

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,226.50	+\$1.00	\$1,197.20	\$1,211.75	\$938.00

Yesterday, the Asian markets closed mixed with Japan down -0.61%, Hong Kong +0.19%, China +2.33%, Taiwan +0.63%, Australia -0.47%, Singapore -0.22%, South Korea -0.22%, India -0.64%. Japanese stocks fell after a report was released that showed that GDP growth in Japan rose merely 0.4% annualized rate in Q2, comparing to consensus of 2.3% and prior quarter's 4.4%. The slower than expected GDP growth in Japan pushed the Japanese economy into third place behind the US and China and reinforces the IMF's prediction that China will be the world's second-biggest economy by the end of 2010.

Gold rose to its strongest in more than a month on Monday as pessimism about the global economic recovery sparked buying from investors. The strength in gold prices began in Asia where prices surged to a six-week high in India. The price of the yellow metal has gained Rs 430 in last four trading sessions, added another Rs 75 to trade at Rs 18,870 per ten grams, a level last seen on July 3.

Gold edged higher in New York and December gold added \$7.80 to \$1,224.40 an ounce during the beginning of the session at the Comex division of the New York Mercantile Exchange. The gold price made an intraday high, yesterday of \$1,229.50/oz. The US dollar index slipped 0.63% to \$82.40 while the euro rallied to \$1.28 vs. the dollar.

Last week as US stocks lost around 4% there was also sell-off in oil, and Nymex (WTI) crude was down

by 7% on the week. It was only a few days ago, when the prices of crude were seen surging ahead. Stockpiles of crude oil and petroleum products in the U.S. swelled to an all-time high in the week ending Aug. 6, while China, the primary engine of demand growth, cut back on its oil imports. Interestingly, the price of gold reacted inversely to the price of crude, and moved higher while crude prices dropped.

Comex gold futures prices closed higher, near the daily high on Monday, and hit a fresh six-week high. December gold last traded up \$10.30 an ounce at \$1,226.90/oz. Spot gold was last quoted up \$9.60 at \$1,225.50/oz. Gold prices remained firm in Asian trade Tuesday, and spot gold traded at \$1225/oz at 12 noon Singapore time while December gold was at \$1,226.70/oz. In early morning trade in London, gold prices remained firm.



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

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