Dg Daily Gold Update 2013

Rand Refinery (Pty) Ltd, Refinery Road, Industries West, Germiston, 1401, South Africa
P.O. Box 565, Germiston, 1400, South Africa, Tel: +27 (0) 11 418 9000
Fax: +27 (0) 11 418 9231 www.randrefinery.com Email: gold@gold.co.za

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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	$1,257.50	-$5.10	$1211.00	$1,219.50	$1237.25

Gold prices surged on Thursday after the Swiss National Bank (SNB) unexpectedly scrapped its three-year policy of capping the Swiss franc against the euro, one week before European Central Bank (ECB) policy makers meet to discuss new stimulus plans. February gold closed up $28.20 an ounce at $1,262.50 an ounce and spot gold ended the day at $1,258.20 per ounce.

The SNB news caught the markets by surprise and sent shock waves throughout many currency, stock and financial markets. The Swiss franc rallied strongly against the euro—by more than 20%, and the gold price rallied by more than 2% to a 4-month high.

Euro-denominated gold rose to a new peak of 1,083 euros an ounce, its highest since May 2013.

Switzerland's franc soared by almost 30% in value against the euro on Thursday after the SNB abandoned its three-year old cap at 1.20 francs per euro. It also gained 25% against the dollar to trade at 0.8900 francs per dollar.

The SNB implemented the peg to the Euro in 2011 in an effort to stem the appreciation of the franc. Thursday's SNB news has added still more anxiety to an already very nervous market place.

The Reserve Bank of India (RBI) cut its key interest rate by a quarter percentage point in another surprise move.

The decision to lower the rate to 7.75%, announced more than two weeks before the central bank's planned monetary policy review on Feb. 3, follows several months of declines in India's stubbornly high inflation.

India's short-term lending rate has been held at 8% since January 2014 to counter inflation, which hit double digits last year.

According to the bank's governor, Raghuram Rajan, "both near-term and longer-term inflation expectations have eased to single digits for the first time since September 2009."

Finance Minister Arun Jaitley said the move would "lead to more money in the hands of the consumer for greater spending" and "will certainly help in reviving the investment cycle the government is trying to restore."

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