

# Rand Refinery Daily Gold Update



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Gold	Today	Change	Week Ago	Month Ago	Year Ago
	\$1,252.00	+\$0.70	\$1,235.40	\$1,184.00	\$982.50

Gold edged up further yesterday on speculation that central banks will keep interest rates low for an extended period, boosting the appeal of the metal as an alternative investment. On Thursday, the European Central Bank (ECB) kept its benchmark interest rate at 1 percent, the lowest ever, to help revive the region's economy. The US Federal Reserve has kept the U.S. benchmark from zero percent to 0.25 percent since December 2008. "We have to remain cautious and prudent -- we don't declare victory," Trichet said today. "Monetary policy will do all that is needed to maintain price stability in the euro area over the medium term."

The euro initially rose after Trichet's remarks before giving up its gains. It traded at \$1.2818 at 5:11 p.m. in Frankfurt, close to its level before the press conference. Gold futures for December delivery rose \$5.70, or 0.5 percent, to \$1,253.80 at 11:30 a.m. on the Comex in New York. Yesterday, the price reached \$1,256.60, the highest level for a most-active contract since June 28.

the International Monetary Fund warned that the U.K. will need long-term reforms to manage its public finances as the group sees the region's debt-to-GDP ratio more than doubling by 2015 from 44.1% in 2007, but went onto say that "current market indicators of default risk seem to reflect some market overreaction" as the government takes unprecedented steps to lower the budget deficit.

Initial claims for state unemployment benefits dropped for a second straight week, slipping 6,000 to a seasonally adjusted 472,000 in the week ended

Aug. 28, according to data from the Labor Department. Analysts polled by Reuters had forecast claims edging up to 475,000. New claims for U.S. unemployment benefits fell last week, but were still too high to signal a change in fortune for the troubled labor market.

On Thursday, December gold closed up \$5.30 to \$1,253.40/oz at the Comex division of the New York Mercantile Exchange. The gold price traded as high as \$1,255.20 and as low as \$1,245.30 on Thursday.

Gold prices were mixed in Asian trade Friday ahead of a key US jobs data. Spot gold traded at \$1249.60/oz at 12.00 noon Singapore.



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

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