



JALGAON BRANCH OF WIRC OF

The Institute of Chartered Accountants of India

(SETUP BY AN ACT OF PARLIAMENT)



E-NEWSLETTER

OCTOBER
2025



INSIDE THIS ISSUE

03 MANAGING COMMITTEE OF JALGAON BRANCH OF
WIRC OF ICAI

04 CHAIRMAN'S COMMUNIQUÉ

06 GOLD PRICES: ALL THAT GLITTERS IS NOT
GOOD

15 MEMORIES GALORE

21 DISCLAIMER

EDITORIAL BOARD – NEWS LETTER COMMITTEE

CA ANIL SHAH	–	CHAIRMAN
CA RAMESH JAIN	–	MEMBER
CA MAMTA RAJANI	–	MEMBER
CA VINAY KAWDIA	–	MEMBER
CA RAVINDRA PATIL	–	MEMBER
CA LAXMIKANT LAHOTI	–	EX-OFFICIO
CA KARAN KABRA	–	EX-OFFICIO



MANAGING COMMITTEE OF JALGAON BRANCH OF WIRC OF ICAI



CA Hitesh Agiwal
(Chairman)



CA Roshan Runwal
(Vice-Chairman)



CA Sohan Nehete
(Secretary)



CA Laxmikant Lahoti
(Treasurer)



CA Karan Kabra
(Member)



CA Nachiket Jakhetia
(Member)



RCM CA Abhishek Dhamne
(Branch Nominee)



CHAIRMAN'S COMMUNIQUÉ



Dear Professional Colleagues & Students, Namaskar.

It gives me immense pleasure to present before you the October 2025 edition of our E-Newsletter. This month has truly reflected the spirit of togetherness, professional growth, social responsibility, and community engagement that the Jalgaon Branch has always upheld.

CA Navratri 2025 – Garba & Dandiya Night (1st October 2025)

We began the month with a vibrant celebration of Navratri, filled with energy, colours, and enthusiastic participation from members and their families. The presence of **Dr. Pooja Tilakpure** and **Hon. Mayor of Jalgaon, Smt. Seema Bhole**, added grace to the evening. With nearly **200 participants** at **P.N. Lunkad Kanya School, IMR College Road**, the event was a beautiful blend of tradition and fellowship.

Chief Minister's Flood Relief Fund – Maharashtra

In an expression of solidarity and social responsibility, the branch handed over a **cheque of ₹51,000** to **Hon. Shri Gulabraoji Patil, Minister of Water Supply & Sanitation**, towards the **Chief Minister's Flood Relief Fund**. The gesture was acknowledged and appreciated by the Hon'ble Minister. The activity conducted at **Paldhi, Jalgaon**, reaffirmed our commitment to supporting society in times of need.

Full Day Conference on Capital Markets (11th October 2025)

One of the landmark academic events of the month was the **Full Day Conference on Capital Markets**, held at **Jilha Niyojan Bhawan** with an impressive attendance of **210 delegates**.



We were privileged to host eminent speakers like **CA Vijai Mantri, Mr. Vikas Sethi, CA Ashish Bahety, CA Sourabh Ajmera, CA Abhinav Sharma, CA Deveshh Khivssara.**

The conference was further enriched by the presence of **CCM CA Durgesh Kabra** and **CCM CA Arpit Kabra**, whose guidance and support encouraged our members.

Gau Seva Activity (11th October 2025)

Promoting compassion and service, a **Gau Seva initiative** was conducted at **Pantrapole, Taki Neri Naka**. The participation of **CCM CA Arpit Kabra, CA Vijai Mantri, and Mr. Vikas Sethi** added inspiration to this noble cause.

Food Distribution at Children & Observation Home (11th October 2025)

The month concluded with a heartfelt social initiative at the **Children and Observation Home, near Swatantrya Chowk**, where food was distributed to young residents. The joy and smiles of the children reminded us of the importance of giving back to society.

October has been a month of festivals, learning, leadership, and service. I place on record my sincere appreciation to all managing committee members, volunteers, speakers, and participants who contributed to making every event meaningful and impactful.

Let us continue to uphold the values of ICAI, work collectively for professional excellence, and serve society with dedication.

With Best wishes,

CA Hitesh Kishor Agiwal

(Chairman, Jalgaon WIRC)



GOLD PRICES: ALL THAT GLITTERS IS NOT GOOD



CA Rahul Sharma

Executive Overview

Gold has stormed to successive record highs in 2024–2025, driven by a potent mix of central-bank accumulation, safe-haven flows, revived Western ETF demand, and persistent geopolitical and macroeconomic uncertainty. Yet, as any seasoned banker or chartered accountant will caution, all that glitters is not necessarily good — or sustainable. This paper examines the factors behind the price rise, evaluates how durable each driver is, presents scenario-based price paths, and interrogates the argument that gold is (or is not) ‘universal money’. It also compiles recent country-wise demand trends and the latest central-bank reserve positions, and offers case studies and numerical illustrations to translate market narratives into balance-sheet-level implications.

Perspective matters. The current cycle is unusual in that prices rose even as real yields oscillated and global growth data softened only unevenly; the key incremental demand came from official sector purchases and from investors seeking insurance against tail risks that are hard to hedge with fiat assets. That also means price is now more sensitive to policy and geopolitics than to mine supply or jewellery volumes. These nuances are crucial for bank treasuries, corporate treasurers, and wealth managers calibrating hedges, collateral, and liquidity buffers.

1) What is driving gold higher in 2024–2025?

- **Central-bank accumulation at multi-decade highs.** Since 2022, official sector net purchases have exceeded 1,000 tonnes per year. Through H1-2025, central



banks remained net buyers (notably Poland, China, India, and several EM peers). Motivations include diversification away from the U.S. dollar, sanction-resilience, and liquidity management under stress.

- **Revival of Western ETF and OTC investment.** After two cautious years, 2025 saw renewed inflows into gold-backed ETFs and strong OTC participation. Higher prices paradoxically attracted momentum-sensitive allocations; asset-allocation committees treated gold as ‘disaster insurance’ with low correlation to risk assets during stress windows.
- **Macro hedging against policy and geopolitical risk.** Concerns around global debt sustainability, potential fiscal showdowns, and fragmented geopolitics amplified demand for safe assets. Gold benefited relative to long-duration sovereign bonds during inflation-uncertain regimes.
- **Currency diversification and EM retail behaviors.** Weak local currencies and negative real deposit rates in some EMs (e.g., Türkiye in 2023–2024) encouraged households to hold bars/coins. In India and parts of ASEAN, households exchanged old jewellery or pledged gold for liquidity while still remaining net holders.
- **Supply inelasticity at current horizons.** Mine supply responds slowly (multi-year capex cycles, permitting) and recycling has been more muted than prior rallies. That inelastic near-term supply amplifies price responses to incremental demand.

Numerical Illustration A: Flow-of-Funds Sensitivity

A rough ‘flow-pressure’ heuristic often used by bullion desks is that, over short windows, an exogenous 100–150t net demand shock (e.g., from central banks or ETFs) can shift the equilibrium price band by 3–5% when market liquidity is thin. If net official purchases run at ~150–200t per quarter, and ETF inflows add another 150–200t, the combined impulse could plausibly sustain 6–10% price elevation over a quarter, other drivers held constant. This is not a valuation model; it illustrates how concentrated buyers transmit into price when mine supply is fixed near-term.

2) Will the rally last or reverse? A durability matrix



Each driver's persistence differs. The table below ranks durability over a 12–24-month horizon and flags reversal risks.

Driver	12–24M Durability (Low/Med/High)	Key Reversal Risks
Central-bank buying	High	Policy pivot; sanctions easing; need to raise USD liquidity; currency stabilisation prompting pauses.
ETF/OTC investment	Medium	Stronger USD/real yields; risk-on rotations; profit-taking; mean-reversion of volatility.
Macro/geopolitical hedging	Medium-High	Risk de-escalation; credible fiscal consolidation; inflation anchoring.
EM retail demand	Medium	Local currency stabilisation; import restrictions; high prices suppressing jewellery volumes.
Supply tightness	Medium	Recycling revival at high prices; mine projects coming onstream; hedging by producers.

3) Anticipated Prices: Scenario-Based Paths (12–24 months)

Rather than point estimates, we present three scenarios with indicative USD/oz bands. These are illustrative—not investment advice—and should be updated as macro variables evolve:

- Base Case (Probability 45%): Real yields oscillate but remain contained; central banks keep net buying; ETF inflows moderate. Indicative band: USD 3,600–4,600 over the next 12 months, with mean near USD 4,050.
- Bull Case (Probability 30%): Geopolitical tension or fiscal stress triggers safe-haven scramble; central banks continue sizeable purchases; USD softens. Indicative band: USD 4,600–5,400, tail spikes to ~USD 5,800 cannot be ruled out during episodes of market stress.



- Bear Case (Probability 25%): Disinflation progresses, USD strengthens, policy credibility improves; ETF outflows and profit-taking pressure prices; some CBs pause. Indicative band: USD 2,900–3,600, with strong support expected near the upper-2000s given official-sector bids.

Numerical Illustration B: Real-Yield and Dollar Sensitivities

Empirically, a 50–75bps rise in U.S. 10-year TIPS yields, if sustained for a quarter, has often coincided with a 5–10% gold pullback (directional, not causal). Conversely, a 5% decline in the Dollar Index (DXY) over a quarter has frequently aligned with a 7–12% rise in gold. These elasticities are time-varying; during official-buying regimes, yield sensitivity weakens while flow sensitivity strengthens.

4) Country-Wise Demand Dynamics in Recent Quarters

- India: Jewellery volumes softened at record prices, but value of purchases rose. Households increasingly exchanged old jewellery or used gold as collateral (notably via gold loans) to unlock liquidity while retaining long-term exposure. RBI's gold share in FX reserves has climbed sharply alongside valuation gains. Festivals continue to anchor seasonal demand despite price sticker-shock.
- China: Bar and coin purchases strengthened as savers sought safety given property-market uncertainty and modest deposit yields. Jewellery demand was mixed, with premium-brand pieces resilient but mass-market segments price-sensitive.
- Türkiye: Despite policy normalisation, the habit of using gold as a savings substitute persisted from the high-inflation period; policy constraints and import rules periodically redirected demand toward recycled flows and official coins.
- Middle East (GCC): High oil income and expatriate remittances supported steady jewellery demand; however, higher prices pushed consumers to lighter weights and 18–21k segments.
- U.S. & Europe: After outflows in 2022–2023, ETF demand revived in 2025 as asset allocators rebuilt hedges; retail bar/coin demand varied by country depending on tax and dealer spreads.



5) Central-Bank Gold Reserves: Who Holds What (mid-2025 snapshot)

Gold remains a strategic reserve asset. As of mid-2025, the United States, Germany, Italy, and France remain the four largest holders. China has continued to report additions since late-2023; Poland has accelerated purchases to exceed ~500 tonnes; India stands near ~880 tonnes. Figures below are rounded snapshots (tonnes) for reference and should be read alongside official disclosures.

Rank	Country	Official Gold (tonnes, ~Jun 2025)
1	United States	8,133
2	Germany	≈3,352
3	Italy	≈2,452
4	France	≈2,437
5	Russia	≈2,330
6	China (PBoC)	≈2,250–2,300
7	Switzerland	≈1,040
8	Japan	≈846
9	India (RBI)	≈880
10	Netherlands	≈612

Note: Ranges reflect reporting lags/rounding. Several emerging-market central banks (e.g., Poland ~515t; Türkiye fluctuating due to reporting methodology) are important buyers even if not in the global top-10 by tonnage.

6) Case Studies: Policy, Portfolios, and Households

Case Study 1 — Poland: A Strategic Accumulator

Poland’s National Bank (NBP) has been one of the most aggressive buyers since 2023, lifting reserves to ~515t by mid-2025. Rationale: bolster financial resilience, support zloty credibility, and diversify reserve composition. From a portfolio perspective, if Poland’s FX reserves are ~USD 200bn with gold at ~515t (valued near USD 4,200/oz), gold’s share by value can approach ~20–25% depending on the valuation date. The policy signal has spillovers: regional peers have revisited their own strategic allocations, contributing to a demonstration effect.

Case Study 2 — India: Household Alchemy and RBI Calibration

India’s household gold stock—estimated in the multi-thousand-tonne range—interacts uniquely with macro cycles. At record rupee prices, jewellery volumes dip but value remains resilient as consumers shift to lighter designs or exchange



old ornaments. RBI has added to gold in recent years; even when purchases slowed in 2025, the valuation uplift pushed the gold share in FX reserves to the highest in decades. Banking channels see secondary effects: gold loans provide liquidity without distress sales, stabilising consumption and MSME working capital. For a bank branch in Jaipur or Coimbatore, pledge-to-value ratios and margining practices must adapt quickly when spot prices gap higher.

Case Study 3 — China: Retail Bars as a Confidence Barometer

With property markets under pressure, Chinese households increased purchases of small bars and coins. Domestic dealers reported tightness in popular bar sizes during price spikes. The People’s Bank of China continued to disclose incremental gold additions through 2024–early 2025, signalling a preference for reserve diversification. This dual retail–official bid helped anchor dips and contributed to higher regional premia during episodes of global volatility.

Case Study 4 — Türkiye: From Inflation Hedge to Policy Normalisation

In the high-inflation years 2022–2023, Türkiye’s households and corporates leaned heavily on gold as a store of value. Policy normalisation in 2024–2025 moderated some flows, but the structural role of gold in financial savings persists. The central bank’s reported holdings have been affected by technical adjustments, complicating simple time-series reads, yet the underlying lesson remains: when local currency trust is strained, gold demand becomes a macro-stabilising buffer for households.

7) Is Gold ‘Universal Money’ Today?

- **Legal-tender status vs. monetary asset:** Gold is not legal tender in most jurisdictions; however, it is universally recognised as a monetary asset. Central banks treat it as reserves, Basel III recognises allocated gold as a high-quality collateral asset in certain contexts, and gold can serve as margin collateral in derivatives markets.
- **Settlement and convertibility:** Gold is globally fungible, physically and via London OTC clearing and COMEX futures delivery. Settlement lags and logistics costs mean it is not ‘frictionless money’ for everyday transactions but is effective as a cross-border reserve and collateral instrument.



- **Price volatility and opportunity cost:** Gold's volatility is lower than many commodities but higher than investment-grade government bonds. As policy anchors stabilise, the opportunity cost of holding non-yielding assets rises. Thus gold is better framed as strategic insurance than everyday currency.
- **Digital rails and tokenisation:** Emerging tokenised gold platforms on permissioned/regulated ledgers improve divisibility and settlement speed. These innovations make gold more 'money-like' for wholesale finance, though regulatory perimeter and custody risks remain.

8) Risk Management: Implications for Bank Treasuries and Corporates

- **Hedging discipline:** Use structured hedges around festival/import windows; for exporters with INR receivables and USD costs, calibrate gold price exposure alongside FX hedges.
- **Collateral and lending:** Re-mark gold-backed collateral daily in high-vol regimes; revisit LTVs and margin calls to avoid procyclicality for retail borrowers.
- **Liquidity buffers:** Consider a strategic gold allocation in treasury ALM as a tail-risk diversifier, size-constrained by risk appetite and liquidity needs.
- **Accounting treatment:** Monitor fair-value gains/losses and hedge accounting effectiveness; document designation and ineffectiveness rigorously for audit trails.
- **Operational resilience:** Vet custody chains, bar lists, and allocated vs. unallocated exposure; stress test settlement delays during market squeezes.

Numerical Illustration C: Bank Treasury — Stress-Test Snippet

Assume a treasury holds 5 tonnes equivalent via fully allocated accounts ($\approx 160,753$ oz). At USD 4,200/oz and USD/INR 84, gross mark-to-market is \approx INR 56,6xx crore. A 12% drawdown (bear-case shock) reduces MV by \approx INR 6,8xx crore; if funded via short-term USD repo at SOFR+75 bps, carry remains near-flat; however, margining and haircuts on reallocations could force liquidity usage. Embedding this in ICAAP/ILAAP buffers clarifies true risk tolerance.

9) Country-Wise Summary: Demand & Reserves (Recent)



- India: Value demand resilient; jewellery tonnage softer at record INR prices; RBI around ~880t; gold's share of FX reserves at multi-decade high.
- China: Strong bar/coin retail; continued official additions disclosed through early-2025.
- Poland: Largest net official buyer YTD 2025; reserves ~515t after rapid accumulation.
- U.S./Germany/Italy/France: Top holders unchanged; policy stance neutral on volumes; valuation drove share of reserves higher.
- Middle East/Türkiye: Retail demand and cultural affinity keep flows steady; policy changes modulate imports.

10) What Could Trigger a Turnaround in Prices?

- A credible multi-year fiscal consolidation path in major advanced economies, lifting real yields and USD.
- Geopolitical de-escalation that normalises risk premia and tempers safe-haven demand.
- Sustained ETF outflows as allocators rebalance or switch to high-yield cash/bonds.
- Recycling surge and producer hedging if prices remain elevated, adding supply at the margin.
- Central banks pausing or modestly net-selling to raise hard-currency liquidity during domestic stress.

11) Practical Guidance for Indian Practitioners

- For banks: calibrate gold-loan LTVs (e.g., $\leq 75\%$) dynamically; build intraday price-shock buffers; codify pledgor-level concentration caps.
- For corporates: where gold is an input (jewellery), pre-agree vendor-managed inventory and rolling hedges; use collar structures judiciously around peak seasons.



- For wealth/family offices: position gold as strategic insurance (3–10% strategic weight, depending on risk budget); do not lever the allocation.
- For auditors: ensure fair-value hierarchy (Level 1/2) is consistently evidenced; verify bar lists and custody attestations.

Conclusion

Gold's renaissance has clear foundations—official accumulation, revived investment flows, and elevated macro-political risk. These are durable but not immutable. The right stance for risk managers is neither euphoria nor dismissal: it is disciplined scenario analysis, liquidity awareness, and governance that treats gold as strategic insurance rather than a speculative core holding. In that sense, 'all that glitters is not good' is a reminder to separate price momentum from long-term prudence.

Appendix: Selected Data Snapshots (for reference)

Notes: Figures are rounded and indicative of mid-2025 disclosures. Always cross-verify with the latest World Gold Council (WGC) and central-bank publications for updates. Country-wise demand varies by quarter; festival and wedding seasons materially affect India's series.



MEMORIES GALORE

CA Navratri 2025-Garba & Dandiya Night organized on date 1-10-2025





One Day Conference on Capital Markets date 11-10-2025









Gauseva at Panjhrapol Neri Naka Jalgaon on date 11-10-2025







DISCLAIMER

The views and opinions expressed or implied in this Newsletter are those of the authors or contributors and do not necessarily reflect those of Jalgaon Branch Of WIRC Of ICAI. Unsolicited articles and transparencies are sent in at the owners' risk and the publisher accepted no liability for loss or damage. Any information material in this publication may not be reproduced, whether in part or in whole, without the consent of Jalgaon Branch of WIRC of ICAI.

Jalgaon Branch of WIRC of ICAI is not in any way responsible for the results of any action taken on basis of the article published in the newsletter.

For any Suggestions and Queries please contact:

CA Hitesh Agiwal (Branch Chairman) - 7588648980