



Precious Metals: This Gold ETF Is up Over 100% Since March Lows

Description

Precious metals are on a tear. All you have to do is look at the **iShares S&P Global Gold Index** ([TSX:XGD](#)) versus the NASDAQ index to see how well precious metals are doing. The XGD is up over 100% since its March low of just over \$10 a share. In contrast, the NASDAQ is up much less than that. Yet barely anyone is talking about precious metals.

Furthermore, fundamentals are firmly on the side of [precious metals](#). Government money printing and massive expansionary policy is creating a huge demand for gold and silver. Just look at the price action on silver. It is now going up by 6% or more a day after breaking through multi-year highs. Still, barely any news outlets focus on this massive performance.

That's actually good news

As strange as it seems, the fact that no one is really talking about precious metals performance is a good thing. Everyone is so focused on tech stocks that they are missing the huge potential in precious metals. These stocks have moved massively, and there is a lot more to go. Investors still have time to get in on precious metals stocks.

Both XGD and the NASDAQ have gone in parabolic moves, so why is the XGD a better bet at these levels? Well, for one thing, tech stocks depend on the economy. Even great online retailers that benefit from a work-at-home environment still need people to spend. They make their money from people buying stuff.

Eventually, governments of the world will have to stop paying people to do nothing, and people will probably have to stop spending. Once people stop spending, companies will have to lay off workers. After companies lay off workers, spending will probably decrease further. Even the best online retailer will have a reduction in growth when government support runs thin.

Gold benefits from chaos

The difference between gold and silver versus tech is that gold benefits from chaos. Is the economic situation looking worse? Buy gold. Is inflation raging out of control? The price of gold will deceptively

rise, as it takes more dollars to buy it. Every negative situation facing stocks is positive for precious metals.

Right now, if you don't want to buy individual stocks, I would put a portion [of your money](#) at least into an ETF. XGD is a good choice. It holds large-, medium-, and small-cap stocks in its portfolio. The management expense ratio is a little higher than some other ETFs at 0.71%. This fee does come with the benefit of allowing you to own many gold stocks without having to choose them for yourself, however.

The XGD also has a small dividend, which will likely go up while the bull run lasts. It is not worth buying the index only for the dividend, though, since it pays only a paltry 0.1% yield at current prices.

The bottom line

There is a bullish case for precious metals versus a bearish case for tech stocks. The XGD outperformed the NASDAQ since the March lows and basically no one is talking about it. Furthermore, the fundamentals point towards more upside for gold against the strong possibility of downside from tech.

I'm not suggesting you sell all your tech and put it into gold. Please don't do that. I would strongly suggest that you re-balance your portfolio, potentially taking some of your tech gains and putting the proceeds into some XGD or other gold investment. There is still time to buy precious metals, but the window is closing.

CATEGORY

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

TICKERS GLOBAL

1. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

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

Date

2025/08/16

Date Created

2020/07/22

Author

krisknutson

default watermark

default watermark