

Know the change in prices of gold

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MUMBAI: Gold prices surged last month to its six-year high of almost ₹34,500 per 10 grams in the domestic market and \$1439 per ounce globally, supported by a combination of factors from geopolitical tension between US and Iran and on expectation of US Fed lowering rates in 2019 on concerns over global slowdown," said Pritam Patnaik, head commodities, Reliance Commodities. However, post the rally we saw a sharp correction in gold. "Leaders of the top two economies met on the sideline of the G-20 summit and decided to end the stalemate and restart the trade talks. However the trade talk correction didn't last long as the market factored in poor economic data emerging out of U.S., China and Europe and greatly discounted the immediate impact of the trade talk resolution," said Patnaik.

HOW WILL IT IMPACT YOU?

"It will not really impact coin and bar, jewellery demand as investment starts to pick when price start to rally. Currently, premium charged for buying gold on the domestic front is low suggesting that investment demand has not really picked up yet," said Kishore Narne, head-commodities and currency, Motilal Oswal Financial Servi-

ces Ltd. This rise and fall is momentary and prices are always fluctuating. "Investors on the other hand don't seem to be perturbed about momentary rise or fall in gold prices, as the same is always invested with a long term horizon," said Patnaik. It is not just physical demand that has an impact on prices but also fund-based activity. "In periods of heightened economic or geopolitical environment, fund based activity overrides traditional supply-demand dynamics in determining gold price trend," said Patnaik

WHAT SHOULD YOU DO?

While the yellow metal will keep rallying owing to global uncertainties, experts suggest not holding off your gold purchase. "You should accumulate gold on each dip as this will help you average out on prices. You should not hold off on your purchase as uncertainty across the globe is rising," said Narne. This uncertainty can stem from trade war, slower global growth and dovish central banks. "All these factors are likely to restrict major sell off for the yellow metal. On domestic bourses gold is expected to hold levels of ₹32,500 on the downside and this could provide entry to long term investors. On the higher side, in the short term it could head towards ₹36,000 by Diwali," he added.