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Economic Overview

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The dilemma golden

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Gold objects have existed for much of human history, enrapturing the imagination, arousing the greed and ambition of putting possess over most or all of the social values and the price of life itself.

It is no exaggeration to say that many lives have been lost in the quest to find gold, gold made others have or recall who acquired him badly. Gold has been one of the main motivators of human action, perhaps along with the fountain of youth and the pursuit of absolute power, all to end by realizing that there was so worth it.

Romulo Gallegos, Venezuelan author wrote in one of his novels that man and gold are enemies, hence the latter always try to run away from that sinking into the earth in veins increasingly difficult to exploit, producing miners in the disillusionment, despair and courage of not finding where it took for sure would be waiting to take it without complications.

Gold is considered by financial analysts as a haven against inflation, if this were so, since it began actively traded in 1975, the rate of return should be zero, its function would be to preserve the value of the currency, no appreciation, however is notorious that investment horizons of 1, 5, 10 or more years, the variation between the nominal value and the rate of return has not behaved according to the logic of the processes inflation.

The price of gold at present, is much higher than it has historically, in the past, when the real price of gold was above average, the subsequent return rate has been below the average of Hence those who evaluate the advisability of investing in gold face a complex dilemma: seek protection from inflation paying a high real price of gold, which is almost always guarantee a decline in the purchasing power in the short term, or conversely, gold and avoid the risk of a decline in the future purchasing power if inflation soars.

Almost as a character in the novels of Gallegos, gold is very fickle, firstly an estimated three quarters of ore that could be mined on the planet, and has been exploited, and the little that is incorporated annually to markets, reflects very little influence on the value of the metal.

An estimate of the value wuelapluma global portfolio of investment options would be around 90 trillion dollars, at current prices, the gold price would be around 9 trillion, 10% of the total, but the overall volume of precious metal, only 20% is held by investors, the rest goes to other side, oblivious to their real value and potential in an environment of speculation.

Although as stated above, is considered the ideal refuge to the market turmoil and international crises, gold has become by now a very active player in the world of finance, becoming considered an option first level, and between December 1999 and March 2012, the price of gold in U.S. dollars recorded an average annual growth of 15.4%, well above the consumer price index, which averaged 2.5% for the same period, and the stock and bond markets had gains of 6.4 and 1.5% respectively. Thus seen, it is not surprising that the public has gold as the best long-term investment, over real estate, stocks and bonds.

The belief of many financial experts is that gold offers what no other investment, protection against inflation, while it is the closest thing to real money, gold is also an attractive alternative when instruments available with low rate of return, even some people think that the way things are and how they can be put on economic, not be surprising that in the short term, the world will return to the gold standard, and a belief that gives substance to that maximum of Winston Churchill, that businesses are good only while you know they are good, so many people believe that few people have had the idea of hoarding gold, hence profits can be fabulous.

As these things often, these beliefs are often supported only air and nothing else, or as one analyst suggests mockingly class on the subject: the subject of the value of gold recalls the "Keynesian beauty contest", in which the gold price is not given by what you believe is worth gold, but by what others think others think, others think that others think it is worth gold.

The study that we have been reviewing today is called "The Golden Dilemma" and was developed by Campbell Harvey of Duke University, in it the author points out that actually the real price of gold is much higher in the moment of its historical standards, having a variety of reasons for this phenomenon, but basically divided into two, those who think that the price is already too high, and those who suggest that it could still go higher.

The truth is that there is little evidence to support the idea that gold is a hedge against inflation processes when they unexpectedly, any protection that is universal, because it might save one from a sudden fall in a given country, but not in another simultaneously.

According to him, despite all that is said and think that gold can change one life, almost like in an American film of prospectors, the fact is that the source is the Geological Survey of the United States, with technology available at this time, there is little gold to last about twenty years.

The problem is that if you follow the crush of men and women rapture of the yellow metal, now might be a bubble to inflate its value beyond what is real in the market, but this will distort the quality of instrument investment to become an object of desire.

Gold actually has some weight in investment portfolios, for reasons that are not clear to anyone, has performed well above other instruments, however there is evidence that this may be repeated or last indefinitely. The advantages attributed to him, are more myth than reality, but hey, there are many people who still guided by inherited beliefs that data and facts.



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If you have some money left, then buy yourself one or two trees, but beware, it's likely that when you need to sell, so you are given, you will not reach to buy other, that's the gold, makes us rich while we do not want to buy gold.

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