Gold dropped 22 percent drop in price 34% silver precious metal what other treasures

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Commodities investors are missed opportunities.

According to the Wall Street Journal reported, and in September 2012 compared to recent highs, the Dow Jones UBS Commodity Index (Dow Jones-UBS Commodity Index) has dropped by about 14%. Dow Jones UBS Commodity Index contains 20 kinds of commodities, such as natural gas, gold and copper.

During this period, the S & P 500 Index (S & P 500) has shown a sharp rise,
including dividend, including close to 20% return on investment. Moreover, even if the discussion of the bond market crash after another, but many bond market ETFs (exchange-traded fund, referred ETF) — such as iShares U.S. core overall bond market ETF (iShares Core Total US Bond Market) — but down only a few percentage points, and even some configured with a higher risk bonds (such as high-yield bonds) of the ETF also earn money.

This is the scene of people expect different. In the 1998-2008 period, many have achieved prices of raw materials rose sharply, from which consumers can not help but talk commodities "super cycle" Come on, China and other emerging market growth is to promote the long-term commodity rally round reasons.

However, the financial crisis on commodity markets brought a heavy blow. At present, many commodity prices did not recover to pre-crisis highs, some analysts therefore assert: super cycle has ended.

Some portfolio managers favored commodities, because commodity prices will not end with the stock and bond prices fluctuate, so to be able to fluctuations in stock prices and bond prices provide some hedges. However, this strategy is not sufficient to withstand risks: for example, in 2008, the Dow Jones UBS Commodity Index fell by 37%, with a major investment in the U.S. stock ETF decreases considerably.

Lower commodity prices in the near future, you intend to try this investment? If you have such a plan, there are two ways you can be the raw material of investments: buy commodities through a fund or investment company in the production of commodities.

Some analysts have pointed out that for commodities and commodity funds direct investment has two major drawbacks. First, they can not create any revenue, which means that those who put money on the commodities asset class for investors bet entirely in their prices. However, the long term, commodity prices tend to keep the same growth rate and inflation rate.

Headquartered in Troy, Michigan (Troy) Portfolio Solutions (Portfolio Solutions) Rick • Polli (Rick Ferri) said: "The commodity can not generate revenue, so what is the significance investing in commodities?" Portfolio solution No commodities solutions company will incorporate the client’s investment portfolio.

Even if the commodity is a good long-term investment diversification tool, we can hardly expect to see the investor changes in commodity prices and commodity funds held by the inherent costs and transaction trap separate.

In fact, commodity mutual funds, exchange-traded bonds (exchange-traded note, referred EFN) and other types of exchange-traded products are almost not really hold their tracked soybeans, crude oil and metals. Instead, they are usually held in the future is to give them a specific time to buy the right commodities option contracts.

For example, in July 31, the United States Oil Fund (United States Oil Fund) held September delivery U.S. West Texas Intermediate crude oil futures contracts. As September approaches, the Petroleum Fund will use the October crude futures contract before the replacement of futures contracts. The rates charged by the United States Oil Fund was 0.74%, or 10,000 per dollar charged $ 74.

In some cases, this change of the monthly futures contracts continued the practice can bring benefits, but it also may lead to losses.
In addition, commodity tracking different indices also showed different. This means to them as the benchmark index return of products will therefore vary widely. Investment research firm Morningstar (Morningstar) data show that this year, iPath Dow Jones UBS Commodity Index Total revenue ETN (iPath Dow Jones-UBS Commodity Index Total Return ETN) a loss of 11%. And with another index-based Deutsche Bank Commodity Index Tracking Fund (PowerShares DB Commodity Index Tracking Fund) is only a loss of 6.7 percent.

Finally, even the least expensive commodity exchange-traded products are also very expensive, relatively speaking. For example, iPath Dow Jones UBS Commodity Index ETN rates charged total revenue was 0.75%, which charged $75 per $10,000. Deutsche Bank Commodity Index Tracking Fund 0.93% the rates charged. On the other hand, stocks and bond index ETF rate was as low as 0.05%.

For this reason, some investors do not buy physical commodities or commodity options, but the purchase of shares of companies producing commodities.

Morningstar data show that those who hold to the benchmark S & P 500 index mutual fund investors have already put their portfolios invested approximately 14% to the basic materials and energy companies.

Some studies have said that commodity is still worth investors long-term investment, but such investments should be controlled at a lower ratio. Duke University (Duke University) • finance professor Campbell Harvey (Campbell Harvey) suggested that the share of commodity investment ratio should be between 5-15%. Harvey commodities role in the portfolio has been systematic study.

As a long-term investment targets, tracking crude oil, natural gas and gold and other commodities Deutsche Bank Commodity Index Tracking Fund and other diversified ETF should be a good investment categories.

And for those who want to invest in a single type of strategic commodities investor, the following will be on agricultural products: Crude oil, precious metals and industrial metals investment situation and investment opportunities for analysis:

Precious Metals

U.S. Federal Reserve Board (Federal Reserve) policy adjustments that may be implemented to combat the precious metals market, as speculation the Federal Reserve will cut stimulus investors have turned to stocks and other higher-yielding assets.

Therefore, the price of gold fell by 22%, while 34% of the decline in the price of silver is a reminder of why investors this metal is often called “the devil’s metal.” Some investors believe that this trend will not get any change in the near future.

Archer Financial Services (Archer Financial Services), a senior market strategist Adam • Kolo Puffing Billy Stein (Adam Klopfenstein), said: “There is no doubt that with the United States by the liberal economic policy toward prudent, gold will continue to decline.”

Meanwhile, gold stocks did even worse. So far this year, track 17 gold miner gold stocks on the NYSE Index (NYSE Arca Gold Bugs Index) has fallen by 45%.

However, Faith Group (T. Rowe Price Group), a portfolio manager Rick • de los Reyes (Rick de los Reyes) said that if carefully screened, then was able to find some
worthwhile investment object.

He said: "Tell the poor quality companies and companies become more simple, high-quality companies with high-quality, low-cost assets and excellent business, and the company is not inferior to these advantages."

So, de los Reyes said that when all the gold mining companies need to cut costs and adapt when the price of gold down, like Eldorado Gold Corporation (Eldorado Gold) such enterprises is still expected to remain profitable and continue for the stock dividend, and Barrick Gold Corporation (Barrick Gold) and Kinross Gold Corporation (Kinross Gold) such enterprises will be difficult. Eldorado Gold Corporation’s shares have fallen 43 percent this year, its stock price-earnings ratio of 25.4; Barrick Gold Corp. and Kinross Gold Corp. this year were down 32% and 48%, respectively, their price-earnings ratio of 6.4 and 17.5. Barrick Gold Corp. and Kinross Gold Corp. recently cut dividends.

By digging treasure trove of precious metals, investors can also find treasures. As car sales better than expected, can be used as automobile exhaust purification catalyst palladium performance than the other precious metals.

ETFs physical palladium ETF (ETFs Physical Palladium Shares) and other exchange-traded fund is a convenient tool for palladium investment by investing in the fund, investors can dispense with the physical metal trading and storage of trouble. The fund's annual fee rate of 0.75%.

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Man must see - let a man strong secret (exposure)

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