



Gold Has 75% Upside Left: Don't Miss Out!

Description

The gold price has shot up 37% over the past one year. Mining stocks that are closely correlated with the gold price have had a much better run. Investors who saw this trend emerging early are now sitting on incredible gains.

However, the bull run in gold prices is far from over. In fact, some expert analysts believe the price of a single ounce could surge from nearly US\$2,000 today to over \$3,500 by 2022. That implies upside of over 75%. Investors need to dig deeper to understand what's driving the price skyward and how they can bet on this wealth-creating phenomenon.

Gold price drivers

As I mentioned in [an article earlier this month](#), the factors driving the gold price higher are likely to linger for years. Investors are worried about the state of the economy. Gold is seen as a safe haven that they can retreat to preserve wealth. Meanwhile, miners are struggling to meet this heightened demand for the precious metal.

However, the most consequential gold price driver is government policy. Money printing by central banks across the world has simultaneously devalued global currencies. As currencies lose value, gold appreciates by default.

This combination of fear and money printing has pushed gold prices to a record high. However, the pandemic and economic crises are far from over. This is why Barry Dawes, executive chairman at Martin Place Securities, has placed a spot price target of US\$3,500 on the commodity over the next few years.

A number of noteworthy hedge fund managers, including Ray Dalio, Paul Singer, David Einhorn, and Crispin Odey, are also bullish on gold. In short, the "smart money" seems to be betting on a bright future for the shiny metal.

Investing in gold

Fortunately, there are plenty of ways for retail investors to invest in gold. Exchange-traded funds, or ETFs, are probably the most convenient option. The **iShares S&P/TSX Global Gold Index Fund** has surged 56% year to date, outpacing gold itself.

Similarly, gold miners like **Barrick Gold** have outperformed. The world's second-largest gold miner has had an incredible run this year, as the gold price appreciated. Barrick Gold stock is up 66.5% year to date, which is better than the ETF mentioned above.

If gold has another 75% upside, these ETFs and stocks could probably magnify the gains. In fact, Barrick Gold's low valuation leads me to believe the price could DOUBLE before the end of the year. Keep an eye on this space.

Foolish takeaway

Gold prices have hit a record high. At the time of writing, an ounce of the precious metal is trading at US\$1.950 — 24% higher than it was six months ago. A combination of investor fear and central bank currency devaluation has driven the gold price so far. As the pandemic continues and the economy remains strained, the metal could surge much higher.

If gold has another 75% upside, as some have suggested, it might be a good time to add some exposure. I would recommend an ETF or gold miner stock.

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