

Gold rallies to all-time high of Rs128,700/tola, gains 46pc in 2020

KARACHI: Local gold prices hit an all-time high of Rs128,700/tola on Wednesday, taking their gains to more than 46 percent in 2020 after rallying nearly 30 percent in 2019, dealers said.

They said prices rose in line with a global trend as gold rates in the international market surged by \$66 to an all-time highest level of \$2,041 per ounce.

Gold scaled an all-time peak on a weaker dollar, falling US Treasury yields and expectations of more stimulus measures to revive pandemic-ravaged US economy.

All Sindh Saraf Jewellers Association (ASSJA) said gold rates in the local market increased to Rs128,700 per tola. Similarly, 10 gram gold price increased by Rs4,116 to reach Rs110,340/10 gram.

Haroon Chand, president ASSJA said gold prices were apparently uncontrollable. "There is a forecast of \$2,100 and \$2,200 per ounce for the month in the international market."

Silver rates rose by Rs130 to reach Rs1,630/tola. Silver rate of 10 gram also increased by Rs111.46 to arrive at Rs1,397.46/10 gram.

Local jewellers claimed that prices in the local market remained Rs1,000 per tola below the rates in the Dubai gold market.

Ahsan Mehanti, CEO Arif Habib Commodities said gold prices were increasing with the weakening dollar and geopolitical uncertainty.

"Investors are going towards safe haven assets," Mehanti said.

Muhammad Shafi Khan, a senior goldsmith said there were discussions about the precious metal touching \$3,000/ounce, as it was on a rapid upwards trajectory.

Jewellery trade is slow, and people are instead buying gold bars in various weightages, starting from a gram," Khan said.

"We are selling one gram bars, 2.5 gram bars, 5 gram bars, 10 gram bars and above."

However, there is very little trade of jewellery. The sharp gold price rise has been deterring jewellers and retail buyers from making purchases.

"Market is slow but gold is on a high run," Khan added.

Gold rates in 2020 have increased by Rs40,550 per tola to Rs128,700 per tola on August 5 from Rs88,150 per tola on January 1, 2020.

In 2019, gold rates had increased by Rs20,350 to Rs88,150 per tola by December end from Rs67,800 on January 1, 2019.

Khan also said rupee depreciation too had a role in this gold rally. "Silver and other metals are also increasing along with gold, but gold is moving at the fastest speed," Khan added.