

Gold price decreases, silver edges up

Gold price slipped while silver rose higher in the trading week between February 18 to 23.

Federation of Nepal Gold and Silver Dealers' Association (FeNeGoSiDA) attributed the drop in price of gold to strengthening of US dollar and market volatility.

The association had set the rate of gold in the domestic market at Rs 57,900 per *tola* when the market opened for trading on Sunday. Its price rose by Rs 100 a *tola* to Rs 58,000 per *tola* on Monday. However, the price of the precious yellow metal fell by Rs 200 a *tola* each day for the next two days to be traded at Rs 57,800 per *tola* on Tuesday and Rs 57,600 a *tola* on Wednesday. Bullion price remained stable for the remainder of the week.

FeNeGoSiDA had fixed the trading rate of silver at Rs 740 per *tola* on Sunday and its price edged up by five rupees a *tola* to Rs 745 per *tola* on Monday. On Tuesday, though, silver price dipped by five rupees *atola* to be traded at Rs 740 per *tola* and remained the same the next day. The grey metal edged up by five rupees a *tola* to Rs 745 per *tola* on Thursday and was unchanged on Friday.

High local prices hit physical gold demand in India this week while activity in most other Asian centres remained subdued due to the Lunar New Year holiday, according to *Reuters*.

Meanwhile, Asian shares rebounded on Friday as comments from a Federal Reserve official eased worries about faster rate rises in the United States.

St Louis Fed President James Bullard tried to tamp down expectations of four rate hikes in 2018, instead of the widely anticipated three increases, saying on Thursday that policymakers needed to be careful not to increase rates too quickly because that could slow the economy.

Financial markets have fluctuated wildly this month as investors fretted about how fast the Fed might raise rates after official data showed a pick-up in US inflation. Fears of inflation boost gold, which is seen as a safe haven against rising prices. But hikes in interest rates to fight inflation make gold less attractive as it is not interest-yielding.

Source: The Himalayan Times, 25th Feb 2018