

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,240.00	\$UNG	\$1,228.80	\$1,189.00	\$943.50

The price of gold continued to be very robust on Wednesday as more bad economic data hit the markets. US durable goods orders rose a scant 0.3% in July comparing to a 3.0% expectation. European equities failed to hold on to earlier gains and turned red. Standard and Poor's (S&P) Ratings Services downgraded Ireland's credit rating Tuesday on concern about the cost of bailing out the country's ailing banks. S&P lowered Ireland's long-term sovereign credit rating to AA- from AA and kept its outlook on negative, suggesting the ratings agency could cut again. The total cost of Ireland's support for its banking sector may now reach 90 billion euros (\$114 billion), or 58% of GDP, S&P estimated. That's up from a previous forecast of 80 billion euros.

The Japanese yen continued to consolidate as talks of government intervention resurfaced. Prime Minister Kan and Finance Minister Noda met on Wednesday while Noda also stepped up the rhetoric, pledging to take "appropriate action" on recent "one-sided" move in the currency. However, markets were again disappointed as nothing concrete was concluded after the meeting.

Sales of new homes in the United States fell to all-time record low in July, as demand from consumers dried up after tax breaks for homebuyers expired in April, the Commerce Department said on Wednesday. US equities fell on this news but recovered losses later in the US session as investors seemed to shrug off yet another spate of negative housing data.

Gold continued its upward momentum and rose to a

eight-week high above \$1,240 per ounce. Demand for gold will remain robust during 2010 on account of increasing demand from the Middle East, India and China, the World Gold Council (WGC) said. The rising global investment demand driven by continuing uncertainty over public debt and economic recovery is expected to push prices. "We witnessed an increase in demand in the UAE around Akshaya Tritiya, the Indian festival," said Ajay Mitra, Managing Director, India, Middle East and Turkey at the WGC.

Gold prices remain higher in Asian trade Thursday a day after the WGC said regional giants India and China were likely to provide the main thrust to demand growth this year. Gold remained firm in Asian trading today with spot gold trading at \$1239.40/oz at 11.30 am Hong Kong time.



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

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