

Is there a season for demand or gold investing?

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The World Gold Council offers a review of seasonal pattern for gold demand - There are seasonal patterns to jewellery demand, although the pattern varies from one country to another. Global demand is usually strongest in the fourth quarter of the year, followed by first quarter demand. The main elements governing this are:

Western world: Christmas

Islamic world: Eid Al Fitr at the end of Ramadan is a major gold giving occasion. Since the Islamic year is ten or eleven days shorter than the calendar year, the date of Ramadan moves each year. In 2006 the Eid Al Fitr was on October 23rd. Eid Al Adha (Feast of Sacrifice) takes place seventy days after the Eid Al Fitr and is also a significant gold-giving occasion. In 2006 Eid Al Adha fell on December 31st. Pilgrims going to Mecca and Medina may also buy gold; the main pilgrimage period, the Haj, culminates around the time of the Eid Al Adha.

India: gold buying peaks during the wedding season and at the times of various festivals that vary from region to another. The biggest festival is Diwali, which usually falls in late October or November. The wedding season varies from region to region but is normally from November to May with a break from approximately mid-December to mid-January. In August, the two-week Shrad period is inauspicious for ceremonies associated with gold buying; every three years or so this is followed by an additional month (Adik Mas) which is also not a time for gold buying. (Exact dates vary since the Hindu calendar is a lunar one.)

China and East Asia: Chinese New Year (last part of January or first half of February).

Turkey: Demand is highest in the third quarter due to tourist purchases. The effect of a festival would normally show up earlier than the date in gold sales since people purchase in advance. Also, since data often represents retail or wholesale purchases demand may often reflect distributors stocking up for the season. The seasonal pattern does not affect price; it is well known in the gold markets and therefore discounted. There are many other factors in addition to demand which affect the price of gold.