

By Our Correspondent

Gold surges to historic high at Rs105,100 per tola

KARACHI: Gold price in Pakistan rose by Rs2,000 to a new peak of Rs105,100 per tola on Wednesday on the back of soaring prices in the international market due to a drastic increase in coronavirus cases around the world.

The precious metal maintained the uptrend for the fifth successive day in line with the global trend. According to the All Sindh Saraf and Jewellers Association, the per tola price of gold recorded an increase of Rs6,500 or 6.6% in the past five trading sessions.

Investors opted to relocate their capital from different securities to the safe-haven asset – gold – ahead of likely outbreak of the second wave of the coronavirus pandemic around the world.

Talking to The Express Tribune, Mafa Capital CEO Adnan Agar said the increase in domestic gold price was a direct result of the skyrocketing international bullion price.

“Economies around the world have begun to reopen and once again virus cases are on the rise,” he said. “The number of Covid-19 infections around the world soared in the past five to six days and the global gold price has been on an upward trajectory, which is impacting gold rates in Pakistan as well.”

The second wave of the coronavirus was expected to hit economies harder than the first wave, hence, investors started redirecting investment to gold, he said.

International market

Globally, gold surged to its highest level in nearly eight years on Wednesday as rising coronavirus cases dented hopes of a rapid economic recovery and pushed investors towards safe-haven assets.

Spot gold prices climbed 0.6% to \$1,777.53 per ounce by 0957 GMT, having earlier hit their highest since October 2012 at \$1,779.06. US gold futures gained 0.7% to \$1,794.60.

“Everybody is worried about the second wave of the coronavirus, not only in the US, but also in Latin America, Brazil and Russia, so that’s supporting the rally,” said Jigar Trivedi, commodities analyst at Mumbai broker Anand Rathi Shares.

“People are expecting stimulus packages from central banks and higher the stimulus, better the prospects for gold.” The US had a 25% increase in new cases of Covid-19 in the week ended June 21 compared with the previous seven days, a Reuters’ analysis found.

The EU is prepared to bar travellers from the US, putting the country in the same category as Brazil and Russia, the New York Times said. [WITH ADDITIONAL INPUT FROM REUTERS]