World gold forecast Could Fall to position 350 US Dollars

NEW YORK, KOMPAS.com – Gold is no longer shiny. It was seen from the decline in gold prices that were increasingly under. In fact, some analysts predict gold’s decline is just beginning.

Gold analyst Claude Erb and Campbell Harvey Canadian mutual fund said the price of the yellow could fall up to touch the level of 350 US dollars per troy ounce. This is the lowest price level since 2010 ago. This prediction is lower than the majority of other analysts’ predictions.

In 2012, Erb, a former commodities trader at TCW Group had long predicted the drop in the price of gold. At that time, gold traded at the level of 1,600 US dollars per troy ounce. Currently, the proven, gold prices traded below the level of 1,100 US dollars.
The report uses historical analysis shows if gold is used as an inflation hedge believed—as many people for this—then, the gold price is fairly expensive at the current level.

"Gold is not so volatile as well as the shares or the other. In fact, gold may have overvalued, as is the case today," explains Erb.

In his research, Erb and Harvey said the fair value of gold is on the level of 825 US dollars per troy ounce. That is, the current gold price is still high at about 25 percent.

However, gold prices tend to move in the extreme before finally returning to a reasonable price. Because, just like stocks and bonds, gold price is also affected by investors' optimism and pessimism.

Departing from the idea, Erb predicts gold prices could drop to the level of 350 dollars, before finally returning to a reasonable price. If true it happens, then the gold price plunged 80 percent from its highest position at the end of 2011. This means huge losses for investors.

However, many also doubted the party will these predictions. Bob Alderman, head of wealth management Gold Bullion International, believes it will not happen. He assesses Erb and Harvey as "smart people theorize". "But remember, there used to be also analysts predict gold prices will break the level of 5,000 US dollars. But in fact it did not happen," said Alderman.

However, a number of big Wall Street bank has cut its target price of gold, Goldman Sachs, for instance, predict the price of gold will drop to below 1,000 US dollars for the first time since 2009.

(Barrat Taqiyah)

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Source: KONTAN (http://www.kontan.co.id)
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