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# A STUDY ON MARKET ANALYSIS OF GOLD CURRENT TRENDS AND FUTURE PROSPECTS

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## INTRODUCTION

Gold is a chemical element with the symbol Au (from Latin: aurum) and atomic number 79, making it one of the higher atomic number elements that occur naturally. In a pure form, it is a bright, slightly reddish yellow, dense, soft, malleable, and ductile metal. Chemically, gold is a transition metal and a group 11 element. It is one of the least reactive chemical elements and is solid under standard conditions. Gold often occurs in free elemental (native) form, as nuggets or grains, in rocks, in veins, and in alluvial deposits. It occurs in a solid solution series with the native element silver (as electrum), naturally alloyed with other metals like copper and palladium and also as mineral inclusions such as within pyrite. Less commonly, it occurs in minerals as gold compounds, often tellurium.

## STATEMENT OF PROBLEM

- Gold prices can be highly volatile, influenced by geopolitical events, inflation rates, and shifts in currency markets. This unpredictability can make gold a risky investment and complicate long- term financial planning.
- There have been concerns over manipulation of gold prices by large financial institutions, as seen in past scandals involving the London Gold Fix. Such practices undermine the integrity of the market and erode investor trust.
- Supply Constraints: Despite being a finite resource, global gold production has been plateauing. Increased mining costs, declining ore quality, and geopolitical challenges in gold-producing regions limit the ability to meet growing demand.
- Gold mining often has significant environmental impacts, including deforestation, water contamination, and ecosystem destruction. Additionally, there are concerns over human rights abuses and poor working conditions in certain mining regions, leading to calls for more ethical sourcing.

## REVIEW OF LITERATURE

- Baur and McDermott (2010): gold acts as a hedge against inflation and currency devaluation. Their study highlights that during periods of financial crisis, gold tends to maintain its value or appreciate due to its perceived stability and scarcity.

- Reinhart and Rogoff (2010): macroeconomic factors such as inflation rates, interest rates, and fiscal policies heavily influence gold prices. The authors found that low interest rates tend to drive investors toward gold as an alternative investment.
- Joyce (2011): revealed that the actions of central banks in terms of gold purchases or sales directly influence global gold prices. This is because central banks hold a significant share of the global gold supply, and their market behavior can either stabilize or disrupt market trends.

- Dincer and Eichen green (2011): showed that during times of geopolitical tension, such as wars and political crises, gold prices tend to increase as investors seek safety. The research emphasizes the inverse relationship between political uncertainty and gold price fluctuations.

- Ghosh et al. (2012): found that gold serves as an effective hedge against inflation, especially when inflation expectations are high. Their study suggested that gold maintains its purchasing power better than other commodities during periods of high inflation.

- Dowling and Lucey (2012): advancements in mining technology have led to increased gold production, which can influence gold prices. The research also highlights the environmental and financial challenges associated with largescale gold mining

### *OBJECTIVES OF THE STUDY*

- To Analyze the Current Market Trends of Gold
- To Investigate Key Drivers of Gold Prices
- To Study Future Prospects and Predictions for the Gold Market
- To Understand the Impact of Geopolitical Events on Gold Prices
- To Identify Opportunities and Challenges in the Gold Market for Investors

## RESEARCH METHODOLOGY

The primary data used in this study through questionnaire method. The secondary data were collected from various books, journals, magazines and websites. The sample size has been taken among 150 respondents. The random sampling technique used in this study.

### *STATISTICAL TOOLS FOR ANALYSIS*

The following statistical tools are used in this study for the purpose of analysis:

- Simple Percentage Analysis
- Rank analysis
- Weighted Average

### *LIMITATIONS OF STUDY*

- The results and findings are confined to a limited area.
- The opinions of the respondents may be biased.
- Time and resource constraint.
- Since the data was collected using questionnaire, there is possibility of ambiguous replies or omission of replies altogether to certain items in the questionnaire.

## ANALYSIS& INTERPRETATION OF DATA

**Table showing the purchase of gold by the respondents.**

| No. of Times Purchase | FREQUENCY | PERCENTAGE |
|---|---|---|
| ONCE A YEAR | 65 | 43% |
| TWICE A YEAR | 57 | 38% |
| EVERY FEW MONTHS | 22 | 15% |
| ONCE A MONTH | 6 | 4% |
| **TOTAL** | **150** | **100%** |

**Interpretation:**

The above table shows that 43% of respondents are purchasing gold for once a year, 38% are purchasing gold for twice a year, 15% are purchasing for every few months and 4% of respondents are purchasing gold for once a month.

**Table showing the place of purchase of gold by the respondents.**

| PLACE OF PURCHASE | FREQUENCY | PERCENTAGE |
|---|---|---|
| JEWELRY STORES | 83 | 55% |
| ONLINE RETAILERS | 35 | 23% |
| BANK | 18 | 12% |
| PAWNSHOPS | 14 | 10% |
| **TOTAL** | **150** | **100%** |

**Interpretation:**

The above table depicts that 55% of respondents are purchasing gold in jewelry stores, 23% are purchasing in online retailers, 12% are purchasing in bank and 10% are purchasing in pawnshops.

***RANK ANALYSIS***

**Table showing the factors that influences the current price of gold by the respondents**

| Factor that influences the current price | 1 | 2 | 3 | 4 | 5 | Total | Rank |
|---|---|---|---|---|---|---|---|
| **Global economic growth** | 68 | 9 | 6 | 4 | 63 | 435 | **5** |
| **Interest rates** | 10 | 65 | 11 | 60 | 5 | 438 | **4** |
| **Currency fluctuations** | 1 | 10 | 123 | 10 | 6 | 460 | **2** |
| **Geopolitical tensions** | 7 | 62 | 5 | 67 | 9 | 459 | **3** |
| **Global political instability** | 64 | 4 | 5 | 9 | 68 | 463 | **1** |

**Interpretation:**
The above table shows that among the respondent global political instability stands first in the ranking followed by, currency fluctuations, geopolitical tensions, interest rates and global economic growth stands last in the ranking.

***WEIGHTED AVERAGE METHOD***

**Table showing the level of satisfaction with the advancement & fluctuations of gold products & rates by the respondents.**

| LEVEL OF SATISFACTION | VS 1 | S 2 | D 3 | TOTAL | WEIGHT | RANK |
|---|---|---|---|---|---|---|
| **ADVANCEMENTS** | 110 | 29 | 11 | 201 | 1.34 | **2** |
| **FLUCTUATIONS** | 24 | 105 | 21 | 297 | 1.98 | **1** |

**Interpretation:**
The above table reveals that fluctuations comes as First; advancements appear as second in the advancement and fluctuations of gold products and rates among the respondents.

## FINDINGS OF THE STUDY

***WEIGHTED AVERAGE ANALYSIS***

The respondents reveal that fluctuations comes as first; advancements appear as second in the advancement and fluctuations of gold products and rates.

***RANK ANALYSIS***

- The respondents are agreed with the factor of global political instability influences the current price of gold as first ranking followed by, currency fluctuations, geopolitical tensions, interest rates and global economic growth stands last in the ranking.
- The respondents accepts that global political stability stands first in the ranking followed by government policies, technological advancements, climate change resource scarcity and economic recessions.

## SUGGESTIONS

- Diversification: Investors should consider diversifying their portfolios with gold to hedge against inflation and market volatility.
- Monitoring Interest Rates: Investors should keep an eye on interest rate policies, as changes can impact gold prices.
- Emerging Markets: Investors should consider investing in emerging markets, particularly in the Asia-Pacific region, where demand for gold is expected to grow.
- Gold ETFs: Investors should consider investing in gold ETFs, which offer a convenient and cost-effective way to gain exposure to gold.
- Long-Term Approach: Investors should adopt a long-term approach when investing in gold, as prices can be volatile in the short term.

## CONCLUSION:

The gold market is expected to continue its strong performance, driven by growing demand, central bank buying, and inflation. Investors should consider diversifying their portfolios with gold, monitoring interest rates, and investing in emerging markets. A long-term approach and a consideration of gold ETFs can also help investors navigate the market effectively.