Bullion bounces back as festive demand returns

GOLD JUMPS ₹4,800, SILVER SURGES ₹9,000



NEW DELHI

PRECIOUS metals roared back in the national capital, with gold prices rising from Rs 4,800 to Rs 1.46 lakh per 10 grams as renewed festive buying and a sharp global rebound lifted bullion rates.

The yellow metal of 99.9 per cent purity climbed Rs 4,800 to Rs 1,46,600 per 10 grams, inclusive of all taxes, from Tuesday's closing level of Rs 1,41,800 per 10 grams, according to the All India Sarafa Association. Silver also strongly joined the rally, surging by Rs 9,000 to Rs 1.93 lakh per kilogram, inclusive of all taxes, from Rs 1.84 lakh per kg in the preceding session.

"Gold prices advanced on Wednesday, supported by a strong recovery in international markets and improving festive demand in the domestic market," said Saumil Gandhi, Senior Analyst - Commodities at HDFC Securities. According to Rajeev Sharan, Head of Research, Brickwork Ratings, the timing of the recovery could offer some respite to buyers preparing for the festive season, with gold having corrected around 8 per cent from its October peak. He attributed the recent price correction to a firm US dollar, elevated bond yields and fading hopes of Federal Reserve rate cuts, which triggered profit-booking by traders.

Unlike last Dhanteras, when gold prices had soared nearly 65 per cent year-on-year, the metal has gained a relatively modest 5-7 per cent since the previous festive season, offering households a window of price stability, Sharan said.

In international markets, spot gold jumped $113.72, or 3 per cent, to $4,043.93 per ounce, moving back above the $4,000 mark. Silver also rallied 4.5 per cent to $52.03 per ounce.

The dollar weakened after Democrats won the US mid-term elections, lending support to bullion, said Praveen Singh, Head of Commodities at Mirae Asset Sharekhan. Democrats controlling both chambers of Congress could bring greater regulatory scrutiny to the technology sector and slow data centre investments, potentially weighing on the US economy, he said.

Jateen Trivedi, VP Research Analyst - Commodity and Currency, LKP Securities, said investors will watch movements in the dollar, US bond yields and the Federal Reserve's policy stance to gauge whether the bullion rally can sustain.