

BASIC MATERIALS

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Asia Gold-Demand mixed as consumers sell expensive gold for profit, buy silver

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* Discount in India falls to \$24 vs \$31 last week

* China gold premiums little changed at \$9-\$10

* India's gold market: tmsnrt.rs/2b1Tl6J

By Brijesh Patel and Rajendra Jadhav

BENGALURU/MUMBAI, Aug 30 (Reuters) - Most consumers in top Asian hubs sold their physical gold holdings this week to cash in on high prices with many opting for cheaper silver, while the Indian bullion market hoped for an uptick in demand from an upcoming festival.

Global benchmark spot gold prices were on course for a fourth straight monthly rise on uncertainties surrounding U.S.-China trade and the global economy.

Silver, meanwhile, rose above \$18 an ounce for the first time in nearly two years.

"Prices are climbing and we're seeing more selling," said Brian Lan, managing director at Singapore dealer GoldSilver Central.

"We've seen strong buying in silver because it's done very well. Clients are selling gold and buying silver."

In top gold consumer China, bullion was sold at a premium of \$9-\$10 an ounce over the benchmark, versus \$8-\$10 last week.

“There’s not too much activity in China. Higher prices have dampened jewelry demand,” said Ronald Leung, chief dealer at Lee Cheong Gold Dealers in Hong Kong.

In India, demand remained tepid, despite a mild price correction earlier this week.

“Retail buying is not picking up due to higher prices. Consumers are waiting for a bigger fall,” said Ashok Jain, proprietor of Mumbai-based gold wholesaler Chenaji Narsinghji.

Gold futures fell to a one-week low of 38,611 rupees per 10 grams on Friday, having hit an all-time peak of 39,425 rupees on Thursday.

Dealers offered discounts of up to \$24 an ounce over official domestic prices this week, down from last week’s \$31 discounts. The domestic price includes a 12.5% import tax and 3% sales tax.

“Discounts could fall further next week. Demand is expected to improve in some pockets” due to the Ganesh Chaturthi religious festival next week, said a Mumbai-based dealer at a private bullion-importing bank.

Gold is considered an intrinsic part of weddings and festivals in India.

In Singapore, premiums were at \$0.60-\$0.80 an ounce against \$0.50-\$0.80 last week, while Hong Kong premiums were quoted at \$0.60-\$1.10 versus \$0.50-\$1.20 previously.

“Demand for both selling gold and crystallising profits, and for getting more exposure to physical gold is on the rise, both in Singapore and Hong Kong,” said Joshua Rotbart, managing partner at J. Rotbart & Co in Hong Kong.

Activity in Hong Kong has been muted by high prices and months of political unrest.

“The protests definitely increase the appetite in Hong Kong for physical gold as a protection against what is about to come. However, we see more clients holding their gold in their houses or office, or opting for storage in Singapore,” Rotbart added.

In Japan, gold was sold at par against the benchmark, a Tokyo-based trader said.

Reporting by Brijesh Patel and K. Sathya Narayanan in Bengaluru and Rajendra Jadhav in Mumbai; Editing by Arpan Varghese and Dale Hudson

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