



Gold Investors Should Consider These Fundamentals for 2018

Description

With 2017 now in the rear-view mirror, investors looking to gauge how commodities such as gold will perform in 2018 will certainly have a lot to consider. With some of Canada's largest gold miners such as **Goldcorp Inc.** (TSX:G)(NYSE:GG) and **Barrick Gold Corporation** ([TSX:ABX](#))(NYSE:ABX) having experienced a rough 2017 (down 15% and 18%, respectively), let's look forward to the key stories that are likely to drive gold prices this year.

Equity Markets

With gold seen primarily as a hedge for equity markets, performing well in bear markets, all indications are that gold may continue to underperform in 2018 as the bull rally continues. That said, insurance is never cheap when you need it, so adding some gold at current prices may not be a bad idea.

Most analysts generally expect another strong year in 2018 (although perhaps not as good as 2017), so [finding the exact bottom](#) for gold may be difficult.

Cryptocurrencies on the rise

While most institutional money managers agree that cryptocurrencies are in no way a hedge in the same way as that of traditional physical bouillon, some retail investors have begun to treat Bitcoin and other cryptocurrencies in a similar fashion. After all, it can't all crash at once, right?

As I've pointed out before, cryptocurrencies are a [very speculative gamble](#) in an unregulated market, which many experts believe is currently being manipulated by inside parties who are controlling the vast majority of the float. I would therefore avoid anything related to cryptocurrencies in 2018.

The direction of gold in 2018: who knows?

Throwing one's hands up in the air and announcing defeat over predicting the direction of which way a commodity is expected to move in a given fiscal year may seem like a cop-out, but that's exactly what I'm suggesting. And, as it turns out, I'm not the only one struggling to place a concrete target on where gold is headed this year.

A recent *Bloomberg* survey showcasing the opinion of 38 investment professionals showed results that were anything but correlated with a market direction. With market experts generally split on the direction of commodities such as gold, investors will be forced to make their own independent assessment of how much gold, if any, should be added to one's portfolio this year.

Bottom line

If you're a long-term investor like Warren Buffett, having an unhedged long-only portfolio with no gold may be the way to go. If you're the hedging type or bullish on gold, now may be a good time to consider initiating a position or adding to an existing position given the relative stability of late.

Stay Foolish, my friends.

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