

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,249.10	+\$1.40	\$1,234.80	\$1,178.00	\$949.75

Almost as soon as the US gold futures market opened on Tuesday, gold rallied and shrugged off earlier losses. Gold prices had been selling off in early-morning trading, but investors decided that gold prices were still low and bought the yellow metal. Volume was good, and December gold settled up \$11.10 to \$1,250.30 an ounce at the Comex division of the New York Mercantile Exchange. The gold price Tuesday traded as high as \$1,251 and as low as \$1,233.50. The US dollar index was lower by 0.14% at 83.02 while the euro was up 0.25% at \$1.27 vs. the dollar.

The Swiss franc continued to strengthen against euro and sterling. In addition the Hungarian forint also fell to another record low against the Swiss franc. The greenback continued to weaken against the swissy and yen. The EUR/USD staged an intraday reversal yesterday and rebounded strongly.

South Africa is currently estimated to have the world's largest quantity of gold reserves with 6000 tons. However, China has become the leading producer of gold as at the end of 2009, followed by Australia, South Africa and the United States.

South Africa's main gold producing area is concentrated on the Archaean Witwatersrand Basin. The Wits has been mined for more than 100 years, producing more than 41,000 tons of gold. Most of the mines operate underground reaching depths of over 3.8 km. While small in comparison, Mexico's ever-expanding gold mining industry is well positioned for a strong year in 2010, with output expected to

increase by an additional 880,000 ounces to nearly 2.5 million ounces, representing an approximately 50 percent increase over 2009's projected figures.

The world's largest gold-backed exchange-traded fund, SPDR Gold Trust, said its holdings rose to 1,302.508 tons by Aug. 31, from 1,298.556 tons on Aug. 27. The holdings hit a record at 1,320.436 tons on June 29.

The upward momentum in the gold price faltered slightly in Asian trade Wednesday, but analysts say that the price is likely to climb again due to large demand caused by the uncertainty of global economic growth. Spot gold traded at \$1245.80/oz at 12.00 noon Singapore time, and it was trading at \$1249.10 in Zurich at 10.00 am Zurich time.



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

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