

Yellow metal to stay subdued

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MUMBAI, FEB. 4

After a correction of nearly seven per cent in the prices of gold from the historic high that it touched in November 2012, experts feel that the appreciation of the rupee and negative sentiment on account of a hike in import duty on gold will keep the prices of the yellow metal subdued in the near future.

On Monday, gold was trading at around ₹30,800 per 10 gram, down 6.66 per cent from a high of ₹33,000 per 10 grams registered during November 2012.

"Basically it was a rupee play on gold prices," observed Mr Naveen

Gold to remain below ₹30,000

Gold price is expected to move in a range of ₹29,500 and ₹30,000 per 10 grams in India as the recent hike in import duty on gold had adversely impacted investor sentiment

Mathur, associate director, currency and commodities, Angel Broking.

He explained that the prices of domestic gold had soared to a record high when the global prices remained largely stable. This was on acco-

unt of the weakness in the rupee as the value of all dollar-denominated commodities climb higher when the dollar rises. "So when the rupee moved from a level of 57 to 53 against the US greenback, the prices of domestic gold started dropping," said Mr Mathur.

"US inflation concerns are waning, which is eroding the demand for the metal as a hedge against rising consumer prices," says Karan Vasa, associate VP, RiddiSiddhi Bullion. He expects the domestic gold prices to remain in the range of ₹29,500 to ₹30,000 in the coming days.

However, Mr Mathur

expects the gold prices to move in a range of ₹29,500 and ₹30,000 per 10 gram in the domestic market as the recent hike in import duty on gold had adversely impacted investor sentiment. "This has led to a bearish sentiment. People now have a feeling that gold would not continue to be great stuff to buy and hold," he added.

The government recently hiked the import duty on gold to six per cent from four per cent.

Finance minister Chidambaram had indicated that the Centre is considering more measures to curb the import of gold to contain widening current account deficit.