

# WORLD GOLD COUNCIL

45 Pall Mall  
London SW1Y 5JG  
United Kingdom  
Telephone: +44 (0)20 7930 5171  
Facsimile: +44 (0)20 7839 6561

Date Friday, 07 September 2001

From:  
Rhona O'Connell

## **DAILY GOLD MARKET COMMENTARY**

Yesterday's London a.m. fix	\$272.00	Yesterday's London p.m. fix	\$272.05
New York spot close	\$272.90-3.40	London opening indication	\$272.40-2.90

### **Trading**

Gold trading remains quiet with market participants increasingly focusing on the imminent UK auction of 20 tonnes (September 12<sup>th</sup>). Ranges again were little more than \$2/ounce yesterday and currencies dominated once again, with the weaker dollar against the euro helped to buoy prices during New York hours. Asia was steady and spot prices are holding in the \$272-273 range this morning. The market remains wary of the COMEX net long speculative position and continues to take cognisance of comfortable liquidity levels, but participants are not expecting the \$270-275 range to break ahead of the auction.

### **Market factors**

German industrial orders for July were reported yesterday and had fallen by more than expected (i.e. 1.6%), giving a year-on-year decline of 4.4%. While this put the Euro under pressure during European morning trading, the US then produced poorer than expected "non-manufacturing" business activity figures from the NAPM – countering the high "Manufacturing" NAPM number released on Tuesday. The non-manufacturing figure for August was 45.5. Against 48.9 in July, and equities went into decline as a result. With the dollar also under pressure, Treasuries were the primary beneficiaries of flows of funds, although gold staged a small improvement in tandem with the currency movements. In the Far East, Japanese economic figures released this morning showed a 0.8% drop in GDP (a 4.1% drop in public-sector capital spending) in the second quarter of the year, suggesting that the beneficial effects of last year's supplementary budget have worked their way through already. This has prompted local economists to comment that large-scale government spending is only a temporary remedy. When combined the fact that Moody's has put Japan's JGBs on credit-watch with a view to a possible downgrade, the latest figures are bolstering calls for renewed economic reforms.

### **Background News**

**The Isle of Man Mint** has launched a series of legal tender commemorative coins bearing the head of Queen Elizabeth II on one side and Harry Potter on the other, and the Pobjoy Mint reports that they are selling rapidly. The coins are cupro-nickel (unlimited number of units), silver (15,000) and gold (10,000) with the gold coins commanding a substantial premium over bullion; some purchaser are buying multiple units. The gold coins are 24-carat purity and contain 0.04 ounces (1.24g of gold); there is likely to be a launch at a later date of coins containing 0.1 and 0.2 ounces, while there has apparently also been enquiry for the possibility of one-ounce coins.

The **Canadian Central Bank** sold 22,000 ounces of gold in August, as part of its long-standing disposal programme.

*If you have any questions or comments on this input, please address them to Rhona O'Connell in our London office,  
Tel. + 44 20 7766 2708, Fax. + 44 20 7839 6561,  
E-mail: rhona.o'connell@wgclon.gold.org*