

# Is platinum better than gold?

Its price has fallen more than gold's; it can outperform when the global economy revives

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Investors prefer precious metals during times of economic volatility to safeguard their money. Precious metals have a low correlation with other asset classes like equity and debt, which helps in diversifying risk during uncertain times.

While investors are buying gold as a safe haven in the ongoing economic volatility, there are other options such as platinum that can fetch more returns than the yellow metal when the global economy would revive from the current slump.

About 70-80% demand for platinum is from the industrial sector, mainly from the auto segment.

Platinum is hovering between \$1,537 and \$1,354 per ounce after touching a high of \$1,661 in the last two months.

Analysts say the price is subdued because of the slowdown and may outperform gold with the revival. In India, platinum saw a high of ₹77,130 per ounce and a low of ₹68,500 in the last one month.

"Investors making an entry at the right time may get very good returns. But considering its demand in the auto industry, platinum can give handsome returns. It will be much in demand as the economy re-

vives," says Samir Shah, vice-president, Riddisiddhi Bullions.

Historically, platinum has followed gold prices. However, now with the economy down, the platinum price had fallen to an all-time low.

With this decoupling in prices, analysts see an investment opportunity.

"Investors looking for long term, say one to two years, can choose it as an option. But those who have a short time horizon, say three to five months, should not invest in this metal," says Chirag Sheth of Latin Manharlal Commodities.

In India, the avenues for platinum investment are coins, bullion and jewellery and futures trading. Jewellery currently makes 10-15% of the demand.

The investment opportunity also comes with a risk of price volatility. In the last five years, the price of platinum has moved annually by 30-40%. In 2008, it touched a high of ₹2,060 a gram and a low of ₹844. Also, platinum has a short history in the financial sector unlike other metals such as gold and silver. Some feel there is no standardisation in its price and can be highly volatile.

"As the white metal is not freely tradable there is no standard price available for it. Due to this I don't see it as a viable option for investment," says a metal analyst.