

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,161.00	-\$20.50	\$1,188.50	\$1,256.00	\$955.00

Prices of gold firmed on Tuesday on broader physical demand, particularly in Asia. According to several dealers in Mumbai, prices below \$1180/oz are very attractive. Chinese jewellers and investors also pushed up premiums for gold bars to their highest in nearly two years on Tuesday. In a statement issued by China's central bank, China plans to allow greater freedom in its gold trade.

According to Reuters, China's central bank said in a statement, it will allow its banks to import and export more gold as part of a programme to push forward the development of the country's market in the precious metal.

"This is largely positive news for gold," said UBS analyst Edel Tully. "It looks like an effort to further liberalise the gold market and integrate it into China's financial framework."

China, the world's largest gold producer, will support overseas investment plans by "large-scale" bullion companies by backing them financially, the People's Bank of China said. Banks should extend credit lines to gold producers and offer loans for overseas acquisitions, the central bank said today in a statement on its website. The government will "support" the companies when they issue corporate bonds and help reduce financing costs, it said, without clarifying what that meant.

At the moment gold is being supported by the declining value of the U.S. dollar against the other

major currencies. The U.S. dollar index hit another fresh 3.5-month low Tuesday, and the US dollar remained under pressure, especially against euro and sterling. The EUR/USD breached 1.32 while GBP/USD reached 1.596.

Crude oil continued to rise strongly and both Brent and West Texas Intermediate (WTI) broke above \$82 per barrel. The rising crude oil prices have been supportive for the gold market, due to inflationary implications.

Comex gold futures prices closed modestly higher Tuesday. December gold closed up \$3.60 an ounce at \$1,189.00. Gold prices continued to climb in Asian trade Wednesday, and in early European trade, gold edged up further and spot gold was trading at \$1194.50 at 9:30 am London time.



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

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