

Publication: Afternoon Dispatch & Courier

Headline: Gold and Silver Continue to Remain Strong

Edition: Mumbai

Date: 2nd May, 2011

Coverage –

« BULLION



PRITHVIRAJ KOTHARI
Managing director, RSBL and current president Bombay Bullion Association, (BBA)

Gold and silver continue to remain strong

The word Akshaya in Akshaya Tritiya is actually a Sanskrit word that means "one that does not diminish ever." It is a firm belief of people that this day endows all success and luck in the life of people.

One special thing about this festival Akshaya Tritiya is that people believe that on this day, whatever thing they purchase, that item shall be replenished. Thus, it is due to this reason that people buy gold, silver etc on this day and that the Goddess Laxmi is worshipped.

India, the world's largest consumer of the yellow metal, will celebrate Akshaya Tritiya on May 6, a day when demand for bullion tends to go up.

Traders continue to stock silver for the festival and wedding season.

After Dhanteras, we find the highest sales of Gold and Silver coins on Akshaya Tritiya. Also, since we have one of the largest variety (per se of shapes and purity), the demand for our coins is high.

In India the traditionally big buyers of gold for religious reasons are being put off by higher gold prices. Instead Indian bullion merchants report a switch to silver.

Silver has always been 'poor man's gold'. But this time the poor might be getting a better deal than the rich. The long term average silver-to-gold price ratio is 15 while in the present market it is over 60; the potential for silver prices to quadruple is there, and way outperform the gold price to the upside.

With Bullion sparkling like never before, India is bracing for an onslaught of investment rush in the coming festive season.

International spot gold prices broke through \$1,500 for the first time and silver hit a 31-year high, supported by a weak dollar and concerns over a sovereign debt crisis in the euro zone.

As gold and silver increasingly become treated as money again, by financial markets, then this old ratio can be expected to reassert itself. Silver has long been neglected because everybody could afford gold. Now that is changing and the price of silver will go up because rising demand is not matched by sufficient immediate supply.

Gold prices recovered partially on Wednesday afternoon following firm overseas markets, though a stronger rupee kept the upside in prices limited, and traders continued to stock up for an upcoming festival slated this week.

The next mile stone for Gold will be the 1550 dollars level, followed by 1600 dollars and only a big change in the dollar direction seems to be able to halt this trend. Silver might want to take the ominous 50 dollar level out, after which people might start talking of 60, 70 or even 100 dollars, as this strike has been asked in the brokers a few times now. It all sounds so simple, but it's probable not.