

'Gold may cross ₹32,000-mark by Diwali'

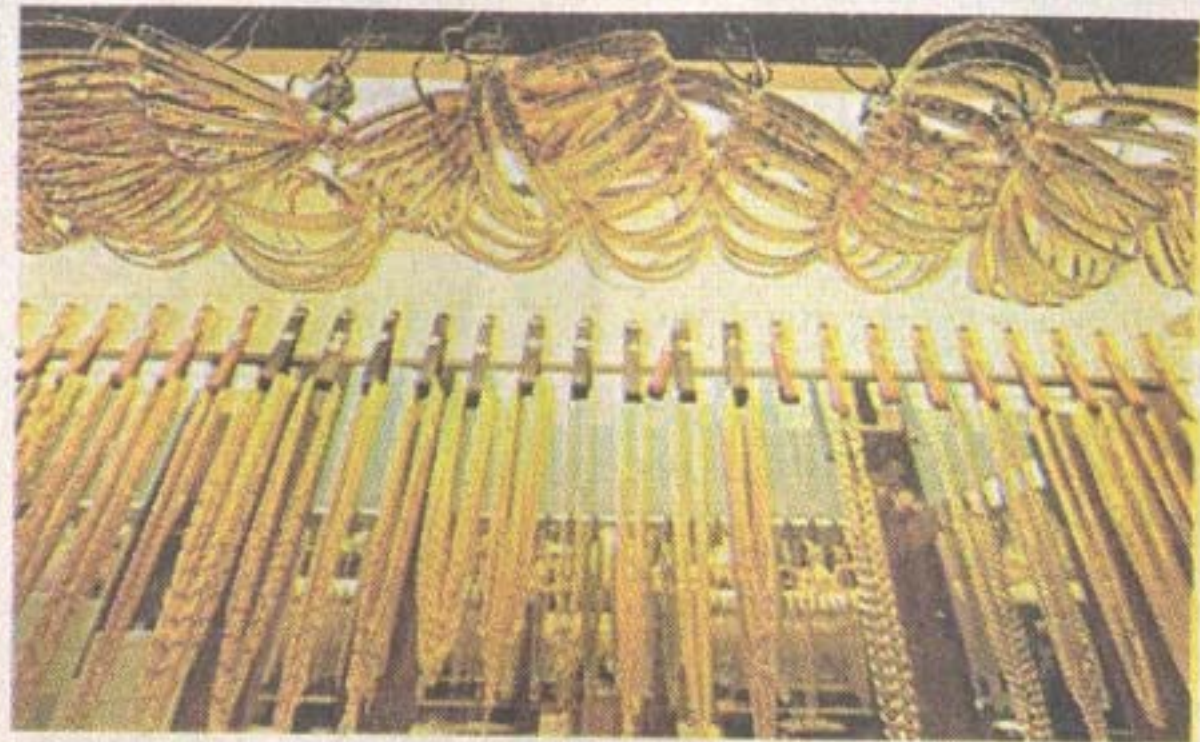
PTI ■ MUMBAI

Gold is likely to cross the ₹32,000 per 10 grams-mark during Diwali, riding on the back of safe haven investment demand due to rising tensions in the Middle East, the Bombay Bullion Association (BBA) said on Wednesday.

"Prices of gold may hit new highs around Diwali as rising tensions in West Asia (the Middle East) may increase demand for the metal as a safe haven investment.

"Civil war in Syria and geopolitical tensions in Iran are major factors pushing up gold prices despite the fall in physical retail demand for the metal in India, China and many other countries," BBA President and Riddisiddhi Bullions Managing Director Prithviraj Kothari said in a release.

Strong possibility of the US



announcing a third round of quantitative easing to boost the economy may also drive overseas gold prices up to \$1,800 an ounce, Kothari added.

Gold prices have been consolidating since the beginning of the year as the market is waiting for the US Federal Reserve to undertake a third round of quantitative easing.

Such a move is negative for the dollar and consequently a boost for the gold prices.

Indian investors expect RBI to announce stimulus measures at its meeting in September to boost the fragile economic recovery. "In such a scenario, we expect gold to cross over ₹ 32,000 by Diwali," Kothari said.