Why is Gold Important Now?

The stock bull had been running for over a decade now – since the Financial Crisis of 2008-2009. And, until recently, the Dow, the S&P 500, and the Nasdaq were all making new all-time highs virtually every day. Those who have been invested in equities were doing quite well, until the Dow, the S&P 500, and the Nasdaq all plummeted in response to COVID-19 fears.

Precious metals dropped as well, as many investors sold theirs to meet margin calls, yet gold recovered much quicker and built on its gains for the year to reach 8-year highs. As of June 2020, gold is up 30% over this time last year.

Still, you would probably guess that equities have been the best-performing assets of this century.

Not so fast…
Media Bias

Gold and silver performed extremely well during their last 10-year bull market – gains of 650% for gold and 1,000% for silver. Most investors never saw returns like that with dividend stocks. Yet, when asked if they would consider adding a small allocation of gold and silver to their portfolio, most would say they had no interest in precious metals whatsoever.

Even introduced to staggering returns, they won’t consider it. Nowhere has the media bias in favor of traditional paper stocks and bonds been as evident as these conversations.

The media has effectively convinced investors that precious metals are risky, do not appreciate, and are way too complicated to even consider owning. Of course, banks and brokerages have paid the media well over the years, through lucrative ad campaigns, to get that message out.

Numbers Don’t Lie

Considering the effectiveness of the brain-washing, those ad campaigns may actually be the first documented instances of “fake news.”

When you look at the numbers, you get a slightly different picture. However, you have to go back to December of 2015 to see the lows for both gold and silver following their correction from all-time highs achieved during their last bull market. Gold fell from $1,900 (September 2011) to $1,049.40. Silver fell from near $50 (April 2011) to $13.71.

Gold and silver effectively broke out to the upside in June of 2019. For many, that was the signal a new precious metals bull market had begun. In 2020, we’ve seen similar price surges as gold gains stairstep their way skyward. Bank of America analysts predicted earlier this year that we could see gold around $3,000 an ounce before the end of this new bull market.
Insurance Versus Profit

Since Michael Checkan and Glen O. Kirsch founded Asset Strategies International in 1982, ASI has been educating friends, families, clients -- and anyone else who would listen -- about gold. We view it as a long-term store of value that would protect their savings from inflation, the devaluation of the dollar, and a continuing increase in the money supply.

We have always sold gold and silver first and foremost as an insurance policy. It is a way to protect assets in a world of fiat currencies - the new international economic and monetary environment in which currencies are no longer backed by gold.

In such an environment, gold and silver are the only real money in existence.

We believe you should own gold and silver always as insurance. You buy it. You hold it. And, you never sell it, unless you have a financial crisis. We like 10% of investible assets for this allocation.

We also believe you should own gold, silver, platinum, and palladium sometimes for profit. These purchases are made after a precious metals bull market has been established. And, as the bull market progresses, dips in the price are your entry points, and short-term peaks are exit points when rebalancing. We favor an additional 10% to 15% allocation for this purpose.

No Cash Is No Excuse

Precious metals bull markets are some of the most lucrative markets historically. Duration tends to be about a decade. Appreciation tends to be significant.

If you do not have the cash to participate, I suggest you find some. Adjust your current allocation to make room for gold and silver. Take profits as you rebalance. Re-allocate funds if you get stopped out of positions.

Look to your IRA for available cash.

Being creative now in the early stages of this bull market for gold and silver will no doubt pay worthwhile “dividends” in the future.

To learn more about buying precious metals for protection and for profit, please call ASI at (800) 831-0007 or email us today.