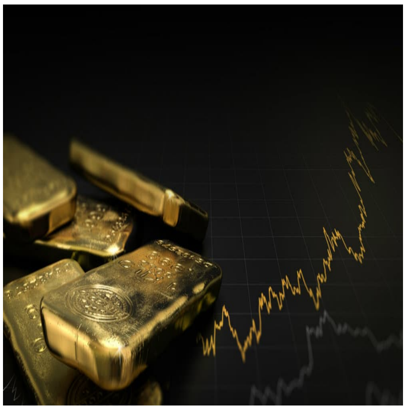

Which Is a Smarter Buy: Gold Stocks or Gold Bars?

Description

Gold prices are sitting at $1,294.90 per ounce, suggesting that the precious metal is going to dip before it surges. Thus, now might be a great time to invest in stocks of the yellow stuff. But before we look at a stock so tasty that even SeaCrest Wealth Management, LLC is holding it, let's look at whether gold is indeed acting bullishly, and consider that *other* gold investment strategy.

Going for gold

There are many gold miners on the TSX worth looking at, from those with high market caps and solid assets to decidedly shaky junior miners. Let's look at one of the former.

McEwen Mining Inc. (TSX:MUX)(NYSE:MUX) decided that it was worth investing in its future rather than look good in 2017. It dropped $5.2 million on developing its assets last year, essentially gambling on a 13% increase for 2018. While bold moves like this might worry more timid investors, those willing to take a chance on its possibly calculatedly undervalued stock could reap the rewards in a few years' time.

Why else should you consider McEwen? Well, their assets are solid, with four currently productive mines, two prospective mines, and two more about to start producing spread across Mexico, Argentina, the U.S., and Canada. And as we mentioned above, SeaCrest holds stocks in McEwen, so if you do decide to buy, you'll be in good company. Gold is looking good for 2018, and McEwen would be some nice arm candy for that party.

Now let's look at that other means of gold investment, and why it's as dumb as a box of hair.

Do people really still buy actual gold?

There is an entire industry devoted to safely transporting gold bullion to your house. People like thefeel of gold – it's an emotional thing. In fact, investment in gold is emotional, period. People seem tothink that gold is recession-proof, that it is "safe" and "out of the system." But the fact is that actual gold– gold that you can go down into your basement and touch – hasn't changed much in average value *ever* .

Don't believe us? Jusk ask the Royal Economic Society, whose recent study of gold found that between 1836 and 2011, gold prices changed at an average rate of just 1.1% per year. As well, gold prices during times of stress weren't much different than prices witnessed during stable economic environments. What's changed isn't *gold*'s overall value, but the fortunes of those who mine it.

But, as Hank Hill once told his wife, let's put this in terms even a genius can understand.

Go buy a gold bar for $100 and put it in your safe. In a decade, that gold bar may very well still be worth $100, meaning you've missed out on profits from inflation at the very least. Other than the fact that your gold may have actually *dropped* in value over those 10 years, you also have a storage problem. Not just space itself, but security and insurance will also be issues. You can go ahead and own thousands in physical gold bullion, but you'll be insured for a tiny fraction (or none) of it.

Store it somewhere else? Sure, but storage costs will eat into your gold's value, and if you store it in a bank that goes bust, you can say goodbye to your investment.

The bottom line

Investing in gold miners makes 100% more sense than buying actual gold and keeping it in your house, which, believe it or not, people still do.

Getting back to reality… while gold is still not at the value it could be, go out and buy stocks in some of the most stable discounted gold miners. Gold may well be about to go full-bull, (either this year or next, but it's coming), and you're going to want to be there when it does. McEwen is a good buy if you want to back solid assets and a smart acquisition strategy.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

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