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# Gold price breaches ₹41,000-mark

## Hits Record High

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**Ahmedabad:** Gold continued its upward rally because of various factors, to touch the highest ever mark on Friday. It breached the Rs 41,000-mark to touch Rs 41,200 per 10 gram on Friday, rising by Rs 900 in a day. On Thursday, gold price in Ahmedabad market stood at Rs 40,300 per 10 gram. Analysts said that price of gold went up in the international market following the US air strike in Baghdad, that killed a top Iranian general.

“Mounting tensions between Iran and the US led to increase in gold price in international market from \$1,420 per ounce to \$1,448 per ounce. Since the Indian rupee depreciated against the US dollar, gold price in the Indian market further escalated,” said Hareesh Acharya, director, India Bullion and Jewellers’ Association (IBJA).

The last time gold price was at a record high was on December 31, when price stood

at Rs 40,400 per 10g.

Analysts believe that gold prices are further expected to rise in the international market to breach \$1,600 per ounce. “Gold prices in the international market are expected to increase further owing to geopolitical uncertainties. It may go up to \$1,625 per ounce by

March this year. If we look at the price trend over the last couple of years, gold has delivered 7-10%



returns over a six-month period, if one invests on January 1,” said Sudheesh Nambiyath, head, India Gold Policy Centre (IGPC) – Indian Institute of Management, Ahmedabad (IIM-A).

“Despite knowing that gold prices are expected to go up, the Indian gold demand is expected to remain muted. Indian investors may not be able to encash on the gains, owing to severe liquidity and cashflow crisis in India,” he added.

Increase in gold price is likely to impact demand for physical gold significantly and industry stakeholders are pinning their hopes on reduction in basic customs duty on gold in the upcoming

Union budget. “In the wake of the recessionary trend that is seen in the gems and jewellery sector, the government is expected to make necessary policy changes in the upcoming Union budget. We are expecting a cut in the basic customs duty on gold imports,” Acharya said.

If gold prices do not come down any further, it will adversely impact gold jewellery sales. “Even though consumers have begun accepting gold price hovering around Rs 39,500 per 10g, rising prices will only dent demand,” said Manoj Soni, an Ahmedabad-based jeweller. Currently, more than 70% of the total gold purchases take place by exchanging old gold.