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**Headline: Geopolitics hits demand for Gold**

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« BULLION



**PRITHVIRAJ KOTHARI**  
Managing Director,  
RISIL and current  
president Bombay  
Bullion Association,  
(BBA)

### Geopolitics Hits Demand For Gold

Gold set a new record high this week, and as the market and other precious metals moved higher, they tried to bring a bit of calm out of the woodwork. The world's bullion and overbought have become linked to the main news in the news headlines. However, gold prices fell below the key \$1,900 per ounce level in Europe on Wednesday, pulled back by profit-taking after a strong eleven-day performance, with investors also nervous ahead of a decisive European meeting on Thursday. Spot gold rose up \$1.30 to \$1,991.80/3,582.00 per ounce. The metal hit an all-time high of \$1,930.30 in the previous session, before being caught in a wave of profit-taking and falling to an intraday low of \$1,582.20 on Wednesday. Pending uncertainty over the European debt situation, and the unresolved US debt ceiling issue are likely to direct renewed interest into precious metals. In contrast to gold futures, the spot gold price moved higher, due to the fact that following Tuesday's COMEX close, the yellow metal moved substantially lower. The interest in gold futures coincided with weakness in the US dollar index, which dropped 0.6% to 75.075. The dollar's slide was fuelled by a disappointing report on existing home sales. Indian traders said they were selling gold under cost at the local market. They added that the markets could not attract buyers as business activities had slumped to only 25% on average in the city. They said that street crimes and unabated violence in Karachi have badly affected the business activities as investors are shying away from investing their capital into the gold business. They said there is anticipation that the gold prices will soon decline after showing a little more increase. They said the local business of gold and silver is likely to grow after Rich Sarmaoz Gold also resumed under pressure after severe concerns eased over the threat of a US default. It fell nearly 2% in half an hour late on Tuesday after President Barack Obama threw his support behind efforts by a bipartisan group of senators to negotiate a new debt-reduction plan aimed at averting a US debt default. The first thing to keep in mind is that gold is far from being tarnished in the eyes of investors. Any reason for a strong sell off goes out the window when you take a look at the strong domestic and international demand for precious metals since 2008. Economic collapse and a lack of significant recovery have helped rekindle investors why metals are an option. They cannot be monopolized or undermined by one central bank or nation's actions. Growth in industrial nations was spurred by disposable income allowing people to buy more jewellery - now it is led by people looking for a place to invest for asset preservation. There will probably be a genuine round of profit taking with every step higher in gold and silver prices. When these markets break from psychological price thresholds, there is always a reason to shake some long locks. The real support for these markets comes from the intrinsic value that investors are seeing despite those lower dips. For every seller at these prices another buyer appears. With so much financial chaos in the air, I see no reason why gold and silver can't reach for higher heights.