

PREMIUM ON GOLD IN FUTURES MARKET TOUCHES RECORD HIGH

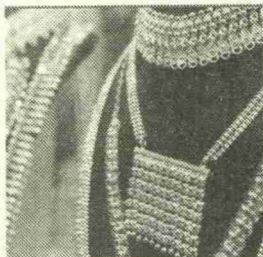
YELLOW FEVER

AGE CORRESPONDENT
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The premium on gold in the MCX futures market touched a historical high this week of \$45 per oz. or \$31.1035 grams ahead of the August 5 settlement, following the scarcity of physical gold in the market.

"Till date no such price has been quoted on any market across the world," said Dharmesh Bhatia of Kotak Commodities. A bullion analyst stated that India also held the previous record premium. It was when former Prime Minister Morarji Desai was finance minister in 1962 that he brought in the Gold Control Act after the Sino-India war. Gold prices shot up and quoted at a premium of 50-60 per cent on the London Bullion Market Association which fixes the prices.

There has been almost no gold imports in India since July 22 when the RBI issued a circular rationalising the import of gold. Among the requirements was that 20 per cent of imports would be for exporters and importers cannot import



additional gold until every ounce from the warehouse is consumed. Mr Prithviraj Kothari, managing director of Riddhi Siddhi Bullion, the industry has been waiting since July 22 for the guidelines from the finance ministry regarding clearance of goods etc, but despite the Bombay Bullion Association writing to all the authorities there is no sign of the guidelines.

Gold according to Mr Bhatia has not changed hands since the last 10 days. Meanwhile the World Gold Council in its report urged investors not to overestimate the effect that the rise in US interest rate may have in their portfolio. Its latest quarterly journal said, "While negative interest rates support gold investment demand and rising rates increase the cost of investing in it, a normal rate environment is not adverse to gold."