

Website: Commodity Online

Headline: Indian Traders bet big time on Gold prices

Link: <http://www.commodityonline.com/news/Indian-Traders-bet-big-time-on-Gold-prices-32770-3-1.html>

Date: 21st October, 2010

Coverage Page

The screenshot shows a web browser window displaying the Commodity Online website. The page features a navigation menu with categories like Home, Bullion, Cereal, Energy, Metals, Fibers, Oil & Oilseeds, Petrochemicals, Plantation, Pulses, Spices, and Others. A table lists commodity prices for NCDEx Soya Bean, MCX Zinc, MCX Cardamom, NMCE Rubber, and NMCE Rubber. The main article is titled "Indian Traders bet big time on Gold prices" and is dated October 21, 2010. The article text discusses the festive season in India and the resulting demand for gold. A sidebar on the right contains a section titled "Trade in commodities, forex and capital market" and "Your Say" with columns for "Columns" and "Specials". The Windows taskbar at the bottom shows the date as 11/8/2010 and the time as 4:31 PM.

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NCDEx Soya Bean 2261 (-10)	NCDEx Soya Bean 2431 (-1.6)	MCX Zinc 111.45 (-0.75)	MCX Cardamom 938 (-13.5)	NMCE Rubber 20170 (-604)	NMCE Rubber 20360 (-636)
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Indian Traders bet big time on Gold prices

Published on: October 21, 2010 at 18:05

Tags: - Diwali MCX RSBL gold

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By Rutam Vora
AHMEDABAD (Commodity Online): Festive season in the Indian sub-continent seems to have set the ball rolling for bullion demand as large number of retail participation is seen for the bullion metals during this period despite prices continue ruling high.

With Diwali, a major festival in India being just days away, jewellers and bullion traders in the country are eyeing for robust sales this year. Apparently, the sky rocketing prices of the bullion metal had somewhat curtailed the physical gold demand.

Gold crossed Rs.20,000 per 10 grams in the Indian markets earlier this month. This put a dent in the demand, causing prices to cool down marginally. On the Multi Commodity Exchange (MCX), gold prices hovered at Rs.19,545 per 10 grams on Thursday.

"The mood is upbeat for the festive buying. Demand is robust despite prices

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With Diwali, a major festival in India being just days away, jewellers and bullion traders in the country are eyeing for robust sales this year. Apparently, the sky rocketing prices of the bullion metal had somewhat curtailed the physical gold demand.

Gold crossed Rs.20,000 per 10 grams in the Indian markets earlier this month. This put a dent in the demand, causing prices to cool down marginally. On the Multi Commodity Exchange (MCX), gold prices hovered at Rs.19,545 per 10 grams on Thursday.

“The mood is upbeat for the festive buying. Demand is robust despite prices ruling high. We expect the same trend to continue for some time. However, price volatility is high but the volumes in the market seem low. This shows that buyers are still hesitant to make large buying.” said Prithviraj Kothari, Managing Director, RiddiSiddhi Bullions Ltd (RSBL) – one of the top bullion traders in India.

According to Kothari, the buoyancy in the market will remain even at the higher prices, as economic fundamentals and financial markets created positive sentiment. “With monsoon being good this year, and economic factors being strong, I believe gold demand will continue robust in coming months,” Kothari said.

According to him, the ETF products are showing a 100% growth as it gives convenience to the retail investors to invest in 1 gram unit of gold, without keeping it physically. “The awareness for gold ETFs is rising among urban investor class and we have been seeing more than 100% growth in gold ETF participation,” he maintained.

However, there is a different opinion on the retail participation for gold purchases. According to Anil Mishra, Managing Director of National Multi Commodity Exchange (NMCE) the retail participation is lower in the present case of higher gold prices.

“Retail investors are skeptical about the prices. At this level of gold prices they are hesitant to invest; hence we believe that in the absence of the sufficient demand from retail investors, prices should come down in near future,” said Mishra.

NMCE has a retail gold investment product of gold guinea (8 gram gold coin). The exchange has almost stable volumes in this product. “We have a daily turnover of Rs.30-40 crore in gold guinea, which is almost stable over past few months,” Mishra added.

But, looking at the festive gusto among the consumers, and more than one festivals lined up one

after another in a span of two months, it seems that the demand will continue to stay higher despite peaking up prices. India is believed to consume about 30-35% of its total gold consumption during the festive seasons.

According to Hindu-belief, Dussera, Dhanteras, Diwali are some of the most auspicious days for new purchases. Next comes the Christmas and the New Year, hence the festive mood will continue to push consumers to buy the yellow metal, irrespective of the price variations.