# Commodity: GOLD



## International Events Update

## Gold Prices – at a Two Year low

In times of crisis, gold is considered to be a safe haven. The price of gold fell to its lowest level in more than 18 months on Friday night amid fears that sales of the precious metal forced on Cyprus by its desperate financial plight would lead to wholesale dumping by hard-pressed countries in the coming months. The financial crisis has engulfed the European single currency zone.

### IMF & ECB compulsion on Cyprus to sell Gold

To raise the desired €400 million, Cyprus will have to sell around 10.36 tons of gold (at the current price). The nation owns about 13.9 tons of gold, according to the World Gold Council. So it will have to depart with about 74.5 percent, NEARLY THREE QUARTERS, of its total reserve. Now Cyprus is being compelled to sell most of its gold to the ECB and IMF.

### European Gold Holdings across countries

Germany has 3,391 tons, and is the world's second-largest holder of gold. Italy is the fourth-largest holder of gold—its central bank holds 2,451 tons. France has the fifth-largest stockpile in the world with 2,435 tons. The Netherlands has 612 tons. Portugal has about 383 tons. Spain's holdings stand at 281.6 tons. Austria has 280 tons. Belgium 227 tons & Greece has about 112 tons.

### Pressure on PIGS to sell Gold

Italy, Portugal and Spain likely to be forced to dump tons of gold on the market to satisfy the IMF, EU and ECB.

### German turnaround on Gold

In January, Germany suddenly announced that it was repatriating its gold from France and the United States. Germany's central bank will relocate 54,000 solid gold bars, worth about $36 billion, from deep underneath the Federal Reserve Bank of New York and the Banque de France in Paris to the safe confines of German soil — vaults at the Bundesbank's Frankfurt headquarters.

In February, it was discovered that buried within Greece's bailout package is a stipulation that allows the EU to seize Greece's gold reserves. Prominent German politicians in recent years have openly discussed the need for Italy and Spain to sell gold to pay off debt.

### Gold prices fallout on Indian Companies

Most of the companies related to Gold have taken a hit in Indian markets today. Muthoot Finance, Manappuram Finance, TITAN, etc have lost a considerable percentage on the last trading session. Banks with higher exposure to gold loans like Federal Bank, Indian Bank, Indian Overseas Bank, South Indian Bank, Andhra Bank, etc expected to fall in the near future. We expect the regional banks will be the most suffered due to the gold price downtrend.

The main reason for gold losing in India strength is the rise of the dollar. Goldman Sachs lowered its average gold-price forecast for

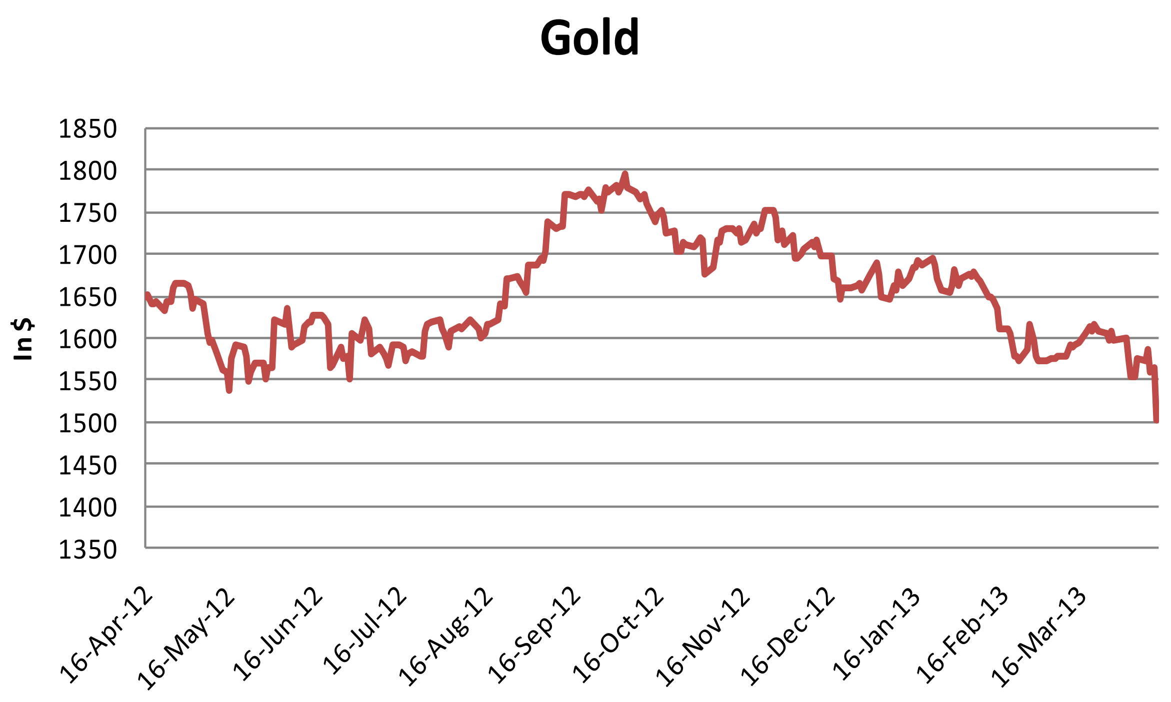
2013 to USD 1,545 an ounce.

Gold, which had been plummeting this week and traded below ₹30,000, fell further sharply by ₹1,250 to ₹28,350 per 10 grams, a level last seen on April 7 last year following a steepest fall of 84 dollar to 1,477 dollar an ounce in global markets. Gold has lost 5% on current trading session and landed near ₹26000 levels.

### Exception for Gold price

### Wedding and Festival seasons to buoyant pressure on Gold Prices

The wedding season has begun in India and will continue till early June. Akshay Tritiya, the second biggest gold buying festival after Dhanteras, also falls in this period.




*Source: Anush Research, ACE Equity*

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