

# Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,197.20	-\$4.50	\$1,183.50	\$1,201.25	\$953.00

Gold trading in Asia and Europe on Friday was mostly dull. The price of gold remained flat and close to the \$1,195/oz price level. Then, almost as the US employment figures were released at 8:30 am New York time, gold spiked over \$1,200. In less than an hour, gold for December delivery added \$11.30 to \$1,210.60/oz at the Comex division of the New York Mercantile Exchange. With the high of the day set at \$1,212.90/oz and the low at \$1,194.50/oz, the price of the yellow metal swung some \$18/oz on the day. As gold futures rose, extending the longest rally since November, the dollar dropped against the euro, boosting the appeal of the precious metal as an alternative asset.

The greenback fell as much as 1.1 percent after a payroll report signaled the U.S. will be slow in recouping jobs lost in the recession. The Yen jumped sharply in the early US session following the much worse than expected non-farm payroll report which showed a contraction of 131,000 in July versus expectation of a contraction of 75,000. The unemployment rate was unchanged at 9.5%.

The poor job data raised the possibility of more quantitative easing from Fed this week. "It is now widely accepted that the continued domestic weakness will cause the Fed to significantly expand stimulus efforts through so-called quantitative easing," Peter Schiff, the president of Euro Pacific Capital in Darien, Connecticut, said in a report. "It's a strong signal for traders to flee the dollar."

The Federal Reserve has kept its benchmark interest rate at 0% to 0.25% since December 2008 to revive

the economy. The European Central Bank (ECB) kept its main rate at 1%. The Fed's next decision on interest rates is Aug. 10.

The market was closed in Singapore yesterday due to a National Day holiday. The physical market was also slow in Tokyo because of the absence of demand from jewelers and the industrial sector. Comex gold futures prices closed modestly lower Monday, on a corrective pullback from recent gains. December gold closed down \$3.20 an ounce at \$1,202.10/oz.

The gold market was flat in Asian trade today, as the price of spot gold hovered around the \$1200/oz level. It seems that traders are reluctant to initiate new positions ahead of the Fed's statement following its FOMC monetary policy meeting later today.



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

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