

RANGOON — Sales of gold have increased across Burma as people fear instability and unrest in the wake of the country's first general election in 20 years on Sunday.



According to sources, many middle-class people and businessmen have been buying gold and US dollars this week, with most believed to be hedging against a devaluation of the kyat [Burmese currency] in the aftermath of Sunday's election, which many observers have written off as a "sham."

"Investors and those with the cash are quickly buying up gold," said a trader in Mandalay. "Mainly because they are worried that the value of the kyat will go down due to political and economic instability."

In response to the sudden market shift toward gold and dollars, prices have risen sharply. On Nov. 2, the exchange rate for one US dollar was 900 kyat; the following day it went up to 925 kyat. The price of gold fluctuated from 656,900 kyat per kyat-thar [0.036 ounce] on Nov. 2 to 662,500 kyat on Nov. 3.

Following an order from the military regime in Naypyidaw, the Myanmar Gold Entrepreneurs Association (MGEA) reportedly held a meeting on Nov. 2 to implement a plan to control increasing gold prices.

"Gold shop owners have been told to keep the market price stable," said an MGEA official. "The authorities are concerned about hikes in the price of everyday commodities, such as rice, cooking oil and salt as a result of the demand for gold."

He said the gold price in international markets is stable, and that only Burma has shown an unusual fluctuation.

According to a source at the Bayintnaung Wholesale Market in Rangoon, the cost of rice, cooking oil and onions has risen steadily over the past two days in reaction to the news about gold and dollar purchases.