Why gold is a strange commodity?

The latest research shows that gold can become less valuable over the next decade but it is an investment unpredictable.

Gold is a special commodity because it is considered a safe haven for investors as the economy fluctuates. Photo: Reuters.

According to Time, Golden inedible, can not heating your house. However, whenever investors feel the global economy changes, demand for gold will rise.

Consider recent events in China. Beijing adjust yuan exchange rate in an effort to increase export competitiveness.

Meanwhile, gold prices rose by 3%, from $ 1,087 / ounce to $ 1,116. Nonetheless, this level is still lower than the $ 1,900 mark / ounce set in 8/2011, the US economy slowly recovers.

So we should think how the price of gold and why this metal is strange commodity?

The price is affected by investor sentiment

Gold is a commodity easily increase and decrease in the short and medium-term, depending on the economy.

SPDR Gold Shares taken, the trust level in the world big yellow owns a warehouse and store gold, for example, can be seen very clearly.

In the past year, gold output of Trusts world's second largest gold fell 1%, the same as the domestic economy added jobs for the people.
"It was a lack of interest from US investors into gold because it is not done anything for you," the portfolio manager for precious metals and minerals America Dan Denbow said.

With the S & P 500 rose 10% in the past 12 months, there is little good news for the metal industry.

Another proof is that when China moves to raise the currency of this country, the demand for gold is rising quickly lost.

**Along with the dollar value**

The dollar strengthened as a barrier for gold investors.

With signs that the Fed will raise short-term interest rates later this year or early 2016, US investors do not really excited about gold as the greenback.

Dan Denbow quick to point this out. However, gold is still a good investment for some people, in each certain conditions.

Like in Canada, since the weakening of the domestic currency, metal holders have enjoyed the added value of up to 10%.

**Gold prices unsustainable**

Archive gold as a barrier against rising price wise. "In the year 562 BCE, during the reign of the Babylonian king Nebuchadnezzar, an ounce of gold bought 350 loaves of bread.

For now, each loaf is only $ 3.14, an ounce of gold can buy a lot, "said Professor Campbell Harvey finance at Duke University, co-author of Constant gold, said.

And in 10 years, the price of gold will be able to go down very fast, Harvey and co-author Claude Erb said. Both calculate that the value of gold is reasonable 825 USD / ounce.

However, this metal can fall to lower opening 350 USD / ounce if sold off.

**Golden Satellite**

If you're collecting gold, the advice given is not to invest too much in this metal.

Even Denbow, investment fund managers said gold bullion should never account for more than 10% rate of one commodity investors.

"We told investors that gold is to diversify, for those rainy days. And so if everything goes well, you should not spend too much time.

However, this metal will always be ready for the occurrence that investors did not know what to put money into, "he said.

When fear has been increased in 2008, up 5% SPDR Gold Shares gold holdings during the stock market fell 37% and general merchandise funds fell 33%.

Therefore, under Denbow, do not be surprised if gold prices continue to fall in the near future.
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