

Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,213.40	+\$4.90	\$1,204.10	\$1,223.00	\$930.00

The gold price was trading in a sideways and choppy fashion for most of yesterday. The British pound extended the rally from the previous day and advanced to a high of 1.5290 on news that the UK unemployment rate dropped to 7.8% in May, the lowest since January. The euro struggled to gain any further momentum as the Bank of Spain revealed that a record figure was borrowed by Spanish Banks from the ECB in June. A total of EUR 126.3 billion was borrowed by Spanish banks, representing 78.6% rise from a year ago and 47.5% rise from May. The gold price showed little reaction to this news, but later in the day it gained a few dollars. But, soon afterwards the price drifted lower for the rest of the day.

Crude oil prices have received a boost in the last few days, and a strong outlook for global crude demand pushed prices up 3% Tuesday. Prices continued to edge up on Wednesday following a better-than-expected weekly government inventory report. Oil inventories in the US declined by 5.1 million barrels for the week, while analysts expected them to drop by 2.6 million barrels, according to a consensus estimate collected by energy information provider Platts. And, the higher prices of crude have lent some support to the gold market.

In a report from Global Industry Analysts entitled "Gold Mining: A Global Strategic Business Report," China continues to dominate gold mine production worldwide. The country overtook South Africa in 2007 to become the largest gold producing nation.

Other regions with substantial gold production include Australia, the US, Peru, Russia, Canada, Indonesia, Uzbekistan, Papua New Guinea, Mexico, and Brazil.

Chinese economic growth slowed in the second quarter. Gross domestic product in the world's third-largest economy maintained double-digit growth for the third quarter in a row, expanding 10.3 percent in the three months to June, according to the National Bureau of Statistics. The second quarter figure marked a slowdown from the 11.9 percent growth in January-March and the 10.7 percent in the last three months of 2009.

Gold prices are holding steady in Asian trade today, and spot gold was trading at \$1212/oz at 12.00 noon Singapore time. The price has held steady and by noon time in Dubai it was unchanged.



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

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