

Only the High and Mighty Can Buy Gold as Prices Rise

High-end customers not perturbed with the rally in gold prices

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Demand for gold jewellery for the upcoming wedding season this year has been largely restricted to the high-end customers who are not perturbed with the rally in gold prices. There is hardly any demand from the mass market as gold has rallied to nearly ₹ 31,500 per 10 gm as rupee fell to 65 level against dollar.

“The orders are being placed only by high-end customers who are planning in advance for the family wedding. They want the bride to wear certain designer jewellery during the wedding and so they are placing orders now. They want the jewellery to be delivered much ahead of the wedding day. These are planned buying. However, there is no demand from the mass market and jewellers are expecting demand to come only after Ganapati festival,” said Rajiv Popley, director of Mumbai-based Popley & Sons. Added Samir Sagar, director,

Manubhai Jewellers, that this demand is largely driven by the bride, who now actively participates in jewellery selection.

In south India, demand for wedding jewellery has gone up because marriages are now taking place in Karnataka.

“There is demand for antique jewellery. Demand will also start coming from Tamil Nadu, where the wedding season will kick-off in November – December period,” said Ramesh Davanam, CEO of Bangalore-based Davanam Jewellers. In price-sensitive eastern India market there has hardly been any movement in jewellery trade.

“People are in a wait-and-watch mode. They are extremely cautious before taking a plunge,” said Suvankar Sen, MD, Senco Gold.

There are very limited buyers in the market and the market is largely dominated by the sellers, who are trying to take advantage of the rising gold prices.

Ridhi Riddhi Bullion, said that there is enough gold in the market as people are in a selling mood.

“Buyers are now shy to come to the market except a few who may have to buy for some family function,” he said. Better flow of gold in the domestic market has pushed down premiums on gold which had touched \$45 per ounce a week back.

“The premium is now hovering around \$25-\$30 per ounce. But the overall demand is very low. There is hardly any movement in the market and people are very cautious,” said Haresh Soni, chairman, All India Gem & Jewellery Trade Federation.

The scrap gold market in Mumbai’s Zaveri Bazar is buzzing with activity as people are coming to the market to offload their gold. Investors are keen to book profit before gold prices fall further.

The liquidity crisis and crash in the equity market are forcing investors to offload gold. Anish Jitendra Jain, partner of Jugraj Kantilal & Co., a leading gold scrap dealer in Mumbai, said that scrap sales have picked up drastically.

“There is a long queue of sellers before my shop. We are offering them a price of ₹30,800 per 10 gm and they are offloading gold at that rate,” he said. Scrap sales have gone up by 30%-40% in Mumbai’s Zaveri Bazar. Jewellers are now pinning hopes on rural India for demand to go up as agricultural income is expected to be better this year.



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