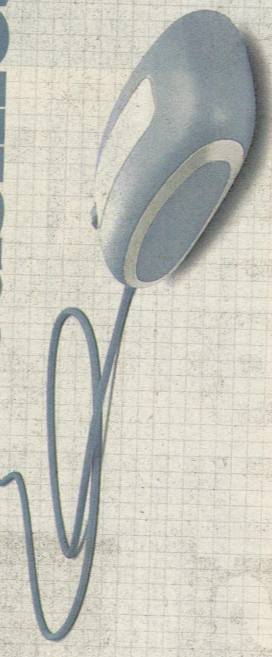


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How do coins and bars compare to jewellery?

Hansen: Coins and bars have greater value as the investor does not pay for the actual time that goes into making the jewellery. This is why investors prefer bars and coins.
Umni: The key difference between coins, bars and jewellery is the quality of the gold. Usually coins and bars are 24 carat gold while jewellery is 22 carat.

Gold buying is very seasonal. If someone wants to invest in gold what are the peak seasons they should avoid?

Hansen: The fourth quarter is the Indian wedding season and the physical market is generally very busy up to and into that period as India is the world's largest user of gold. So the price and demand for gold at that time of the year is high.
Umni: An analysis of data from 1970 to 2009 suggests that prices slide towards the end of March. The initial three months of the year have always been volatile with a gradual uptrend. Beyond that prices have been range-bound with markets oscillating in extreme ranges. A closer look at the average prices reveals that they have been seasonally high in the months of October, November and December and in the early part of the New Year. The ideal buying levels for long-term investment are usually seen towards the end of Q3 or in early Q4.

Things to keep in mind when investing in gold?

Gavankar: Customers should focus on buying certified gold bars from approved mints. For investment in commemorative coins, customers can always choose the Vision of Dubai gold coins that have been conceived and made in the emirate by a certified mint.

How do gold funds compare with buying gold directly? What is the risk with these investments?

- Patil: Funds will cover their own set-up costs from the investment and commission paid to the broker or selling agent but the risk of the financial institution raising the fund going bankrupt has surfaced in the recent recessionary period.

Watson: It depends on what the gold fund is investing in. If it is simply investing in gold bullion then it is a more expensive way of buying gold. If, however, the fund invests in companies that specialise in gold exploration or mining they will work the same as any other investment fund.

Wozniak: The form gold investment takes is a question of personal preference and, more specifically, risk and return expectations. I would not recommend one over the other. Investing in a gold fund that will, at least partially, consist of gold-mining equity holdings will offer the investor exposure to the gold price but will include an additional set of risks – and potential rewards.

HOW TO SELL GOLD

Gold bars and coins can be sold to a bullion trader or jeweller across the counter for cash at the prevailing market price. The purchase receipt and personal identification must be produced.

Bars and coins will yield a premium for the investor if they seal has not been tampered with provided there is firm demand in the local market.

Gold can be bought and sold from a bullion dealer, at a retail outlet or online. It can also be bought and sold on stock markets in the form of exchange traded funds (ETFs) or securities that are fully backed by allocated bars.

Selling physical gold in Dubai isn't difficult. Most jewelleryellers in the Gold Souk area of Deira purchase the metal from individuals after checking the quality. However, there is a discount of a few dollars from the market rate.

