

Gold fever

#visualizingthecrisis

1,261 USD/kg
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Gold: a safe investment

The investment in gold is one of the most "safe harbors" for all those who wish to make of savings operations in the long term.

The use in the precious metal is, however, an equally valid method for those who have intentions less conservative and more speculative and assigned to them traders the opportunity to invest in the short or very short time. The reasons for investing in gold have remained the same throughout history are: inflation protection, safe haven, high liquidity, diversification.

But how can you invest in gold and be able to take advantage of the bullion price fluctuations?

There are two types of gold investment, **physical gold** and **financial gold**.

Investments in physical gold

Investing in physical gold, it is to invest in bullion or gold coins. The physical value of gold is calculated purely on the gold content.

The gold coins they buy and sell at a price very close to the official price of gold, but it still pays a premium of approximately 4% when they purchase large quantities, and 8% when they buy small quantities. Resell the coins involves a similar bonus of 4 to 8%.

The standard bars from the London Bullion Market Association (LBMA), which is the largest trade association that works in the professional bullion market, are called Good Delivery bullion and have a minimum purity that is acceptable which must have a rate of 99.5% gold.

Financial investments in gold

The auriferous market offers good opportunities for investment banking and exist in addition to the investments in physical gold also many forms of what is defined as a financial investment in gold.

Investing in gold is a financial investment that allows you to be exposed to the price of gold, so to gain or lose depending on the movement of the physical gold price, but without having to buy physical gold.

From this point of view the investment and more comfortable, but it presents the risk that no investment in physical gold. The most common tools for investing in gold are financial: **ETF (Exchange Traded Funds)**, **gold Futures**, **Options on gold**, the **mining company Shares**.

The gold melting, and the processes that characterize it, have place in specialized factories and occur in furnaces in which very high temperatures are developed.

The first step of the process is the fusion of the precious pure material that occurs within particular pots called crucibles and can withstand temperatures in excess of 1000°.

The gold bars are sent to the office tests in order to obtain gold certificates. The certificates conclude the investment banking gold based on large numbers.

In Switzerland and Germany, this practice is widespread, and there are gold certificates that give the opportunity to those who invest to own gold without physical delivery of the same.

ETFs are funds whose shares are traded on the stock market in real time as shares. The transaction costs are lower and the operations are easier. However, if there is a financial crisis it occurs you do not own anything and is not as secure as having physical gold.

Investments in Shares of mining companies are another way to invest in gold. As the price of gold rises, rises the proportion of shares. There are risks that can adversely affect the mining stocks.

At molten gold are added small quantities of saltpetre and borax, to avoid issues oxides is in contact with the air. The mixture is introduced into the crucible and then in the oven until its liquefaction.

Once occurred, the product is poured in special molds that will serve for the production of bullions. Afterwards we will proceed with the export of bullion.

The jewelry are not considered an investment but a luxury product. The process of machining jewelry creates an added value that raises the price.

The gold bullions and gold coins are stored in special vaults of the big banks. The gold, in both cases, is guarded, numbered and identified by the official hallmark.

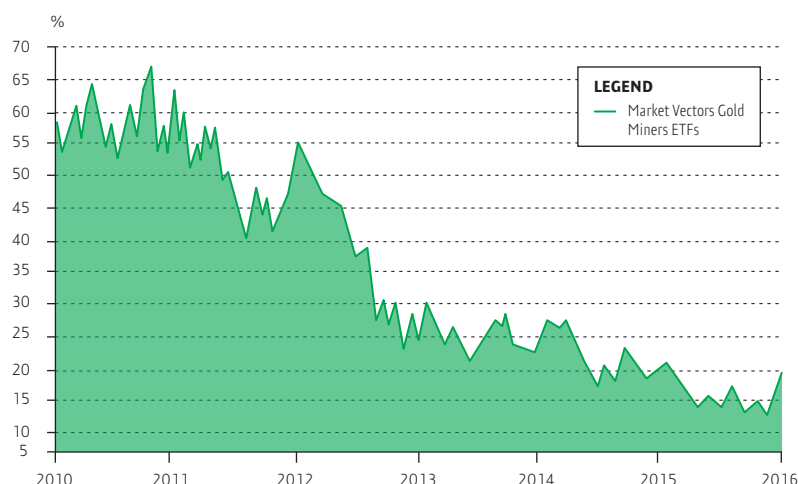
Futures are financial agreements to purchase or sell a specified quantity of goods for which an agreed date and at a price set at the time of the contract. People who invest in futures are speculators who take risks for the 'rise or fall of the price of gold.

An **Option contract** is like a futures contract, but has big risks. Unlike the futures contract as the future, in option the right to buy or sell can be exercised at any time before the option expires.

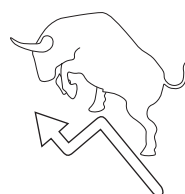
Physical gold is hard to find and increases ETF

Gold could become increasingly difficult metal to buy. So if gold prices were to rise, there will be many investors that although would like to buy the metal, may not do so and therefore there would be a rise of ETFs and the actions of the extractors.

Companies have collapsed more than the price of gold and thus we believe that gold can be a protection against the uncertainties of economy.



2016 is a good year to invest in gold



Most of the analysis provide a bull market throughout 2016. So if you want to invest by taking a short-term strategy, we can consider gold being overbought.



The policy adopted to bring interest rates near zero and buy huge amounts of financial stocks was not successful on real economic activity.



It expects a probable rate hike by the Fed in the coming months, with a possible reconsideration and a possible reversal of monetary policy.

Indian golden traditions

In India, gold jewelry is a store of value, a symbol of wealth and status and a fundamental part of many rituals. In the country's rural population, a deep affinity for gold goes hand in hand with practical considerations of the portability and security of jewellery as an investment. This, explains how India's appetite for gold defies market conditions: despite a 400% rise in the rupee gold price over the last decade, gold demand continues to grow.

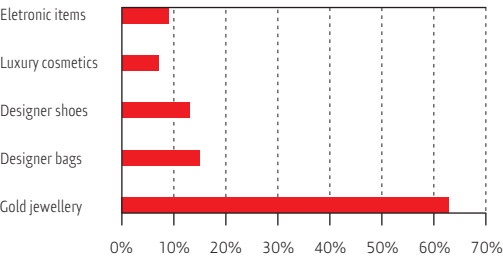
Diwali falling between mid-October and mid-November and is one of the most important dates in the Indian calendar, and as they celebrate, **Indians buy gold (around 10 tonnes)**. India is one of the largest markets for gold jewellery, which has a complex and central role in the country's cultures.



Gold is central to more personal life events too. Gifting gold is a deeply ingrained part of marriage rituals in Indian society, **weddings generate approximately 50% of annual gold demand**. Families begin saving soon after the birth of a girl, and the "Stridhan", or gift of gold to the bride, gives her financial security once she is married.

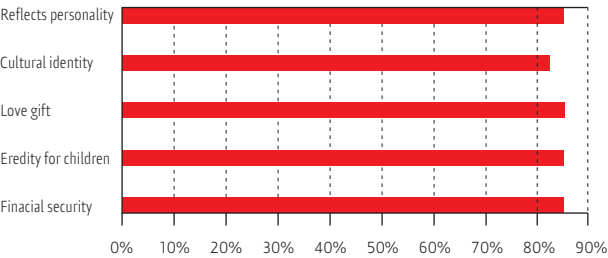
What Indians want to buy over next year?

Based on 13,000 interviews of woman and men aged 18-60 years old, who have purchased or received gold jewellery in the last two years.

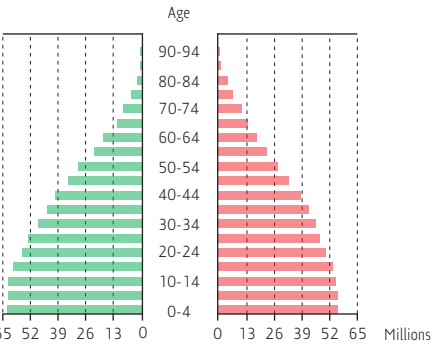


What is the gold for Indians?

Based on 13,000 interviews of woman and men aged 18-60 years old, who have purchased or received gold jewellery in the last two years.

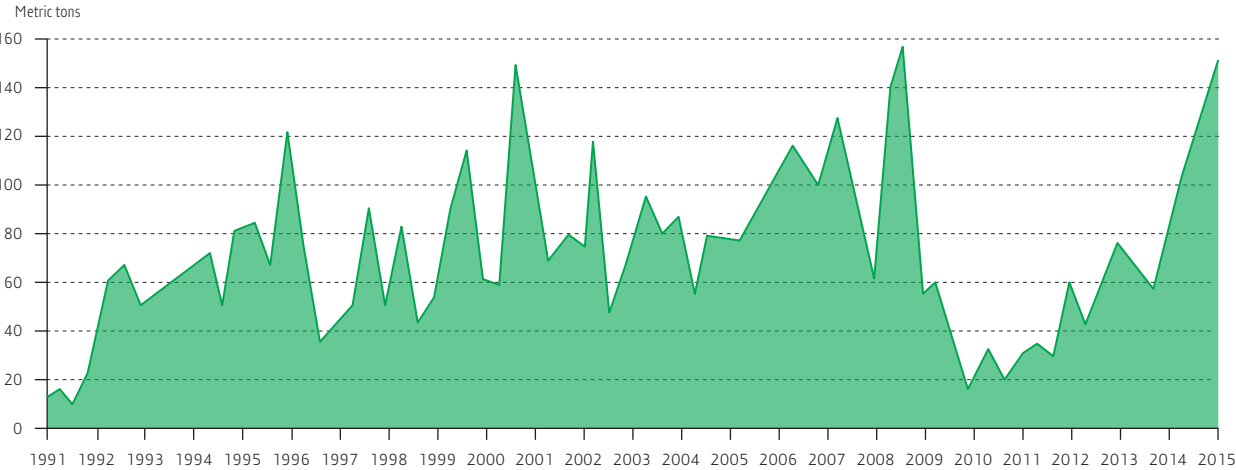


Indian population's composition in 2015



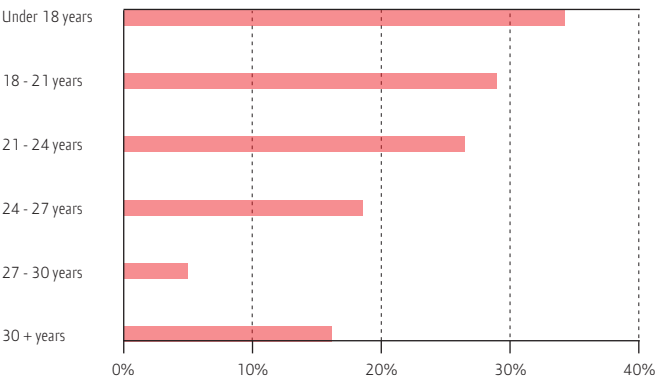
Every day ten of more millions of Indians enter into their prime marriage. The average age of marriage are **22 for woman and 24 for men**.

India gold import

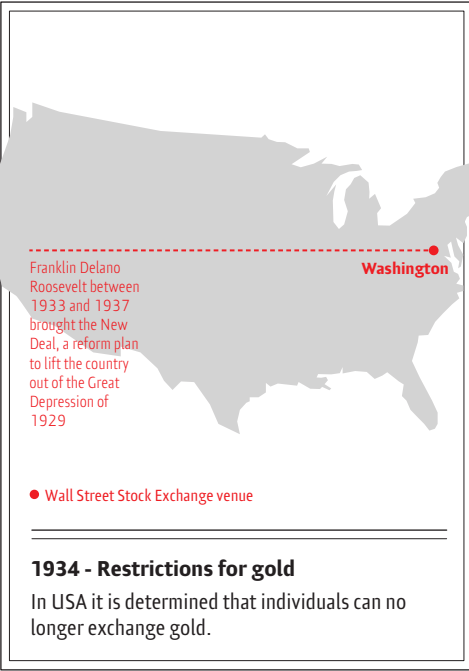


Age Indian women first received a gold gift

Based on 13,000 interviews of woman aged 46+ years old, who have purchased or received gold jewellery in the last two years.



Historical break



Gold as a good omen for the Chinese New Year

The Chinese New Year is one of the most important and most felt traditional Chinese holidays, and celebrates precisely the start of the new year according to the Chinese calendar.

Chinese New Year traditionally marks the period of greatest purchase of gold by individuals. Even before the Lunar New Year on 19 February, the gold coins issued by the People's Bank of China for the year of the Goat are sold out.

Even this kind of purchases are a key fact for analysts, intent on research data indicating the extent of demand for gold in the second largest economy in the world. After all, the demand for gold bars, coins and jewelry by individuals in China is equal to one ounce in five sold worldwide in the last five years, second only to India.

Chinese jewelry growing demand

