

Publication: Afternoon Dispatch & Courier

Link: http://www.afternoondc.in/afternoondc/business-investment/invest-in-silver/article_22062

Date: 11th April, 2011

Coverage Page:

The screenshot shows a Mozilla Firefox browser window displaying the Afternoon Dispatch & Courier website. The main headline is 'Invest In Silver'. Below it, a sub-headline reads 'Silver is glittering in India these days. Only the poor in India could have thought of buying silver jewellery for the marriage of their daughters some years back.' A photograph of several silver bars is shown next to the text. To the right, there's a sidebar with a fact box: 'Fact: The size of a fund is no indicator of returns or risks' and a small cartoon illustration. At the bottom of the page, there's a 'City news' section with a photo of people.

Coverage:

Invest In Silver

Monday, April 11, 2011



Silver is glittering in India these days. Only the poor in India could have thought of buying silver jewellery for the marriage of their daughters some years back.

But these days, driven by the skyrocketing price of gold, Indians—the rich, the middle class and the poor—are buying silver jewellery and investing in silver.

Silver contracts for May are already at a new high. Indian silver prices did manage to hit a fresh new all time high overnight and that has prompted talk that the US silver market is destined for a near term rise above 40 dollars.

Yet investors who focus on gold and ignore silver could be missing an even better bet. Demand and performance numbers show that silver is beating gold and has been for a while.

The point is that silver tends to be in greater demand relative to gold during economic expansions and bull markets. Gold tends to be in greater demand when concerns rise about economic downturns or geopolitical events. These basic investment tenets describe how stock investors can benefit from monitoring the gold/silver ratio, which is simply a study of the demand for gold relative to the demand for silver.

Silver also has shown a better long-term performance, with three times gold's run in the last 20 years. Specifically, silver has posted gains of around 637% since early 2009 compared with approximately 255% for gold in the same period. Indians are known to spend a substantial part of their income on the purchase of silver, partly as an unavoidable expenditure for weddings and other family celebrations and partly as an investment.

Gold and silver imports by India are set to touch record levels in 2011, according to early data compiled by the World Gold Council (WGC) and the Bombay Bullion Association.

What's more, a shift in who owns silver has contributed to a bottleneck. Stockpiles of silver were for decades largely a part of Commodity Exchange warehouse inventories. COMEX inventories were mostly commercial holdings, with a small portion being held for investment purposes — peaking at around 280 million ounces in the early 1990s, according to a report by Ted Butler.

Then a funny thing happened — after the introduction of silver Exchange Traded Funds (ETFs), there was a profound shift in the location and structure of visible silver inventories. Rather than being a commercial stockpile, investment holdings have overshadowed the conventional use of silver by four to one.

Given the long-term nature of ETF investment holdings and the current silver boom, it's highly unlikely this new floor for silver prices will go anywhere. That skews the chart upward for silver.

Remember, past performance is no guarantee of future results. But a look at just about any time frame over the last few decades shows that silver has outperformed gold. Another annual gain of about 80% may be a bit unrealistic, but if you think precious metals are on the rise, you should bank on silver instead of gold.

Publication: Afternoon Dispatch & Courier

Link: http://www.afternoondc.in/afternoondc/business-investment/where-is-gold-going/article_22545

Date: 18th April, 2011

Coverage Page:

Coverage:

Where is gold going?

Monday, April 18, 2011



Prithviraj Kothari

Managing Director, RSBL and current president Bombay Bullion Association. (BBA)

All these weeks, we have been speaking about silver and palladium. But coming ahead from the back seat at an all time high is gold that's glittering with shine.

Gold has been the traditional, solid and safest of investments that people go in for during times of financial uncertainty.

We are currently experiencing a gold boom. Investors are flocking toward gold as a safe-haven investment.

Gold prices rose to an all-time high above 1,488.5 dollars an ounce on Friday, as new peaks in crude oil and grains fuelled inflation fears and a downgrade of Portugal's credit rating fed safe-haven demand.

Gold prices have also risen in line with the price of oil which is mainly due to the current political and economical uncertainty in the Middle East and North Africa.

Gold prices were holding slight gains early Thursday when some US economic data was released to help push prices higher. The weekly jobless claims report came in weaker than expected and the US producer price index had a core reading that was a bit hotter than expected. The US dollar index sunk to a fresh 16-month low following the release of the economic data, which boosted the gold market bulls.

The very weak technical posture of the US dollar index also remains a bullish underlying factor for the precious metals markets.

The spectre of increasing inflationary pressures is gaining more investor attention. Precious metals prices have been boosted in recent months in part by heightened inflation concerns among investors.

Gold in global markets, which normally sets the price trend on the domestic front, reached a new record high of 1,488.5 dollars an ounce.

Though silver has been moving much faster than gold, the gold upsurge seems to be more stable.

I don't believe gold is 'in a bubble', but rather its price is something that reacts to world economic and economic-related (military, societal disruption, etc.) events. I believe that to predict a given price or price range for gold (or silver) largely is meaningless, given that the gold (and to some degree the silver) price is affected by world events that fall into the categories of 'predictable' (e.g. the US is going to run consistent trade deficits going forward for some long time, and may never reverse them), 'somewhat predictable' (e.g. the US housing and unemployment are not going to improve significantly in the next few years); and 'unpredictable' (e.g. events like the Libyan crisis and the Japanese earthquake). However, I do believe it is sensible to discuss the price trend of gold, which I believe on the balance of probabilities will be up.