

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,234.80	+\$4.40	\$1,222.30	\$1,187.00	\$949.50

Gold trading slowed in Mumbai on Tuesday as the rupee weakened against the dollar which made the dollar quoted asset more expensive. According to dealers, sales on Monday were fairly robust. "I made good sales yesterday... we booked around 120 kgs at \$1,227-1,231/oz but, it has slowed due to rupee," said a dealer with a state-run bank in Mumbai, which deals in bullion. The Indian rupee extended its drop to a fresh one-week low against the greenback.

The yen hit a 15-year high against the dollar and a nine-year peak against the euro on Tuesday. The greenback made a 15-year low of 84.15 yen by 1115 GMT. The euro fell to 106.11 yen, its lowest since November 2001, having dropped through a support level at around 107.27 yen, which was the low made in June. It was down 1.2 percent on the day. The euro also fell to a six-week low against the dollar of \$1.2602, opening the way to a fall toward \$1.2522 and then \$1.2479/oz; the daily lows from July. Now that the 85 yen level was breached, traders believe that the dollar/yen falling to 80 is a real possibility.

The big news of the day was the US home sales. The National Association of Realtors said sales of previously owned US homes dropped to a record 27.2% from June to an annual rate of 3.83 million units, the lowest level since May 1995.

The data which implies a further loss of momentum in the US economic recovery caused investors to ditch equities and oil prices sank after the report underlined a slow economic recovery and weak demand for oil.

October crude fell \$1.10 to \$72 a barrel. The price of crude has dropped almost 13% in the last three weeks.

December gold closed \$4.90 higher at \$1,233.40/oz at the Comex division of the New York Mercantile Exchange. On Tuesday, the gold price traded as high as \$1,237.50/oz and as low as \$1,211.70/oz. Gold prices were mixed in early Asian trade Wednesday. Spot gold traded at \$1231.35/oz at 11.30 am Singapore time while December gold was quoted at \$1,232.40/oz. In London prices edged up higher before the morning fix and spot gold traded at \$1234/oz.



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

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