

Gold prices at a five-month low, likely to decline more

Improvement in US, euro zone economies triggers fall: experts

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GOLD prices have been on a downward spiral for the past several sessions and on Monday, spot prices in Delhi was at a five-month low. The improving economic indices in the US and Europe are expected to further pull down the prices in the short term.

In the Delhi spot market, price of 99.9 purity gold was Rs 30,750 per 10 gm, down from Rs 30,800 in the previous trading session. The 99.5 gold was priced Rs 30,550 on Monday, down from Rs 30,600 in the previous session. At this level, gold prices were at a five-month low.

According to Surender Jain, VP, All India Sarafa Association, gold prices had touched a low of Rs 30,100 on August 4, 2012. It had touched an intra-day high of Rs 33,000 on November 27, 2012. Prices have come down 7 to 8 per cent from their November 2012 levels.

In the international market, there was a marginal selling and a technical pull-back in prices on Monday,



ENCOURAGING TREND: Prices have been moving sideways with a downward bias for the past several days

which brought it down to \$1,666 per troy ounce from \$1,672 in the previous session. "The monthly job data from the US was slightly lower than expected. But this was mainly due to the upward revision of the data for the month after positive

outcome in November and December," said Tapan Trivedi, senior analyst, JRG Wealth Management.

Prices have been moving sideways with a downward bias for the past several days after the manufacturing and services data from the US,

along with better conditions in Europe and China, has been indicating revival.

"US inflation concerns are waning, in turn eroding demand for the metal as a hedge against rising consumer prices. Fed president James Bullard's statement that the US economy will show a better performance this year and help the central bank halt its massive bond buying, will strengthen the dollar," said Mukesh Kothari, director of Riddisidhi Bullions.

According to him, sideways consolidation typically results in a break in the next direction of the trend. "For the past four weeks, the metal has been stuck within a trading range of \$1,643 to \$1,695. These long periods of sideways consolidation typically result in a break in the next direction of the trend," he said. He anticipates that prices can even move down to Rs 29,500.

"In the international market, \$1,640 and \$1,635 are good support levels and \$1,700 is a psychological mark," said Trivedi of JRG.

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