

Investment In Gold

debdipto majumdar

www.CaseStudy.co.in

Your Case Study Search Engine!

Learning how to buy gold bars is one of the first things that you have to learn if you want to invest in gold, and if you want to invest in gold bars. Although it is much convenient to invest in gold coins as it is easier to carry and bring around, it helps to know some tips in advance to make sure you also know how to differentiate if it is pure gold or a fake one.

Gold bullion bars has both storage and return on investment value. It has the potential to offer you safer return during bull and stability during bear stage of market. Studies have found investment in gold bullion as a sustainable return for long term. After implementation of two-tier pricing system to control bullion price in 1968, the price of gold and silver fluctuates daily. But, the fluctuation is minimal if Gold bullion bars has both storage and return on investment value. It has the potential to offer you safer return during bull and stability during bear stage of market. Studies have found investment in gold bullion as a sustainable return for long term. After implementation of two-tier pricing system to control bullion price in 1968, the price of gold and silver fluctuates daily. But, the fluctuation is minimal if you compare it with stock and equity market. Hence, after 1968, gold is treated as a profitable investment option during depression too. Investment in gold bullion is cheaper compared to other financial tools. Here, you do not need to pay any brokerage related to buy and sale of bullion bars. Its inflationary hedge offers you more stability irrespective of adverse market situations.

Trade related to bullion bars is not dependent on time factors. You can buy and sale it 24X7X365. Hence, more flexibility is attached with trade of bullion bars. Gold bullion bars contain 99.5% pure gold. Hence, it does not loose lustre over passage of time. Price of gold has followed increasing path except few adverse times in last five hundred years. During this time period, price of dollar and other financial investment tools has witnessed significant lean periods. This comparison favours the investment in bullion bars. Investors looking for a diversified portfolio should also find gold bars as a preferable alternative. It offers them higher level of liquidity and lower risk during adverse economic situations.

However, investment in gold bullion bars is not completely free from shortcomings and criticisms. It will not earn you any interest. Continuous buying and selling of gold bullions can offer you profit only. As its price is more or less stable, return on investment at favourable market condition is much lower compared to volatile financial tools. Gold bars are physical assets. Hence, they are prone to theft and loss. Along with, if purity is not checked properly during purchase, its lustre might degrade with passage of time. And the main thing is to check that you are not being fooled in buying fake gold. You should only buy gold from

registered authority, but it doesn't hurt to be a bit cautious while buying.

One of the properties that you have to check to make sure you are not being fooled is to check the colour. Sometimes a fake one will appear reddish in colour as other metals are being mixed with it. Pure gold may have a duller shine.

Although sometimes the colour may not be a good indicator for gold bars because some of them may really be gold plated, but then again it cannot escape other tests such as density. To learn how to buy gold bars, you have to learn how to tell a fake one from a real one almost immediately.

As there are only few metals having almost the same density as gold, fake gold bars differ in density than the real one. There are a number of metals that have been used in the making of counterfeit gold bars but then again, they end up being easily detected as there are only a few metals with density closer to pure gold. If metals are also combined to form the fake gold bars, the colour would obviously differ making it easy to detect.

If you want to venture into the business of buying gold bars, you might as well prepare some equipment such as a scale to help you determine which ones are real. But of course, because gold bars are bigger than coins or rings, you can determine the difference easily by just simply lifting the gold bar.

In learning how to buy gold bars, you have to be smart to determine if they are really real. Sometimes going to the jeweller will not only give you an honest answer on whether you have a genuine or fake one. If you want, you can actually set up your mini testing lab to test the specific gravity as well as density of the gold bar.

Doing the scratch test may not however be effective also. Keep in mind that gold bars are a lot bigger than gold coins or rings, and they are often gold plated in the surface, so any scratching test will show you the thin layer of gold.

Keep in mind however that testing for the genuineness of gold may be difficult to do it yourself. If you are serious about venturing into the gold business, you have to invest in some equipment that will truly give you an accurate answer on whether you are dealing with a real

one or a fake one.

Keep in mind too that the gold business is one of the most greatly desired by many individuals thus you have to make sure of your safety as well...

REFERENCES

1. <http://www.getmoneyenergy.com/2009/09/advantages-disadvantages-investing-gold-bullion-gold-stocks-gold-etfs/>
2. <http://www.preciousmetalinvestment.com/gold/bullion/advantages-of-and-disadvantages-of-investing-in-bullion-and-coin/>

WWW.CASESTUDY.CO.IN