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CommodityOnline

NCDEX Guar gum	NCDEX Red Chilli	MCX Platinum	MCX Gold	NMCE Silver	NMCE Gold
4847 (-10)	4870 (+45)	2360.5 (0)	19905 (+42)	37105 (+758)	19804 (+132)

Silver to cross Rs.1 lakh mark in India by 2012-13

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By Rutam Vora

AHMEDABAD (Commodity Online): India continues to be one of the largest bullion metals consumers in the world. The metals get maximum attraction at the time of festivities, but the latest outlook on Silver, which says the metal to touch Rs.1 lakh a kg in Indian markets in 2-3 years is believed to keep counters running of the bullion metal all round the year.

As has been perceived for a long time now, Silver has remained more bullish and volatile than gold. Some of the analysts attribute this volatility to the lesser price of the metal in comparison to Gold, while few others find it more promising due to its vast applicability for other usages than jewellery.

Silver has been extensively used for industrial applications including switches from 3 volts at less than 1 ampere to massive switches and circuit breakers. Besides this, the metal is also extensively used in mobile and several other electronic chipsets.

In an interaction with CommodityOnline.com over the phone, Prithviraj Kothari, Managing Director of Riddisiddhi Bullions Ltd (RSBL) informed that the silver will get more volatile than other bullion metals as the metal has higher demand in other than jewellery.

“Silver has emerged as a safer investment in bullion segments as the metal has its application not only in jewellery making but also in the industrial manufacturing. It has been seen that Silver gives higher returns than gold. I believe that considering the pace of industrial growth in India, the demand for silver will shoot up further leading the prices to touch Rs.1 lakh a kilogram in next 2-3 years,” said Kothari.

On the Multi Commodity Exchange (MCX) Silver futures traded at Rs.35,438 per kg today.

According to Kothari, liquidity fears in the global economy and strong domestic markets will lift

prices to hit this level without much efforts.

“Considering the Diwali-to-Diwali period as a year, the return from Silver was 24%, while gold yielded 22% returns over last one year. I am bullish on silver and the demand will keep rising in the domestic markets,” he said.

Meanwhile, the London-based Deutsche Bank AG had announced earlier this month that Silver prices may climb as much as 21% next year on rising demand, both for investment as well as industrial use.

Daniel Brebner, an analyst at Deutsche Bank had noted that silver has outperformed gold, global equities, Treasuries and most industrial metals this year and may peak toward the end of 2011 at USD 26.50 per ounce.

In the international markets, the prices hovered at USD 23.67 per ounce, up 2.37% from its previous close.

The grey metal demand from investment and industrial community will outlast the pace of growth in gold and is expected to hit record levels in near future.

But considering the industrial application as the basis for the surge in Silver prices, a slack period in the industrial sector might hamper the valuation of investors’ money in Silver metal. It was seen during the global financial crisis that the silver prices hit record low during 2008, worse than gold.

But going by the investment experts and traders, the long term price outlook for the metal seems rosy.