Publication: Afternoon Dispatch & Courier

Link: http://www.afternoondc.in/business-investment/gold-on-a-high/article_31909

Date: 08, Aug 2011

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Gold On A High

Monday, August 08, 2011

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Gold and silver have both been moving towards new high prices. Talk of financial weakness across the globe affected the markets. Debt issues have supported them. Inflation concerns are driving them onwards.

Gold powered to a record high for a third time in four days and US crude dropped to five-week lows on Wednesday as concerns over the fragile US economy and a widening euro debt crisis drove investors away from riskier assets. The completion of a last-gasp deal to avoid a US default failed to bring any relief, as markets
focused instead on how Washington's efforts to cut spending could slow growth at a time when global industrial activity was already sluggish.Gold hit a record high level supported by safe haven demand amid increasing uncertainty about global economy. Also supporting gold price is buying interest by central banks and a sharp surge in ETF holdings.

Gold futures for December delivery were last up $25.20 or 1.5 per cent at $1,669.50 per ounce and earlier hitting lifetime high of $1,675.90 for the most active contract. Uncertainty about global economy especially US and Euro-zone have boosted demand for safe haven assets fuelling a rally in gold.

The momentum in gold in the short term will continue to run strong, supported by worries about global economic growth, gold purchases by South Korea's central bank recently announced and rises in SPDR Gold Trust holdings. One thing is clear; there is a strong push into precious metals even at higher prices.
Gold traded at an all time high, with rates soaring to Rs.24, 500 per 10 gram on the physical market.

Prior to the collapse of the housing market and the economic slow down of 2008, a lot of the growth analysis for investing in commodities was pointed squarely at India and China. That has not changed much. Both nations are deeply entangled in the demand side of the equation and now they have substantial inflation issues to reckon with. It definitely shifts the driver for their internal demand, but not the course they are traveling on.

Debt problems and a resulting tarnish on the credit rating are a foregone conclusion. It isn’t out of the question that gold and silver prices might dip as investors digest each compromise and look for a positive spin on the situation. The thing to be aware of is the taint each currency now carries, the potential threat of delayed recovery and more stress on the global marketplace. Investors are going to need some pretty substantial evidence to support a sustained rally in equities or other markets. All the old rules seem to have been thrown out of the window with the housing crisis. That has brought out the older demand for precious

uncertainty about global economy. Concerns are high that US debt problems may not be resolved unless it adheres to spending cuts that were agreed upon. Meanwhile lack of confidence is pushing yields higher on Euro-zone bonds.

Focus will continue to be on economic situation in US and Euro-zone. Economic data and trend in financial markets in general will be key price determining factor for gold