

Gold prices set to reach Dh223 per gram

Written by Administrator

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DUBAI: Gold prices could top \$1,700 (Dh6,244) per ounce (one ounce equals 28 grams which makes it Dh223 per gram) by end 2011, jewellers have said.

Raj Sahai, director for retail of Damas said: "Historically, gold prices have constantly gone up over time. We think it could go up to \$1,700 per ounce by the end of the year due to continued high demand."

Gold rallied to a historic high of \$1,517 after Easter, briefly went down to \$1,494.05 on May 6 before bouncing back on May 9, when gold hit \$1,510.40 per ounce in New York amidst the US dollar's retreat.

"It's a cultural thing," Sahai said. "For every occasion in the sub-continent, gold is involved. In China, demand for gold is up, so there's constant upward pressure for the price of gold in these two major markets."

And due to high prices, many are also selling their gold jewellery, though usually at five per cent off the current price.

Doubts about the dollar's direction and concerns about the Eurozone will continue to make gold attractive, said Dubai jeweller Chandu Siroya.

"The reason is when both the dollar and euro are weak, people lose faith in currency," said Siroya, an official of the Dubai Gold and Jewellery Group for 10 years. "Gold is the most stable investment, that's why people turn to it in bad times."

Abdullah Abdul Rahman, who has two shops in the Dubai Gold Souq, said, "People from all over the world have faith in Dubai's gold. And I wouldn't be surprised if it touches \$1,700 to \$1,800 an ounce by the end of this year. There's a lot of speculation on the price of gold, but I think the golden days of gold are yet to come," he said.

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