

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,204.60	+\$7.50	\$1,211.60	\$1,229.50	\$908.50

Yesterday, gold drifted lower in the Asian and European markets. This trend continued into the US opening and the price was pushed below the \$1200/oz by traders on Comex on speculation that investor demand for the yellow metal will be curbed by signs that the global economic recovery is strengthening. Also, the dollar gained as much as 0.7 percent against the euro.

Traders in Mumbai mentioned that there was evidence of gold scrap coming onto the markets through sales to jewellery shops. They estimate that sales of scrap to jewellery shops have increased by ten percent. Traders say the trend has spread across the country as farmers sell old jewellery. Usually, farmers sell gold at the beginning of the monsoon season every year and depending on their financial situation, they may use the money from their gold sales to buy seeds, fertilisers and equipment.

In Japan, the ruling Democratic Party of Japan lost control of the parliament's upper house as voters opposed the plan of raising the sales tax. The result of the election will probably have an impact on the pace of fiscal consolidation and pressure the Bank of Japan to implement more measures to fight deflation. The yen, dropped for a 4th day against the dollar.

Even though China's net import of crude oil rose to a record of 5.4M barrels per day in June, up 25.4% from May and up 35.7% for the same period last year, the price of crude lost over a dollar a barrel

during the course of the day. Crude for August delivery fell 86 cents to \$75.23 a barrel by 12:45 p.m. EDT after closing last week with a gain of more than 5 percent; its biggest weekly jump since May.

Gold gained slightly in Hong Kong and Singapore today, but continued to hover around the \$1,200/oz level. Spot gold gained as much as 0.4 per cent to \$1,201.04/oz, before trading at \$1,199.50/oz at 12:12 p.m. in Singapore. The price dropped 1.2 per cent yesterday to close at less than \$1,200/oz as global stocks gained amid optimism that earnings have improved and the US dollar strengthened

The upcoming economic data this week will probably cause new volatility in the currency markets as well as gold.



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

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