

Mumbai Bullion Market: Ample Supply and Rising Scrap Flows Keep Gold at a Discount

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Market insights from Dr Renisha Chainani, Chief Research Officer, Augmont Enterprises Ltd

Mumbai's bullion market remains well supplied but cautious, with physical gold and silver readily available and no significant delivery constraints, according to Dr Renisha Chainani, Chief Research Officer at Augmont Enterprises Ltd. The two metals, however, are behaving differently: gold trades at a discount to import parity, while silver commands a premium.

Gold's discount reflects abundant domestic supply. A steady old-for-new jewellery exchange pipeline, supplemented by some unofficial supply, has kept domestic gold below landed import costs. Nationally, the discount widened from US\$34 per ounce in July to US\$51 in August and US\$78 by mid-September, before narrowing to roughly US\$20 by month-end. Silver, meanwhile, commanded a premium of around US\$1 per ounce as of September 29, signalling comparatively tighter supply.

Market sentiment remains cautious. August's sharp rally and September's correction have encouraged retailers and consumers to adopt a wait-and-watch approach. Festive buying started strongly in late August before moderating amid price volatility, while physical investment demand remained relatively steady.

Jewellers and manufacturers have pulled back from early festive-season buying, maintaining conservative inventories and restocking mainly against confirmed demand. Wedding demand remains resilient, although higher prices are encouraging lighter-weight jewellery.

Larger retail chains remain more willing to build stocks around promotions and new launches, while independent jewellers and smaller manufacturers remain order-driven.

Spot and advance payments dominate transactions, reflecting bullion's low-margin, high-value nature. Short-term credit remains largely limited to established counterparties, with volatility increasing caution.

Looking to October, Dr Chainani expects the festive and wedding season to support physical demand, particularly wedding and investment purchases, although elevated prices and volatility could constrain discretionary jewellery buying. Gold may remain below import parity while recycled-gold flows maintain comfortable domestic supply, though a sharp price correction could quickly change the balance.

Overall, Mumbai enters October well-stocked, cautious on inventory and supported by strong recycled-gold flows, with festive and wedding demand determining whether physical buying gains momentum.

Source: Bullion World interaction with Dr Renisha Chainani, Chief Research Officer, Augmont Enterprises Ltd. Premiums/discounts, demand conditions, market data and outlook reflect the information and assessment provided during the interaction. References to unofficial supply reflect the interviewee's observations.

Coimbatore Bullion Market: Ample Supply Subdued Demand Keeps Gold at a Discount

Mr V B Vimal, Sri Dhikshaa Bullion



SRI DHIKSHAA
BULLION



Mr V B Vimal

Market insights from Mr V B Vimal, Sri Dhikshaa Bullion

The Coimbatore bullion market remains well supplied, but subdued physical demand continues to keep gold at a discount, according to Mr V B Vimal of Sri Dhikshaa Bullion. He noted that there are currently no significant supply or delivery constraints in the city, with gold readily available for immediate delivery. Silver is also adequately available, although its local demand is relatively limited compared with gold.

Mr Vimal estimates that under normal market conditions, Coimbatore handles around 150–200 kg of gold per day. Current daily volumes, however, are around 125–150 kg, reflecting softer buying from jewellers and manufacturers. He estimates overall demand to be approximately 15–20% lower compared with the corresponding period last year.

The slowdown is also evident in individual buying volumes. According to Mr Vimal, jewellers who were previously purchasing around 3–4 kg per month are now buying approximately 2–2.5 kg. Rather than maintaining bullion inventory, many jewellers are purchasing gold primarily against confirmed customer requirements. Bullion transactions are largely settled against immediate payment, with little or no short-term credit.

High gold prices have constrained discretionary purchases, with consumer demand currently concentrated around weddings and other specific occasions. Another important factor is the increasing availability of old gold. Customers are bringing jewellery back into the market, allowing jewellers to refine and reuse the metal for manufacturing and thereby reducing their requirement for fresh bullion.

Mr Vimal said the physical market has remained at a discount for around three to four months. He attributed this to subdued demand alongside increased availability of recycled and auctioned gold, as well as what he described as grey-market supply.

Looking ahead, the approaching festive season could provide some support. Mr Vimal expects activity to improve by around 30%, with Coimbatore's daily bullion volumes potentially reaching around 300 kg during stronger festive trading.

Source: Bullion World interaction with Mr V B Vimal, Sri Dhikshaa Bullion. Market volumes and estimates reflect the interviewee's assessment of the Coimbatore market.



Kerala Bullion Market: Excess Supply & Weak Jewellery Demand Keep Gold at a Deep Discount

Mr James Jose, Director, CGR Metalloys



Mr James Jose

Market insights from Mr James Jose, Director, CGR Metalloys

The Kerala bullion market is experiencing abundant physical supply, with gold trading at a deeper discount than several other Indian markets, according to Mr James Jose, Director, CGR Metalloys. He said there are currently no supply or delivery constraints in the state. In fact, excess availability has resulted in bullion moving from Kerala to neighbouring markets such as Tamil Nadu and Karnataka, and even as far as Mumbai.

A distinctive feature of Kerala is the significant flow of old gold into the market through gold loans and monetisation. The state has a large presence of NBFCs, money lenders and regulated as well as other gold-loan operators. According to Mr Jose, this contributes to substantial secondary gold availability and is one of the reasons Kerala remains particularly well supplied.

Despite describing overall market sentiment as slightly bullish, he noted that jewellery demand remains under pressure. While some improvement was visible during the Onam period, demand heading towards Diwali has not been as strong as anticipated. He said jewellers who previously reported sales of around 1 kg per day may now be seeing volumes closer to 200 grams, illustrating the extent of the slowdown reported by some businesses.

Old gold is also increasingly meeting jewellers' requirements. With jewellery retailers promoting exchange and old-gold purchase programmes, Mr James Jose said the first sourcing preference for many jewellers is recycled gold, partly because of the commercial advantage it can offer. Fresh bullion is purchased when these flows are insufficient. The physical market, meanwhile, continues to operate at a substantial discount. Mr James Jose referred to broader Indian market discounts of approximately US\$50–70 per ounce and said Kerala's discount is generally deeper than Mumbai's. He explained that prevailing domestic discounts have also made certain imports commercially unattractive despite there being no restriction on gold imports.

Regular trade relationships may involve around three to four days of credit, with a slightly higher price charged where payment flexibility is provided.

Looking ahead, Mr James Jose expects seasonal demand to help narrow the discount, although the recovery has so far been slower than anticipated. He remains positive on Kerala's longer-term bullion market, particularly because of growing investment demand, which he believes is increasingly competing with traditional jewellery demand.

Source: Bullion World interaction with Mr James Jose, Director, CGR Metalloys. Market figures, discounts and estimates reflect the interviewee's assessment of the Kerala bullion market.



Ahmedabad Bullion Market: Gold Discount Narrows as Seasonal Demand Begins to Emerge

Mr Haresh Acharya, Director, Parker Precious Metals LLP



Parker Precious Metals LLP



Mr Haresh Acharya

Market insights from Mr Haresh Acharya, Director, Parker Precious Metals

The Ahmedabad bullion market is beginning to see some improvement in physical demand, with the steep discount in gold narrowing significantly, according to Mr Haresh Acharya, Director, Parker Precious Metals. He said bullion availability is not a concern in the market, although he highlighted challenges around the availability of what he described as “responsible bullion”, while purchases from unregistered dealers remain prevalent.

Market sentiment remains cautious rather than bullish or subdued. With the festive and wedding season beginning, some buying has returned, but overall demand remains considerably below previous levels. Mr Haresh Acharya estimated that buying is currently around 50% lower, with purchases largely concentrated around weddings and other specific occasions rather than discretionary buying.

Gold has remained at a substantial discount in recent months. According to Mr Haresh Acharya, discounts were around US\$45–60 per ounce during much of the previous two months, but have narrowed sharply in recent days. At the time of the interaction, he estimated the gold discount at around US\$25 per ounce. Silver, in contrast, continues to trade at a premium of approximately US\$0.40–0.50 per ounce, which he linked to prevailing supply conditions.

Jewellers are also maintaining a cautious approach to inventory. Rather than accumulating bullion in anticipation of demand, purchases are largely being made against confirmed requirements. Mr Haresh Acharya said bullion transactions in Ahmedabad predominantly take place on a spot-payment basis, with advance payment generally avoided because of the associated counterparty and credit risk.

The slowdown is clearly visible in physical volumes. He estimated that Ahmedabad's gold bullion market, which was handling approximately 100 kg per day last year, is currently around 40–50 kg per day. Silver volumes have similarly declined from around 10 tonnes per day to approximately 3–4 tonnes per day, despite demand from manufacturing and industrial applications, including solar.

Looking ahead, Mr Haresh Acharya expects the approaching festive season to improve physical demand and help eliminate the prevailing gold discount. He sees gold volumes potentially recovering towards 70–80 kg per day during stronger seasonal trading, although overall buying conditions remain significantly softer than last year.

Source: Bullion World interaction with Mr Haresh Acharya, Director, Parker Precious Metals. Market volumes, premiums/discounts and estimates reflect the interviewee's assessment of the Ahmedabad bullion market.



Surat Bullion Market: Cautious Sentiment, but Festive Demand Could Support Recovery

Mr Manishkumar Suhagiya, Harikala Bullion



Market insights from Mr Manishkumar Suhagiya, Harikala Bullion

The Surat bullion market remains adequately supplied, although cautious sentiment is keeping demand relatively restrained, according to Mr Manishkumar Suhagiya, Harikala Bullion. He noted that there are currently no significant supply or delivery constraints, with physical bullion readily available whenever required.

Market sentiment is presently cautious, with demand remaining moderate. Bullion demand is slightly lower compared with last year, while regular business continues without any significant growth at present. The approaching Dussehra, Diwali and wedding season, however, could provide support to the market. Demand is expected to improve as seasonal jewellery purchases gather momentum, particularly if overall business conditions remain favourable.

In the physical market, gold is currently trading at a premium over MCX. The prevailing gold premium was quoted at around ₹500 over MCX. Discounts are also available in parts of the cash market, although Mr Manishkumar Suhagiya clarified that his business does not operate in that segment.

His client base consists predominantly of manufacturers, whose production activity continues regularly. Consequently, bullion purchases are taking place on a regular basis to meet manufacturing requirements rather than solely against individual customer orders.

There is also limited scope for credit in bullion trading, primarily because margins in the business are relatively thin.

Looking ahead, Surat's bullion demand is expected to improve over the next month compared with current levels, supported by the upcoming festive and wedding season. Overall, the near-term outlook remains cautiously constructive, with seasonal buying expected to provide some improvement in physical bullion activity.

Source: Bullion World interaction with Mr Manishkumar Suhagiya, Harikala Bullion. Premiums, demand conditions and market observations reflect the interviewee's assessment at the time of the interaction.



Mumbai Bullion Market: Recycled Gold Supply and Cautious Buying Weigh on Fresh Bullion Demand

Mr Karan Jain, Ashta Siddhi Bullion & Jewellers LLP



Mr Karan Jain

Market insights from Mr Karan Jain, Ashta Siddhi Bullion & Jewellers LLP

The Mumbai bullion market remains well supplied, but subdued physical demand and increased availability of scrap gold are limiting fresh bullion purchases, according to Mr Karan Jain, Ashta Siddhi Bullion & Jewellers LLP. Mr Karan Jain said supply itself is not a constraint; instead, organised bullion dealers and banks are seeing weaker demand as jewellers increasingly meet part of their requirements through recycled gold available in the domestic market.

Market sentiment remains subdued and cautious. Mr Karan Jain attributed this to high international gold prices, the prevailing import-duty environment and uncertainty surrounding possible changes in duty. These factors have made jewellers reluctant to build inventory, with purchases increasingly being made against immediate requirements.

The slowdown has become particularly visible over the past one to two months. Mr Karan Jain estimated that physical demand is currently less than half the levels seen during the corresponding stronger period last year. Jewellery and manufacturing demand remains weak, while some activity has shifted towards investment products and exchange-based transactions. Scrap availability is playing an important role in the physical market. According to Mr Karan Jain, recycled gold is available at attractive discounts compared with fresh bullion, encouraging jewellers to source recycled metal rather than purchase from banks and established wholesalers.

At the time of the interaction, Mr Karan Jain indicated that 995 gold in Mumbai was trading at a discount of approximately US\$22–25 per ounce. Mr Karan Jain

attributed this mainly to weak physical demand and recycled gold supply. Mr Karan Jain also referred to possible unofficial supply entering the market, while emphasising that he did not have independent data to quantify such flows.

Silver has shown comparatively more price-sensitive activity. Mr Karan Jain indicated a local silver quote of premium around US\$0.50 per ounce, with buying tending to emerge when prices decline and selling increasing as prices rise.

Bullion transactions at the wholesale level remain predominantly spot-based. Mr Karan Jain estimated that only a small proportion of his firm's transactions are conducted on credit. Credit arrangements are more common further down the jewellery manufacturing chain, particularly between jewellers, manufacturers and artisans.

Looking ahead over the next one month, Mr Karan Jain expects Mumbai's physical gold market to remain challenging unless jewellery demand improves meaningfully or the import-duty environment changes. The direction of gold discounts will therefore depend largely on festive demand, recycled supply, prevailing prices and duty developments, while silver could continue to witness more active two-way trading.

Source: Bullion World interaction with Mr Karan Jain, Ashta Siddhi Bullion & Jewellers LLP. Premiums/discounts, demand conditions and market estimates reflect the interviewee's assessment at the time of the interaction. Comments concerning unofficial market supply are the interviewee's observations and have not been independently verified by Bullion World.