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Gold Prices Rise on Festive Mood, Investment Demand

SUTANUKA GHOSAL
KOLKATA

Investment demand for gold in India continued to be on the higher side even as gold prices advanced on Friday, recovering from the previous session's drop. Jewellers and retail consumers flocked at the five-day-long India International Jewellery Show (IIJS) being held in Mumbai on Friday. Investors also bought gold as an alternative investment as risky assets like equities and commodities seem to have gone out of favour for the time being on concerns of faltering global economy.

The most-active gold for October delivery on Multi Commodity Exchange struck a record of ₹24,300 per 10 grams, before trading 0.75% higher at ₹24,247. Gold price in the global market inched to \$1666.8 per ounce on Friday from \$1,681 per ounce on Thursday.

"On Thursday, fund managers and speculators who had their long position in gold had offset their gold position because gold margins increased by \$1000 per 100 ounce by the COMEX. They took to profit taking route which brought down prices of the yellow metal for a brief period. As equity

markets tanked across the globe frenzied investors have started putting funds in gold as they still think that yellow metal is a safe instrument to park funds. This has pushed up prices of gold today to ₹24,300-24,500 per 10 gm," said Mr Mukesh Kothari, director, Riddi-Siddhi Bullion.

"The demand for gold will not come down in India despite higher prices. It is expected that price will surge to ₹26,000-27,000 per 10 gm during this Diwali," said Mr Bachhraj Bamalwa, chairman of All India Gems & Jewellery Trade Federation.