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## Dollar Gain to Cap Gold Rise

Gold and silver prices resumed their downward trend and declined during last Tuesday's trading. The disappointing US consumer confidence report didn't seem to curb the decline in bullion rates but may have adversely affected energy commodities prices. Currently the prices of precious metals are declining.

Gold price decreased on Tuesday by 1.29% to \$1,551; silver also decreased by 2.1% to \$27.79. During the months so far gold traded down by 6.8% and silver by 10.4%. The Euro/US Dollar resumed its descent and traded down on Tuesday by 0.31% to close at 1.2503. During the month (UTD) the Euro/US Dollar declined by 5.56%.

Furthermore, 'risk currencies' such as the Australian dollar also depreciated during Tuesday against the USD. If the US dollar will continue to trade up against the Euro, it might also adversely affect bullion rates. Currently the Euro is falling against the USD.



The dollar traded near a 22-month high versus the euro on Tuesday as concern that Europe's turmoil is hurting economic growth boosted demand for the greenback. Gold imports by

India may fall 51% this month as a weaker rupee and higher duties raise prices.

Gold was last at \$1,547.37/1,547.82 per ounce, down \$6.39 on the close. The metal lost \$25 in Tuesday afternoon trading after Spain, Europe's fifth biggest economy, was marked down for the third time in less than a month by ratings agency Egan-Jones.

The precious metals complex edged lower still on Wednesday morning as worries over the viability of the euro shifted focus from Greece to Spain.

In other precious metals, supply concerns from southern Africa, the world's biggest platinum producing region, have failed to support prices.

The world's biggest platinum mine, Impala's Rustenburg, was again hit by strikes last week. There have been renewed fears over the company's subsidiaries in Zimbabwe, where the government has threatened to ban exports over a banking dispute.

Despite these fears, platinum was last at \$1,407.00/1,417.00 per ounce, down \$20.00 or 1.4% and flirting with its four-month low of \$1,405.90.

Sister metal palladium, which had closed above \$600 on Tuesday, was back below this level at \$593.60/598.50 per ounce, down \$11.35 or 1.9%.

Silver followed the other precious metals lower and was last at \$27.58/27.62 per ounce, down 27 cents or almost one percent.

In view of the latest negative news from the euro zone, the US currency is likely to gain further against the euro. This shall prevent any rise in gold prices.

Moreover, weak demand for gold in physical markets has also been one of the factors for this