Gold's Wild Ride

Gold prices surged last year, but it may not be the inflation hedge many investors are betting on

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As financial markets sank in the spring of 2020, investors turned their attention to gold.

Gold has long been considered a safe haven during economic crises and a hedge against unexpected inflation. And it’s true, according to research from Campbell Harvey, a finance professor at Duke University’s Fuqua School of Business – gold is an inflation hedge over the very long term; that is to say, over the course of centuries.

However, over shorter spans, as Harvey indicates in new research in the Financial Analysts Journal, gold is about as volatile as the S&P 500 – much more volatile than inflation, and therefore too unreliable to be an efficient hedge against it, he explained in a recent discussion on LinkedIn Live (see video below).

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