



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact Factor: 6.078

(Volume 10, Issue 6 - V10I6-1498)

Available online at: <https://www.ijariit.com>

Investing on Gold

Dr. Hasith Soysa

hasithsoysa@gmail.com

Independent Researcher

ABSTRACT

Gold, a rare and highly valued yellow metal, has held significant cultural, economic, and technological importance throughout history. With the chemical symbol Au and atomic number 79, gold is one of the least reactive elements, making it resistant to corrosion and tarnish, which contributes to its widespread use in coins, jewellery, and other ornamental items. Historically, gold has symbolized wealth, power, and prestige, serving as a medium of exchange and a store of value. Today, it continues to play a vital role in global finance and trade, while its applications have expanded into electronics, medicine, and various technologies due to its excellent conductivity and biocompatibility. Found in nature in its native metallic form, gold is often extracted through mining and panning, frequently alongside silver, its geological counterpart. As both a commodity and a cultural symbol, gold's enduring value remains integral to numerous industries, continuing to influence art, investment, and technological advancements.

Keywords: Gold, Investment, Value, Diversify

1. INTRODUCTION

Gold is a precious, yellow metal that has been valued by civilizations for thousands of years due to its rarity, beauty, and unique properties. It is a chemical element with the symbol **Au** and atomic number 79. Gold is one of the least reactive chemical elements, making it resistant to corrosion and tarnish, which is one of the reasons it has been used for coins, jewellery, and other decorative items for millennia.

Historically, gold has been a symbol of wealth, power, and prestige. It has been used for currency and trade in various forms, such as coins, bars, and jewelry, and remains a key component in the global financial system today. The use of gold in electronic devices, medical applications, and other technologies has also grown due to its excellent conductivity, biocompatibility, and non-reactive nature. Gold is found in its native, metallic form in nature and can be extracted through mining and panning. It is often associated with its geological counterpart, silver, and both are considered "precious metals" due to their rarity and enduring value. Overall, gold holds a significant place in human history, both as a commodity and as a cultural symbol. Its enduring value continues to make it an attractive investment and a cornerstone in the fields of technology, industry, and art.

2. WHY INVEST IN GOLD

Hedge Against Inflation: Gold retains its value over time, making it a reliable store of wealth during periods of high inflation.

Portfolio Diversification: Adding gold to an investment portfolio can reduce overall risk due to its low correlation with other asset classes.

Economic Stability: In times of financial crisis or geopolitical tensions, gold often performs well as investors seek safety.

3. INVESTMENT METHODS

Physical Gold - Gold bars, Gold coins, Jewellery

Gold ETFs (Exchange-Traded Funds) :Offers exposure to gold prices without holding physical gold.

Gold Mining Stocks: Investing in companies involved in gold extraction and production.

Gold Futures and Options: Suitable for experienced investors looking to speculate on gold price movements.

Digital Gold: Platforms that allow small investments in gold, stored securely by third parties.

Gold-Backed Cryptocurrencies: Innovative platforms combining block chain technology with gold reserves.

4. FACTORS INFLUENCING GOLD PRICES

Global Economic Conditions: Economic downturns increase demand for gold.

Central Bank Policies: Changes in interest rates and gold reserves affect prices.

Currency Strength: A weaker USD often leads to higher gold prices.

Market Demand: Jewellery and industrial use contribute to demand fluctuations.

Geopolitical Tensions: Political instability often drives investors toward gold.

5. PERSONAL GOALS AND STRATEGY

Short-Term Goals: [Insert goals, e.g., "Generate modest returns over 1-2 years."]

Long-Term Goals: [Insert goals, e.g., "Preserve wealth for future generations."]

Investment Strategy: [Insert strategy, e.g., "Allocate 10% of portfolio to gold ETFs."]

6. ENTRY AND EXIT PLAN

Entry Points: Monitor economic indicators (e.g., inflation, interest rates), Purchase during market corrections.

Exit Points: Sell when portfolio allocation exceeds target, Reassess during significant price surges.

7. RISKS AND CHALLENGES

Price Volatility: Gold prices can fluctuate significantly in the short term.

Storage and Security Costs: Physical gold requires secure storage, which can be expensive.

Lack of Yield: Unlike stocks or bonds, gold does not generate dividends or interest.

Market Liquidity: Selling large amounts of physical gold may be challenging during market downturns.

Regulatory Risks: Changes in government policies can impact gold investments.

8. CONCLUSION

In conclusion, gold has transcended its role as a mere metal to become a symbol of wealth, stability, and enduring value throughout human history. Its unique physical properties, such as its resistance to corrosion and its rarity, have made it a highly prized resource for jewelry, currency, and industrial applications. Gold's role in the global financial system, particularly as a safe-haven asset during times of economic uncertainty, underscores its continued importance in the modern world. Beyond its economic significance, gold also holds cultural and historical importance, representing power, beauty, and legacy across civilizations. As we look to the future, gold will likely continue to play a central role not only in financial markets but also in emerging technologies and industries. Whether in the form of investments, high-tech applications, or artistic expressions, gold's timeless appeal and unmatched versatility ensure its place as one of the most valuable and enduring elements known to humanity.

REFERANCES

[1]. **Graham, B. (2003). *The Intelligent Investor*.** New York: HarperCollins

[2]. ***The Power of Gold: The History of an Obsession***" by Peter L. Bernstein
This book offers a historical analysis of gold, its role in economics, and its psychological and cultural significance as a store of value.

[3]. ***The Economics of Money, Banking, and Financial Markets***" by Frederic S. Mishkin
Mishkin's textbook includes chapters on the role of gold in financial systems and central bank policy, which can provide a more theoretical perspective on gold's place in modern economies.