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(/) Monday, 23 March 2020



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FINANCE (/finance)

Wednesday, 26 February 2020 18:19

## Covid-19 Kills Consumer Demand for Gold

How Will Gold React to Covid-19? (<https://www.finews.asia/real-assets/31063-how-will-gold-react-covid-19-world-gold-council-andrew-naylor>)

4:11 PM GMT+8:00 Tuesday, 26 February 2020

**The price of gold on Wednesday climbed back towards the seven-year high (\$1,672/oz.) reached on Monday as investors sought safe havens following the U.S.' warning that the Covid-19 outbreak could spread domestically, as outbreaks in Iran, South Korea and Italy escalated.**



However, demand coming from Hong Kong and China, the world's largest consumer, has been shot as a result of the outbreak. According to Hong Kong Census and Statistics Department data published on Tuesday, China's monthly net gold imports via Hong Kong plunged 77 percent to 9.34 tonnes in January.

«The local gold market in Hong Kong is extremely quiet and we don't see any local activity, as consumers and investors prefer to stay home and wait. Same for China – currently demand is not there for gold, or any other product,» **Joshua Rotbart**, managing partner of **J. Rotbart & Co.** (<https://jrobtart.com/>) told *finews.asia*.

The precious metals dealer said there is still a movement of precious metals from Hong Kong to Singapore, but on a much smaller scale than **during the protests** (</high-end/29396-gold-buyers-in-seek-shelter-in-singapore-joshua-rotbart>).

### **Still a Safe Haven**

Gold's strong performance in 2019 continued into the new year, with economic and geopolitical factors behind the 10 percent appreciation in the gold price since the start of the year. The coronavirus outbreak has only added to the yellow metal's safe-haven allure.

«The spread of the coronavirus adds a lot of concerns to investors due to the dire financial implications: Hong Kong is practically at standstill, Singapore and other SE Asian countries are struggling, global supply chains are in wrecks, China is literally shut down,» Rotbart said, adding that the recent rise in the U.S. equities markets have compounded concerns over a potential recession.

### **Palladium to Fall**

At the same time, Rotbart warned that palladium, which has also made headlines this year due to a shortage in supply, has some room to fall as a slowdown in global economic activity will mean a correction in the price of palladium.

The price of palladium is already up 46 percent year-to-date, after gaining 54 percent in 2019. Demand for the metal comes mostly from the automobiles industry, as it is used in catalytic converters in motor vehicles to help control exhaust emissions.

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