

Hits High Of ₹32K | Euro Woes, Re Fall To Make Metal Dearer

Gold prices may touch ₹35K

Dipti Jain | TNN

New Delhi: Gold prices may be the party pooper this Dhanteras — the traditional buying season for thousands of Indian households — with several analysts betting that the yellow metal is expected to touch Rs 35,000 per 10 gram.

On Thursday, the precious metal gained Rs 320 to Rs 32,300 per 10 gram in the Delhi market and has gained Rs 1,555 in the last fortnight in the wake of continued uncertainty in Europe. In Mumbai, gold climbed up by Rs 220 to end at Rs 31,700 per 10 gram from Wednesday's closing level of Rs 31,480. In the international market, the yellow metal hit a six-month high of \$1,701 an ounce, and is now twice as precious as it was in 2008, when the global financial crisis hit the economy.

In times of uncertainty, gold is considered as a safe investment haven. The low interest rate regime also contributes to the price rise. In India, the rise is more rapid on ac-

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- **In the international market**, gold hit a six-month high of \$1701 an ounce, and is now twice as precious as it was in 2008 when the financial crisis hit the global economy
- **In India, the rise is more rapid** on account of the steep depreciation of the rupee against the dollar
- **Bullion experts** expect that higher prices will hit demand, which has already fallen 20% in April-June, according to World Gold Council data. Purchase of gold, both in investment and jewellery form, has fallen 15% in the first half of 2012 as compared to the same period last year



count of the steep depreciation of the rupee against the dollar. Although the outlook on the rupee has improved, traders are still expecting gold prices to remain at elevated levels. "Prices generally shoot up during the second half of the year. There is a very strong possibility that prices will touch Rs 35,000 by November this year," said Jayant Manglik, president of retail distribution at Religare Securities.

Bombay Bullion Association president Prithviraj Kothari has forecast that the price will stay in the Rs 30,000-35,000 band. "Compared to last year, prices have gone up 25% and it is expected to remain in this band in the near future. But demand may be affected by inflation, weakness in real estate and the poor sentiments, worldwide."

Although there are several experts who are unwilling to

put a value, the expectation is that prices will remain high.

In New York, futures contract maturing in December suggest that the price will be \$1,703, while Jeffrey Currie, head of commodities research Goldman Sachs, told Bloomberg TV that by December the price will be \$1,840.

If the prediction is correct, international prices would go up around 9% over the next three-four months. "Domestic demand is a reflection of the international prices.... Technically, it seems prices will increase further," said GnanaSekhar Thiagarajan, director at Commtrendz Research. At the same time, analysts warn that consumers should not rush to buy in anticipation of possible gains.

Market players reckon that higher prices would spell bad news for demand. Purchase of gold, both in investment and jewellery form, has fallen 15% in the first half of 2012 compared to the same period last year, according to the World Gold Council data.