seen by new inflows into the world's largest gold exchange-traded fund, the SPDR Gold Trust. Its holdings rose nearly 4 tons to 1,299.468 tons on Thursday, their highest since July 27. On the physical markets, buying continued in India, while a strong baht encouraged Thai consumers to buy gold, dealers said on Friday. Meanwhile, dealers in Singapore reported limited stocks due to strong demand from Chinese consumers in early August following Beijing's move to allow more banks to import and export gold.

Today in Asian trade spot gold added \$US1.65 to \$US1228.60 an ounce, having hit an intraday high of \$US1229.65. The price has held steady towards the morning gold fix in London.



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

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