Unsure How to Predict Precious Metal Market Activity? Gainesville Coins Says This May Help

May Contain Affiliate Links Feb 9, 2025 Comments

Historically, gold and silver prices have shown less volatility than assets such as stocks.

Gold, for example, has performed well during both periods of growth and economic decline in the past, according to World Gold Council research.

The precious metal is often regarded as a possible hedge against inflation. Gold has kept pace with it for thousands of years, says Everett Millman, a precious metals specialist at Gainesville Coins — which has added to gold's appeal and helped enhance its value.


THE DAILY CALIFORNIAN

UC unions, faculty sue against Trump's demands

Thousands of academics condemn UC 'capitulation'

Federal fears jeopardize postdoc's visa

"When it comes to gold and silver, inflation is usually a driver for higher prices," Millman says. "In general, they are effective hedges against [it]."

That aspect — in addition to concerns about the financial system's health, a lack of trust in banks and other reasons — have inspired numerous investors to purchase gold and other physical precious metal assets.

"Gold has steadily climbed in value," Millman says. "Economic anxiety, fear about the stock market falling — these are strong motivators when someone's looking for an alternative investment to stocks and bonds."

Gainesville Coins on The Role Precious Metals Can Play

While precious metals haven't traditionally experienced the cadence of major rises and falls that we've seen with the stock market, metal prices can potentially ebb and flow at times, due to various factors.

During periods when interest rates are elevated, for instance, investors may seek out other assets — such as U.S. Treasury bonds, which, with U.S. government backing, are also often viewed as less volatile or risky options. The bonds can be in more demand when interest rates are elevated because their yields tend to increase, according to CNN Business.

"Lower rates are generally good for making gold a more attractive investment," Millman says.

As with the stock market, predicting what price specific precious metals will be during a certain period before that time frame begins can be tricky. Proactively adding and continuing to keep precious metals in your portfolio on an ongoing basis is an approach that might help you take advantage of future price increases that occur.

"[Gold] has tended to rise over time," Millman says. "Sure, there is near-term volatility, as with any asset — but gold's calling card is that prices have tended to maintain their level of purchasing power, relative to other assets."

Even if a precious metal's price does fluctuate somewhat, having that item in your portfolio could still help balance out any losses from other assets' potentially more erratic performance — particularly long-term.

Gold, according to Gainesville Coins, has provided an approximately 20% return on an annualized basis. On the other hand, the stock market, per U.S. Securities and Exchange Commission data, has offered an average annual return of about 7%.

"More so than trying to read the tea leaves, it's important for investors to consider whether their portfolio is sufficiently hedged against a potential black swan event," Millman says. "Are their investments diversified enough to weather that potential storm? Because, by their nature, economic surprises are impossible to predict — holding some gold and silver in case of an emergency is a prudent way of protecting yourself."