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Headline: Gold-Trump Card in Greek Crises

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Coverage

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Gold: Trump Card In Greek crisis

The price of gold is slowly rising ahead of the Greek confidence vote on Tuesday.

Global equities closed positive as investors gained confidence over the win of a confidence vote by the Greek parliament. From Greece, there are positive signs after the cabinet of Prime Minister George Papandreou won the voting for the trust. This is one step closer to solving the debt crisis of Greece.

The spot market U.S. dollar gold price fell to \$1542 per ounce late Wednesday morning in London - still a touch above where it started the week, and 2.2% off last month's record high (but was edging up again) - while commodities fell and stocks were mixed after Greece's prime minister survived a confidence vote.

Gold was seen trading at \$1,544.31/oz, €1,072.96/oz and £957.30/oz. Gold is lower in dollars but higher in euros and has reached new record highs in pounds sterling at £958.25/oz. Gold is being supported by strong and increasing demand internationally.



Sources have reported that Greek citizens are emptying savings accounts and buying gold as they brace themselves for the possibility of a sovereign default and a run on the banks. Sales of gold coins have soared as savers seek a safer and fungible source of value. When the global financial crisis started, sales of coins to investors overtook bullion for the first time and now the sales ratio has reached five to one.

The trend of buying gold during times of crisis is seen again as it was seen during the two World Wars. People have started buying gold and keeping at home the way their grandparents did. Today, those buying gold and silver are increasingly protected due to the floor being put under precious metal prices due to Indian, Chinese and Asian public and central bank buying of gold.

Gold was seen playing trump card as compared to other commodities. Oil was hit and silver did not increase comparatively.

Keep in mind that this is occurring during the summer, not a time in which one generally expects to see a very strong gold market. A grinding move higher during this time frame would set this market up for a move to a fresh all time high later this year when the seasonally stronger period of the metal arrives. This just further underscores how currency concerns are moving gold as distrust in paper currencies continues to increase. Gold is signalling investors' lack of confidence in their monetary authorities and political leaders.