

Gold As Investment Option in 2024



The Year 2024 is Packed with Uncertainty & Gold can Continue to Shine

All that glitters is really gold. The year 2023 gold had a strong Showing as the precious metal appreciated both in terms of Dollar & Rupee. Gold appreciated by almost 15% in the year 2023 with MCX rate at the end of the year for 10gram gold at Rs.63,200.

The Common belief is gold does well during crisis and this proved true in 2023. In reality when the stock market moves up gold remains stable or moves down, but in 2023 in spite of the equity market moving up gold prices also went up. In 2023 the Silicon Valley bank crisis and Israel Hamas war resulted in gold prices going up. The Central bank across the globe continued to add gold to their reserves and bought 800 tons of the gold metal, which is above 15% more than earlier year.

The key factors for gold prices in 2024 are the Fed Rate which is likely to cut by 25 basis points at least 2 times in 2024. In the USA rate cut can drive the dollar down and the Treasury yield & bond yields can come down making gold a safe haven and more attractive. Further fed expects the GDP growth in the USA to drop to 1.5% in 2024 v/s 2.5% in 2023. Further china is also likely to see growth

slowing down for 5% to 4.5% as per international monetary fund. India with a growth rate of 5.5% to 6% as expected in 2024 remains a bright spot and is the 2nd largest consumer of gold. Slowing down of the Global economy and global meltdown can make the investors look for the safety and gold is preferred Investment Avenue.

Further with the Ukraine war and Israel Hamas war still going on as well as the tensions and the geo politics scenario can provide an opportunity for investors to look at gold. Apart from this United States and India are facing elections and this could result in demand for the gold as a hedge against political uncertainty. Finally the down side in gold prices appears to be less and gold prices going up looks certain as fed as hinted on rate cuts.

Investors can now look at gold as diversification and a balanced portfolio through sovereign gold bonds or gold ETF or direct gold buying for an appreciation of 8 to 10% in the year 2024,as well as an investment with a long term perspective. Investors also look to invest in silver as in the short term silver may give better returns in 2024 compared to gold. Gold prices can rally up to Rs.70,000 for 10 Gram in 2024 and silver can rally upto Rs.82,000per Kg in 2024 as of Rs.74,000 per kg now. Investors should always allocate atleast 10% of their investment in gold and silver as asset allocation and diversification.

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