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Headline: Want to buy Gold? Gaining Strength

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Coverage –

Want to buy gold? Wait till the month-end

Strengthening dollar, unloading in ETFs could depress prices for a while – before the uptrend begins again

Sachin Mampatta & Yogini Joglekar MUMBAI

Wanted to buy gold but were deterred by the high prices? You might be in with a chance before the end of February.

Though gold prices have stayed firm all of this week, experts say a weakening is expected to kick in soon.

The yellow metal closed the day at ₹20,280 per 10 gram, down 1.93% since January 3, when it quoted ₹20,680.

"Gold prices will come down further to ₹19,500 by end-February due to the dollar

strengthening, which will be the right time for investors to buy gold," said Prithviraj Kothari, director, Riddhi Siddhi Bullion.

The greenback has been strengthening following a recovery in the US economy. Against the rupee, it has risen from 44.71 on January 3 to 45.69 on Friday, up nearly 1%.

"The employment rate in the US looks positive and also due to the Egypt crisis, people are finding more value in dollar than in gold," said Chirag Sheth, assistant vice-president, Latin Manharlal Com-

Standard Gold

In ₹/10 gms



modities Pvt Ltd.

Unloading in exchange traded funds (ETFs) in developed markets has also brought gold prices under pressure.

"If ETFs show rising demand, it will support gold prices," said Ritesh Gandhi, senior research analyst at Anand Rathi Commodities.

The amount of gold held by SPDR Gold Shares, the largest gold exchange traded product in the world, has declined by 71.47 tonne since the beginning of this year to 1,225.53 tonne as on February 10.

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Want to buy gold?

Does all this ring alarm bells for investors?

Far from it. In fact, experts feel people should use the correction to accumulate the commodity, for over a longer term, the trend is up. "We believe you can buy gold at dips. Until gold prices trade above ₹19,500-19,700 levels, we will be looking to buy gold at every dip. We can also expect a rally 8-10% higher from the current levels in the months to come," said Gandhi of Anand Rathi.

"Before March, the gold prices may dip to ₹19,500 levels. Investors should take opportunity of this correction, as we also expect gold prices to bounce back to ₹21,000-21,500 levels in the next six months," said Sheth of Latin Manharlal.

"Gold prices are expected to hit ₹19,500 by March, which will be its lowest limit, whereas in the long term gold will gain momentum, crossing ₹21,000 levels by this year-end," said Pranav Mer, senior technical analyst at Mangal Keshav Securities Ltd.