

Buying gold during a  
recession its a good  
idea



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Buying gold during a recession “ Gold's appeal is enduring. Its value as an investment, however, has a long history of ups and downs. At the moment, it holds a particular attraction, given concerns about inflation, deflation, government borrowing or political disruptions” (Gold). The recent recession and the subsequent collapse of most of the financial institutions like banks and stock markets created a feeling of insecurity in the minds of investors. Current investors have no clue at all in deciding about the safest way of investment. At the same time gold prices are raising sharply and many of the current investors believe that investments on gold may bring better returns to them in future. This paper argues in favor of buying gold as the safe investment option during a recession period “ When you see the Fed start buying their own treasuries from China and Japan, hyperinflation and default will be just around the corner. Gold and Silver provide the peace of mind one will need whenever that day arrives” (Eberhardt, p. 26). Even though the prices of gold and silver experienced certain ups and downs in the past, no major collapse of gold prices has been reported yet. Most of the emerging countries like China and India are purchasing more gold and keeping a good gold stock. When we compare the current stock market conditions and the conditions of the banking industry against the current gold industry trends, investments in gold seems to be the right option. “ When it came to the extreme stock market conditions, people ran to the safe haven of gold” (Eberhardt, p. 146). In order to learn more about the potentials of gold as a safe investment option, it is necessary to identify the differences between money and currency. Many people are of the view that both money and currency are the same things. This is an illusion. “ A currency does not store value in and of itself. Rather it is a medium whereby you can transfer value

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from one asset to another. Money unlike currency has value within itself” (Maloney, p. 3). In other words, currency has the value of paper when it is not moving from hand to hand. When a person uses his currency it brings value to him. On the other hand, money has value in itself. It is not necessary that the money should travel from hand to hand to bring value. Gold is a form of money. Even if we keep it inactive for longer periods, its value may not be lost. The gold prices are currently going up and in all probabilities it continues to do so in future also. On the other hand, the value of the currency is decreasing as time goes on. To conclude, buying gold seems to be the safest investment option during the current recession period since the gold prices are going up rapidly. Currency value goes on decreasing whereas gold value goes on increasing at present which makes gold investment the safest investment option at present. Works Cited 1. Eberhardt, Doug. “ Buy Gold and Silver Safely”. 2010. Publisher: DougEberhardt (September 2, 2010) 2. “ Gold”. 2011. The New York Times. Web. 14 June 2011. 3. Maloney, Michael. “ Rich Dad's Advisors: Guide to Investing In Gold and Silver: Protect Your Financial Future”. 2008. Publisher: Business Plus (August 28, 2008)