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Headline: Trade officials pegs firm demand

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NW18:Trade official pegs India's 2010 gold imports up 40% on firm demand
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By Samantha Menacherry and Kamran Sulaimani

MUMBAI - India's gold imports in 2010 are likely to rise around 40% on year to over 700 tn on firm investment demand, despite the surge in prices, said Prithviraj Kothari, president, Bombay Bullion Association.

"The rise in imports can mainly be attributed to the surge in demand for gold as an investment, which has resulted in imports surpassing even the pre-crisis levels," Kothari said.

However, gold imports are likely to see a sharp fall to 20-25 tn in December against November's revised figures of 70 tn, he said.

"Demand for gold may take a slight hit as December 15 to January 15 is considered as an inauspicious period for marriages," Kothari said.

Also, jewellers are likely to sell-off their old inventories and cut down on buying towards the year-end.

However, silver imports in 2010 are likely to be around 1,200-1,400 tn, against 1,200 tn in the previous year, Kothari added.

The surge in price of silver has deterred investors, who continue to prefer investing in gold, he said and added that jewellery demand for silver has seen a lacklustre response from consumers.

Investors have to physically hold silver due to lack of exchange traded funds, which creates warehousing and logistics problem and is curbing demand for the white metal, he said. End

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