

Domestic Prices Rise 3%, but Buyers Still Queue Up

Gold Chains

Gold prices



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Gold prices rose 3% on Friday, recovering a part of this week's heavy fall, but customers continued to queue up at jewellery stores, particularly on the auspicious Ram Navmi day. Spot gold prices in Mumbai rose ₹750 per 10gm to ₹26,350 per 10gm from Thursday's record low of ₹25,600.

"The volatility in prices has not dampened the demand of the yellow metal in India. On the contrary, there are long queues in front of the stores. Even the jewellers are also on a restocking mode. A rush in India to buy gold jewellery and coins will boost imports this quarter as traders and banks run out of stockpiles. Fresh consignments of gold are likely to arrive next week," Prithviraj Kothari, managing director, RiddiSiddhi Bullion, told ET.

In the international market, gold for immediate delivery rose as much as 2.6% to \$1,426.05 an ounce and was at \$1,417.20 by 2:31 p.m. in Singapore. Prices have declined 4.5% this week, slumping to \$1,321.95 on April 16, the lowest since January 2011.

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World Gold Council CEO Aram Shishmanian felt the fall in the yellow metal was triggered by speculative traders operating in the futures market. "Their short-term view of generating a trading profit is in stark contrast to the views of long-term investors in gold, as evidenced by the massive wave of physical gold buying that began over the weekend and accelerated following Monday's further decline. The surge in gold purchases is spanning markets from India and China to the US, Japan and Europe. Buyers are viewing this as an opportunity to purchase gold at prices not seen in the past couple of years," he said.

"We are already seeing shortages for bars and coins in Dubai, while premiums in Mumbai are at \$26 per ounce and \$6 in Shanghai, indicating that buyers are willing to pay more than current spot prices for the metal. Clearly the desire to own gold, as an investment and for adornment, has made itself felt in the physical market. Gold operates on the basic economic fundamentals of demand and supply," he added.