

Publication: Mail Today

Headline: Gold & Silver prices continue to gallop

Edition: Delhi / NCR

Date: 10<sup>th</sup> November, 2010

Coverage –

Mail Today, New Delhi, Wednesday, November 10, 2010

# Gold & silver prices continue to gallop

## Rates may ease off in post-festive correction

By Mail Today Bureau  
in Mumbai

THERE SEEMS to be no stopping the rise in the prices of both gold and silver, which are scaling new highs day after day. Gold on Tuesday was up by ₹265 at ₹20,600 per 10 gm while silver rose by a whopping ₹1,800 to an unprecedented level of ₹41,700 per kg.

Prithviraj Kothari, the newly elected president of the Bombay Bullion Association (BBA), and director of Riddhi Siddhi Bullions, said that there are many factors that have led to the increase in the prices of the metals.

"During times of uncertainty, precious metals are the most preferred option. People are buying gold and silver as they are the most liquid assets. International factors are also contributing to the price rise. Also, with the prices increasing everyday people anticipate it to rise further," he said.

Kothari said that retail demand would be very low in the coming days with the festive season coming to an end and this could prompt some correction in the prices of both gold and silver. "Gold could correct to around ₹19,800 levels," he said.

Harmesh Arora, former vice-president (v-p) of BBA, said that a fall in the prices could prompt some demand in the market. "If the price of gold falls to ₹19,000 levels per 10 gm, retail participation could be witnessed," he said.

Compared to gold, which has given a return of about 20 per cent in the last one year, silver has returned more than 40 per cent to investors. The price of silver coins also went up by ₹800 to a new record level of ₹44,000 (for buyers) and ₹44,100 (for sellers of 100 pieces).

Hasmuki Bafna, president of the Gold Chains & Jewellery Wholesalers Welfare Association, said that silver is the most preferred investment option these days with gold prices touching unaffordable highs.

"Though silver prices have been touching new highs, it is still affordable. This Diwali, we sold mostly silver artifacts," he said.

Bafna said that the industry anticipates silver prices to correct to the level of ₹36,000 to ₹36,500 by November 15, from the current ₹41,600 to ₹41,700.

"At that level it will be a good investment option as it is anticipated that the price of silver would rise again and go up to anywhere between ₹52,000 to ₹53,000 in December. This would give good returns on the investment," he said.

Industrial usage of silver has gone up by 50-60 per cent, while mining of silver has slowed down comparatively. Recycling of silver is not possible in many cases. There is always a demand-supply mismatch, so the demand for silver is expected to be consistent in the coming days as well.

MMTC, the second biggest importer of bullion, had earlier said it would raise silver imports to 1,500-1,900 tonnes in 2010, up from 700 tonnes in 2009, as steep gold prices trigger demand for the less costly precious metal.



During times of uncertainty, precious metals are the most preferred option. People are buying gold and silver as they are the most liquid assets. International factors are also contributing to the price rise

— Prithviraj Kothari, President, Bombay Bullion Association