

Rand Refinery Daily Gold Update

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



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,190.10	-\$21.10	\$1,241.50	\$1,212.40	\$925.00

Yesterday, gold was steady until around 8 am New York time when the price of the yellow metal began to drop. It seemed as if traders in the US were screaming "sell," even before they were calling for their first cup of coffee. And, for the next four hours the price of gold headed south, hitting a low of US\$1188.50/oz.

Gold for August delivery settled \$12.60/oz lower to \$1,195.10/oz at the Comex division of the New York Mercantile Exchange. During the day the price of gold traded as high as \$1,215/oz and as low as \$1,188.50/oz

With gold prices closing below the \$1,200/oz level, many analysts are now looking for prices to retest \$1,180/oz. However, any price drop to these levels will almost certainly be driven down by the paper contracts on the gold futures markets and I doubt that we will see any real liquidation of the physical. Since June 30, holdings of the US gold exchange traded fund are only down 3.955 tons to 1316.481 tons.

The euro continued to climb and rose to a new 6-week high against the US dollar at 1.2638. Today, it has been a quiet session in Asia, for both currencies and gold. There was some fresh buying in Singapore and Hong Kong as bargain hunters snapped up the yellow metal as prices dropped to a six week low.

Recent reports showed that gold imports in Ahmedabad, the capital city of the state of Gujarat, more than doubled compared with the same time last

year. About 108 tons of gold were imported between January and June 2010, compared to about 39 tons in the same period last year. This is an increase of 175 percent. This increase in demand has occurred despite the high prices of gold which traded between Rs16,500 and Rs19,500 per 10 gm. And, this increase in demand occurred during the first half of the year which has usually shown weaker demand than the second half of the year when gold imports increase due to the many festivals as well as the wedding season.

With the absence of any fresh, bullish fundamental news, the price of gold may trade sideways for now.



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

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