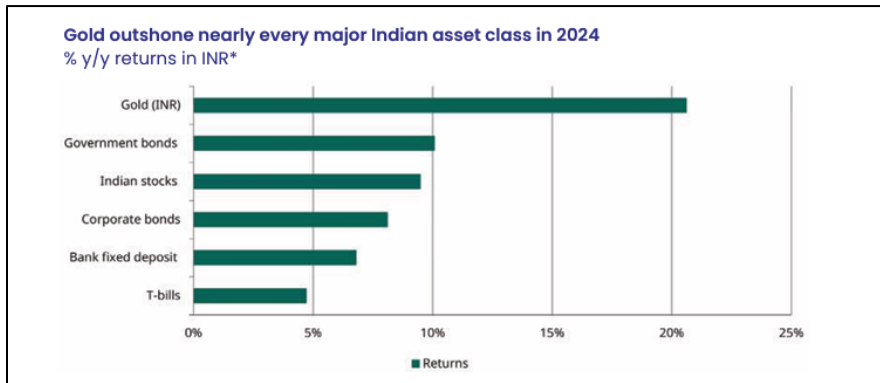


Central bank and Gold ETF investors continue to drive demand for Gold in 2025: Motilal Oswal Private Wealth

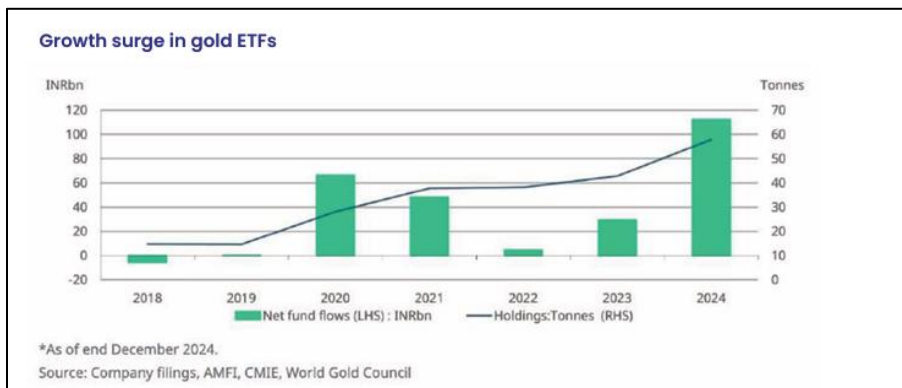
According to Motilal Oswal Private Wealth February 2025 Alpha Strategist Report, Global geopolitical and economic uncertainties will be major factors driving gold prices. Central banks' actions will have a notable influence on the precious metal market. The Indian market is currently demonstrating a strong investment interest in gold and there is an expectation that central banks and ETF investors will continue to drive demand in 2025. The high prices for gold could put pressure on jewellery demand, however the investment demand is expected to remain strong.

Indian Dynamics

In India, gold was one of the top performing asset classes in 2024, with a 21% year-on-year return. Indian gold ETFs experienced record annual inflows in 2024, with net inflows of INR 112 billion, adding 15 tonnes to holdings, which reached 57.8t.



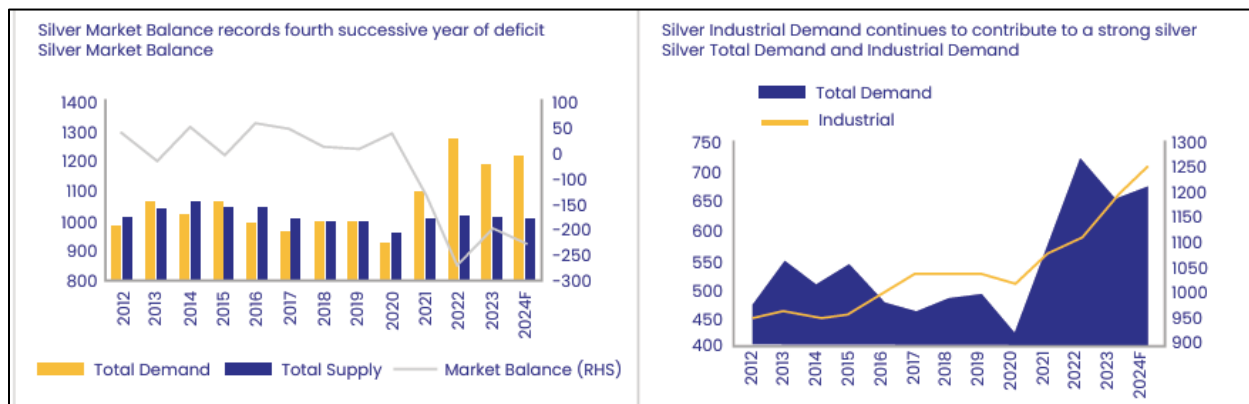
The Reserve Bank of India added 72.6 tonnes of gold to its reserves in 2024, bringing total reserves to 876 tonnes. This marks the seventh consecutive year that the RBI has been a net buyer of gold and makes gold 10.6% of the RBI's forex reserves. While jewellery demand was subdued due to high prices, physical investment demand for bars and coins remained robust. Jewellery demand is expected to gradually recover from mid-January, driven by wedding purchases, but price stability would be a major factor.



Silver

Demand & Supply

In the last 4 years, there has been a deficit (demand exceeding supply) for silver, which has supported the prices. The trend for industrial demand is increasing since 2020 and has reached all-time highs.



Silver Outlook

As per MOFSL research, Silver has a strong demand outlook based on the following reasons:

- Industrial demand boost
- Boost in Manufacturing and Industrial activity in China
- Potential for pickup in Green tech



Silver exhibits volatility similar to Indian Equities (Based on Std. Deviation on Monthly Returns, Maximum drawdown) Hence, While Gold can have a strategic allocation in portfolios, Silver should be considered only for tactical allocation.