

Publication: Business Standard

Headline: Silver hits record on high investment demand

Edition: All Editions

Date: 26th April, 2011

Coverage –

SILVER HITS RECORD ON HIGH INVESTMENT DEMAND

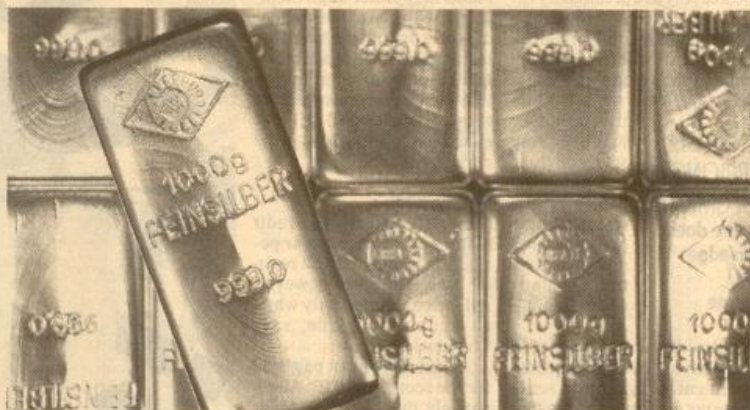
BS REPORTER & BLOOMBERG
Mumbai, 25 April

Silver hit an all-time high of \$49.80 an ounce in London spot market electronic trade, crossing the 1980 levels of \$49.45 an ounce. The main markets were closed on account of Easter.

In Mumbai's Zaveri Bazar spot market, silver closed at all-time high of ₹75,020 a kg on back of strong investment demand. On Saturday, Mumbai silver closed at ₹72,980 a kg showing ₹2,040 rise today.

Silver on MCX also touched an all-time high of ₹73,600 a kg. Silver for delivery in May traded with a discount of ₹820 a kg on MCX as traders expect prices to fall by the time the contract expires. The May contract, after hitting the high of ₹73,600, declined to ₹72,112 a kg on profit booking at higher levels. Silver at London electronic spot also dipped to \$48.24 an ounce on profit booking.

"Traders still expect silver to touch the psychological level



Silver is the best performer over the past year on the S&P's GSCI Index of 24 commodities

of \$50 an ounce, but, if it crosses those levels then it is expected to touch \$56- \$58 an ounce in the next one month," said Ajay Kedia of Kedia Commodities. However, analysts following futures say traders are awaiting correction in silver.

Bullion market has been on a rally owing to economic un-

certainty in the US as well as Europe. Precious metals have rallied on investor speculation that central-bank programs to revive economic growth with low interest rates and increased supply of money will ignite inflation and devalue currencies including the dollar. Silver is the best performer over the past year on

the Standard & Poor's GSCI Index of 24 commodities, ahead of cotton, coffee and sugar.

Also, geo-political tension in the West Asia is causing investors to move to gold and silver. Inflation concerns from emerging economies have caused investors to invest in bullion as a hedge against inflation.

Silver and gold on Monday rose on the back of weak dollar on Indian as well as international markets. Holdings at ishares silver trust fell by 33.39 tonnes to 1,1150.30 tonnes as on Friday.

Gold has also touched an all-time high in international and domestic spot markets. Standard gold on spot has moved to ₹21,995 per 10 gms, which is Rs35 lower compared to Saturday close while gold in London spot market climbed to a high of \$1,518.33 an ounce. SPDR gold trust holdings fell by 0.61 tonnes to 1,229.64 tonnes on Friday.

In late evening, silver fell by nearly \$3 and was trading at \$46.6 as traders booked profit. In Mumbai market also, silver fell by Rs 4,000 from closing and was trading at Rs 71,000 a kg.

Prithvi Raj Kothari, president, the Bombay Bullion Association said, "With profit booking going on, silver could fell to Rs 67,000 in a week as profit booking on futures ahead of expiry on MCX will also keep prices under pressure."