

# Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,1237.00	-\$1.10	\$1,228.00	\$1,168.00	\$950.75

U.S. economic growth slowed to 1.6% in the second quarter, the Commerce Department said on Friday. The government said U.S. economic growth in the second quarter was 1.6%, down from the previously reported 2.4% but slightly higher than consensus forecasts of around 1.3% to 1.4%. Still, growth has slowed considerably from the 3.7% reported for the first quarter. Initially, the gold prices reacted by inching up a few dollars. At 9 a.m. New York time, December gold was \$3.30 higher at \$1,241 an ounce on the Comex division of the New York Mercantile Exchange. Spot gold was \$3.50 higher at \$1,239.80/oz.

Almost an hour later gold prices dropped as the US Federal Reserve Bank Chairman, Ben Bernanke gave his widely-anticipated commentary on Friday. After trading in a tight range of around \$5 per ounce for most of the day, the price of the yellow metal fell \$8 per ounce from \$1240/oz to \$1232/oz at 10 am New York time which coincided with the time of Benanke's speech. Then, another hour later, the price of gold had rebounded back over \$1240/oz.

Benanke said that the recovery in the US had softened more than expected and the Fed is ready to take any further steps needed to stimulate the economy. "The committee is prepared to provide additional monetary accommodation through unconventional measures if it proves necessary, especially if the outlook were to deteriorate significantly," he said in remarks prepared for delivery at a Fed conference in Jackson Hole, Wyoming.

After a fairly volatile session, December gold closed up 20 cents to \$1,237.90 an ounce. The gold price on Friday traded as high as \$1,244.20 and as low as \$1,233.50. The US dollar index was up 0.04% at \$82.93 while the euro was up slightly at \$1.27 vs. the dollar.

Volumes on the Dubai Gold & Commodities Exchange (DGCX) recorded a 37% year-on-year increase in July, with 156,242 contracts traded, valued at US \$828 million. Total year-to-date volumes in 2010 rose 46% compared with the previous year to reach 1.09 million contracts as at July end.

Gold dipped slightly in Asian trade Monday. Spot gold traded at \$1235.30/oz at 12.00 noon Singapore time while US gold futures for December delivery was at \$1,237.40/oz. December gold was trading at \$1239/oz in Dubai at 12 noon time Dubai time, Monday.



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

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