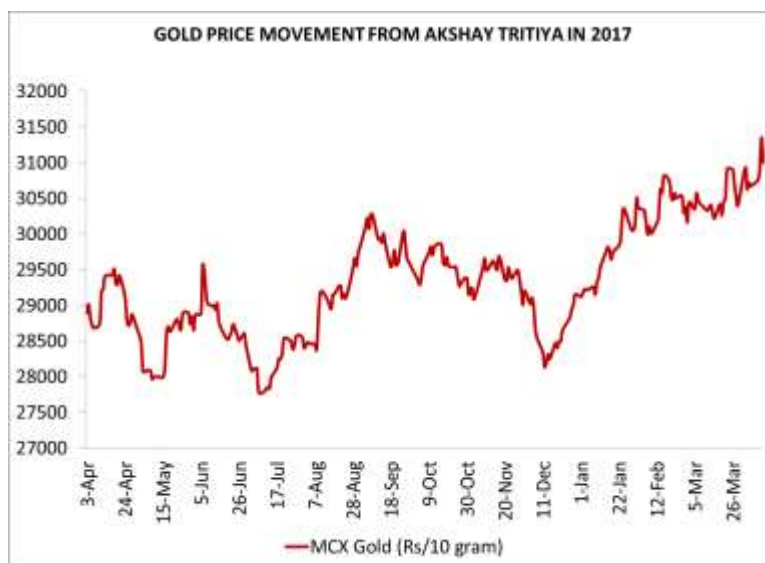


13-Apr-18

Gold has significance in Indian society and its finds a place on all occasions like birth, marriages, festivals etc. Apart from being an inherent part of our culture, gold is also valued as an investment. It has to be part of an ideal portfolio to gain the benefit of diversification or inflation hedge.

The avenues of trading in gold have risen in last few years from physical gold, gold futures, ETF's, mutual funds, RBI sovereign bonds and the latest being Options. The mode of investment may vary but the outcome is to benefit from the movement in gold prices.

While there is no right time to invest in gold, some days are considered more auspicious than others. Akshay Tritiya, which calls on April 18, is one such day. The day has significance in many religions and is considered auspicious to start new ventures.



Indian gold market has seen a sea of changes in last few years but we are now in a period of calm with market players coming to terms to new tax regime post GST imposition. The decision to exempt gems and jewellery from the reporting requirement purview of the Prevention of Money Laundering Act (PMLA) is also expected to boost demand. The key industry demand now is to reduce the import duty which currently stands at 10%

The chart alongside shows the trend in MCX Gold price from Akshay Tritiya in 2017 (28<sup>th</sup> April) till date. Price has rallied more than 7% from about Rs.28,800 to Rs.31,000/10 gram. In international

market, gold rose from about \$1265 per troy ounce to about \$1340/oz an increase of 5.9%. Higher price has however dented demand to some extent. Indian gold imports totaled about 160 tonnes in January-March period, down 35% from a year ago.

Indian gold price reflect international market and we are bound to see volatility however the general bias is expected to be on the upside. Following are some of the factors which will boost gold price in the near term

- US-China trade conflict
- Geopolitical tensions
- Uncertainty about Trump administration
- Correction in equity markets

***In international market, gold may trade in a range of \$1305-1370/oz in the near term and bias may be on the upside. Domestic gold price may trade in a range of Rs.30100-31550/10 gram.***

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