4 Kick-Ass Strategies Gold Investment

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Liputan6.com, New York - Some of the new research, said bullion would become a valuable commodity in the decades to come. But historically, many unexpected things have happened about gold.

Indeed, you can not run a car on gold. You also can not eat it. Investment gold does not give you dividends. However, whenever investors feel nervous about aspects of the global economy, demand for gold will increase.

Chinese government action to lower the value of the yuan against the US dollar some time ago, making the price of gold jumped three percentage points compared to the beginning of August to US $ 1,116 per ounce.

This increase is inversely proportional to the performance of gold previously declined since meyentuh US $ 1,900 per ounce in August 2011.

So, what should you think about when investing in gold? Money.com, Wednesday (08/19/2015), provides four strategies:

1. **Think about the psychology of investors**

Gold is a commodity whose price is rising and falling in the short term as well as medium. It all depends on global economic conditions.

"US investors are less interested in gold at this time because it does not do anything for them," said the manager of USAA Precious Metals and Minerals, Dan Denbow. "Over the past three years, investors prefer to invest in shares of Google and Facebook."

Joint-stock index Standard & Poor's 500 has risen 10 percent in the last year, the few investors who lust after the precious metal. In addition, China hinted there will be support for the yuan after the devaluation, so that the surge in demand for gold will subside.

2. **Be aware of the value of the US dollar**

The strength of the US dollar currently gives barrier for gold investors. The US central bank, the Federal Reserve has been buying bonds trilunan and maintain short-term interest rates at zero percent level. This makes the value of the US dollar is getting jumped.

Increase of about eight percent against the euro this year. With signs the Fed will raise interest rates in the short term, it is difficult for investors to turn to gold in the near future.

3. **Forget about the myth of inflation**

Conventional thinking says bring gold can be a hedge against rising prices. The most concrete example when the King of Babylon, Nebuchadnezzar, ruled in 562 BC, the price of an ounce of gold would buy 350 bread. Thus, when the gold price was approximately US $ 3.14 per bread or equal to buying a hamburger at fast food restaurants today.

But you will not live that long, unfortunately. "Human investment horizon is much shorter. Gold can not be relied upon to provide an inflation hedge," said Duke University finance professor Campbell Harvey.

In the next 10 years, the gold price could go down a lot. Harvey and his colleague, Claude Erb, calculate the fair value of this precious metal is US $ 825 per ounce and could fall as low as US $ 350 per ounce.

4. **Diversify portfolio**

If you invest in gold, do not allocate it very much. Denbow, manager of investment gold, suggests the allocation of no more than 10 percent of your money.

"This investment for a rainy day, when the geopolitical situation was troubling," said Denbow. When the fear comes, for example, when the US financial crisis in 2008, gold prices continue to soar upwards. (Elsa / ndw)
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