

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,214.00	+\$3.00	\$1,190.00	\$1,223.00	\$921.75

Yesterday, all was quiet in Asian and European trading... with volumes low once again... even lower than Monday until around 11:30 local time in London. Suddenly volume in gold almost doubled as the price of gold spiked by \$17/oz in less than an hour. The news that the rating agency Moody had downgraded Portugal's debt rating by two notches to A1 with a stable outlook caused renewed concerns over the Eurozone debt ahead of a Greek T-Bill auction.

Moody's said that "Portuguese government's financial strength will continue to weaken over the medium term." The problems in the Eurozone were a key driving force that propelled the gold price over \$1260/oz. And, once again, these problems are resurfacing. The euro fell 0.4 percent to \$1.2544 at 10:15 a.m. in London, a third straight decline against the dollar.

When it comes to rating agency, China's rating agency Dagong Global Credit Rating Company (a Chinese rival to S&P, Fitch and Moodys) has downgraded the USA from its normal AAA status to AA with negative outlook. Other nations to see their credit ratings downgraded below those normally assessed by S&P, Fitch and Moodys included Japan, France and the UK at AA-, while Spain is rated A with negative outlook Portugal, Ireland, Italy have been downgraded to A- or lower to - BB. Greece has junk bond status.

Top rated nations with AAA status are Australia, New Zealand, Denmark, Norway, Luxembourg, Switzerland and Singapore, while China, Canada ,

Germany and the Netherlands are rated AA+ .

European Union regulators are examining the strength of 91 banks to determine whether they can survive potential losses on sovereign-bond holdings. EU finance ministers have gathered in Brussels today to discuss the procedure of stress tests and the disclosure of its findings.

A lot of trade statistics are due out this week beginning today. These will include Chinese GDP, US crude inventories, Jobless claims, PPI and CPI as well as the FOMC minutes.

Gold remained relatively firm in Asia today. Spot gold was trading at \$1211.60/oz at 11.30 a.m and then by 3.00 pm Singapore time it was trading at \$1214/oz.



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

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