Dg | Daily Gold Update | 2013

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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	$1,096.00	+$0.80	$1104.50	$1,167.20	$1295.00

Gold prices bounced on Friday as the U.S dollar tumbled after an index measuring the price of U.S. labour declined sharply in the second quarter. The price of spot gold ended up $6.90 an ounce to close out the week at $1095.20 per ounce.

The US employment cost index registered the smallest quarterly gain in 33 years. The index, which is seen as the broadest measure of labour costs, rose just 0.2% in the second quarter, the labour department said on Friday.

The data suggested that wage inflation remained weak in the second quarter, and that the labour market may not be as strong as employment data suggested. That in turn could influence Fed policy makers to delay an interest-rate increase.

Earlier this week, the London Metal Exchange announced it will begin accepting yuan as collateral for banks and brokers trading on its platform.
The LME is the largest metal trading venue in the world. It facilitated some $15 trillion in metal trades last year. The yuan joins the United States dollar, the euro, the British pound and the Japanese yen as allowable collateral.

Meanwhile, in June this year, the London Bullion Market Association said that Bank of China Ltd. will become the first Chinese bank to participate in the daily process for setting the price of gold.

Brazil's central bank raised its benchmark interest rate by half a point to 14.25%, seeking to fight inflation during a major slump in the local currency.

The bank's monetary policy committee COPOM decided in a unanimous vote to raise the Selic rate by 0.50% points, the seventh consecutive raise.

The half-point bump was the largest boost in nine years.

On Friday, the real plunged to its lowest level against the dollar, adding to the woes of a country already hit by five years of low growth.

Analysts say Brazil's once booming economy suffers deep underlying illnesses, notably the massive corruption scandal unfolding at national oil company Petrobras and rippling across other top companies and into political circles.

In 2014, GDP grew just 0.1% and this year, the government forecasts a 1.49% contraction, while the market expects even worse.

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