

Gold Prices Dip in Asia, Boosting Demand in India Ahead of Festivals

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— Categories: Economics



Gold prices in Asia have retreated slightly this week, triggering renewed interest in India, while demand across other major markets in the region * The price for gold in India closed at 99,838 rupees per 10 grams on Thursday, down from a record high of 102,250 rupees the previous week. The easing of prices has prompted buyers to re-enter the market ahead

of the Dussehra and Diwali festivals, periods traditionally associated with significant gold purchases.

Dealers in India have responded by narrowing their discounts to around six dollars per ounce, down from as much as nine dollars last week, indicating higher physical purchases. Jewelers have also increased orders in anticipation of higher sales during the festive season, reflecting the cultural importance of gold in Indian celebrations. Despite elevated prices compared with historical averages, consumer purchases remain consistent with seasonal demand, supporting activity during the festival period.

In contrast, demand in other key Asian markets has not shown similar increases. In China, bullion is trading at discounts ranging from seven dollars below to six dollars above the global spot price. Physical purchases have been limited due to high prices and the absence of new import quotas. Discussions over potential U.S. tariffs on gold have been reported, but the U.S. administration has stated that no such tariffs are planned.

Elsewhere, activity remains relatively low in Hong Kong and Singapore, where gold trades at small premiums over the global spot price. Japan is experiencing a minor discount of fifty cents per ounce, illustrating differences in consumer engagement across the region. Analysts note that variations in demand reflect differing economic conditions and cultural practices rather than uniform market behavior.

India's demand remains relatively stronger compared with other Asian markets. Cultural affinity for gold, along with its traditional role as a store of value and symbol during religious festivals, continues to support

domestic purchases. These factors make India a significant market in the region where price sensitivity and economic conditions have affected other markets.

As the festive season approaches, Indian gold dealers expect a rise in activity. Increased sales during Dussehra and Diwali are projected to occur based on historical trends. However, the broader regional market remains subdued. High prices and ongoing economic uncertainties contribute to cautious participation across Asia, leaving the market sensitive to global economic trends.

In summary, while gold prices in Asia have dipped modestly, this shift has led to higher purchasing activity in India for the upcoming festival season. Elsewhere in the region, market activity remains lower, reflecting price levels and current economic conditions. The Indian market is likely to see a seasonal increase, but overall demand in Asia will depend on price stability, economic factors, and regional purchasing patterns.