

Rand Refinery Daily Gold Update

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19 July, 2010

Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,192.90	+\$0.10	\$1,209.10	\$1,234.50	\$934.50

Gold suffered a \$20/oz loss on Friday due to another broad market sell-off in the US which was prompted by bad second quarter earnings report from Bank of America and Citigroup. Shares of Bank of America were down more than 6% and Citigroup shares were down nearly 4%.

The Dow Jones industrial average dropped 261 points, or 2.52 percent, to 10,097, The Standard & Poor's 500 Index slid 31 points, or 2.88 percent, to 1,064. The Nasdaq Composite Index lost 70 points, or 3.11 percent, to 2,179.

Oil and gold closed the week on a losing note with NYMEX WTI crude settling the week at \$76 a barrel. London's Brent North Sea crude for September fell 82 cents to settle at \$75.30.

Gold futures fell \$20.10, or 1.7%, to \$1,188.20 an ounce, the biggest one-day drop since May 21. Gold rose to a record \$1,266.50 an ounce on June 21 and surged to all-time highs in euros, UK pounds, Swiss francs, Japanese Yen, Russian rubbles, and Indian Rupee last month amid Europe's fiscal crisis.

Other losses on Friday included silver which fell 57 cents, or 3.1 per cent, to \$17.78/oz for September contract. The price was down 1.6 per cent for the week. Platinum futures for October delivery dropped \$21.60, or 1.4 per cent, to \$1,512.10/oz and palladium futures for September delivery declined \$18.60, or 4 per cent, to \$448.60/oz. Copper prices dropped as much as 2.8 per cent.

The EUR/USD pushed through the key 1.30 handle briefly in the wake of the poor earnings reports but, dealers are questioning the Euro's 6-week rally ahead of next Friday's release of the EU stress test. The US TIC data showed that China's treasury holdings fell by \$32.5 billion in May to \$867.7 billion bringing its total to the lowest since June 2009. Furthermore, Japan also offloaded \$8.8 billion in bonds, as did the Oil Exporters. Yet total foreign Treasury holdings increased from \$3,957 billion to \$3,964 billion almost exclusively as a result of ongoing exponential UK accumulation.

Gold opened slightly lower in Asian trade this morning. Spot gold was trading at \$1191/oz at 3 pm Hong Kong time, by London time 9 am it was trading at \$1192.90.



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

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