**Analysis of Gold Price Trends and Factors Influencing Market Dynamics**

**Abstract:**

This study explores the historical trends and comparative analysis of the average price of 1 ounce of gold in USD and INR from August 2013 to the present. It examines the price volatility, investment profitability compared to USD and fixed deposits (FDs), and identifies key factors influencing price fluctuations over the years.

**Introduction:**

Since August 2013, the price of gold in USD exhibited a gradual decline until December 2015, where it reached its lowest average point, marking a 23% decrease from its initial value. Subsequently, from 2015 to 2019, gold prices recovered steadily but did not surpass their August 2013 peak until 2019. The outbreak of the Covid-19 pandemic in 2020 triggered a significant surge in gold prices, culminating in a peak in August 2020 at 150% of its 2013 value. Since then, gold prices have fluctuated between USD 1700 and USD 2000 per ounce, currently standing at USD 1921.

Similarly, the price of gold in INR followed a comparable trajectory, with a significant low in December 2015 but a less severe depreciation (14% decrease). The highest price in INR occurred in May 2023, reaching 2.17 times its August 2013 value, indicating a 117% increase over the period.

The analysis also includes a time series of price differences illustrating volatility, highlighting peak volatility during the Covid-19 pandemic. Furthermore, comparisons between the value of investments in gold, USD, and fixed deposits in INR reveal shifting profitability trends over time.

**Objectives:**

1. To analyze and compare the price trends of 1 ounce of gold in USD and INR from August 2013 to the present.
2. To assess the impact of global events, particularly the Covid-19 pandemic, on gold prices in both currencies.
3. To examine the investment profitability of gold compared to investments in USD and fixed deposits in INR over the study period.
4. To provide insights into the economic implications and investment strategies related to gold as a commodity and asset class.

**Advantages:**

* **Hedge Against Inflation:** Gold preserves purchasing power during inflationary periods.
* **Safe Haven Asset:** Gold provides security during economic and geopolitical uncertainty.
* **Diversification:** Adding gold to a portfolio can reduce overall risk and volatility.
* **Liquidity:** Gold is a highly liquid asset, easily bought and sold in global markets.

**Disadvantages**:

* **No Yield**: Unlike stocks or bonds, gold does not generate interest or dividends.
* **Storage Costs**: Physical gold requires secure storage, incurring additional costs.
* **Market Volatility**: Gold prices can be volatile, influenced by a wide range of factors.
* **Opportunity Cost**: Investing in gold might mean missing out on potentially higher returns from other asset classes.

**Conclusion:**

This study underscores the dynamic nature of gold prices, influenced by global economic conditions and investor sentiment. The analysis reveals that while gold experienced periods of depreciation and volatility, particularly during economic downturns like the Covid-19 pandemic, it remains a significant hedge against currency fluctuations and market instability.