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GOLD BUYING FACTS

*Facts to Consider before Buying or
Selling Gold*

INVEST YOUR MONEY WISELY



When investing in this precious yellow metal - Know the Facts...



Gold

is a commodity you can invest in, just like you buy assets such as properties. It is among the world's oldest commodities and one of the most preferred investments by most people. You can invest in different ways in gold, such as physical, virtual, and gold funds. However, an investor should take their time and learn about the different types of gold investments. This includes knowing the potential returns and risks of losses.

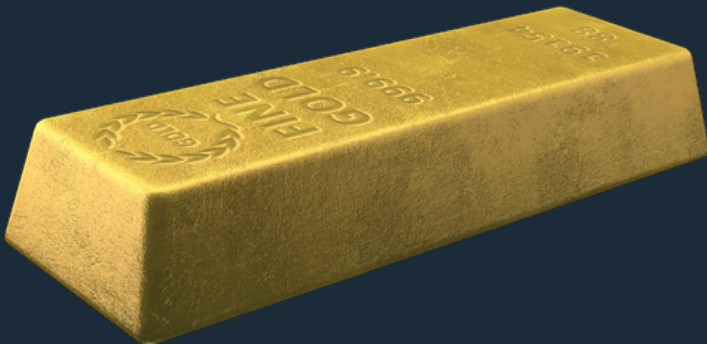
Gold's value changes from time to time, and therefore investors need to take time and consider whether or not to invest. This means they need time to study trends in the market regarding the investments they make. You should not buy gold if you want quick returns and no trendy bumps during this lucrative ride. The gold investment comes with a significant potential payoff and risky moments.

Why should you invest in Gold?

As much as gold seems like a volatile investment, you should not be afraid to invest in it. It is one of the best investments you can make and consistently increases in value compared to other investments. This investment can withstand the storms in bad economic times when the stocks seem to falter with no hope.

Investors who would like to invest in physical assets can purchase gold bullions or gold coins. In contrast, investors who would like to diversify their investments can purchase stocks in gold companies or invest in gold funds.

The best thing about gold is that you choose what to buy and get risk levels under control. If you prefer physical assets, go for gold jewelry or gold bullion. However, if you are looking for diversified investments, mining companies' shares and gold funds are some of the great options.



How to buy Gold?

There are a couple of ways an investor can buy gold, be it physical or in the form of stocks and funds.

Physical gold can be bought from pawn shops or renowned dealers. When buying, you should ensure that the dealer is licensed due to authenticity reasons. After purchasing your coins or jewelry, please keep it in a safe place. It is also possible to purchase gold online; it is a good option for those with large investments and diversifies them.

How to buy gold stock?

There are different ways to buy gold. They include the following:

- Buying physical gold either as bars, jewelry, or coins.
- Buying exchange-traded funds or mutual funds.
- Investing in futures contracts or trade gold options.
- Gold certificates verified by the government mint
- Buy solid gold jewelry

Purchase of stocks in gold mining and refining companies is also another form in which investors can invest in gold. For any investors thinking of investing in gold, they should take into consideration the fact that the golds' market is very volatile and should therefore consider diversifying their investments as security. Single stock investors are vulnerable to the uncertain gold market.

Investing in gold stocks is pretty easy. But, before making gold investments, you are required to make a portfolio. Investing in gold offers security against market inflations, but this doesn't provide quick returns on your investment.

The best way is to invest in gold stocks while still young and leave them to mature over a long period. With the rising value of Gold, you are assured that your investments will make steady gains. According to a majority of financial experts, gold investment is an ideal way of diversifying your portfolio.



Interesting Facts about Gold

- Gold is one of the most precious metals globally and was first discovered in the year 1848 by James W. Marshall in California.
- The value of Gold has risen over the years, and in 2020, Gold was valued at \$2000 per ounce. However, the value of gold isn't constant and varies depending on the value of the dollar. When the dollar's value increases, the value of gold decreases, and when the dollar weakens, the gold gains.
- The largest gold mine reserves are found in South Africa, producing close to two-thirds of the world's gold. China is the largest consumer of gold to cater for the production of technological products, jewelry, and its central bank reserves.
- Close to 70% of Gold on the planet is found in water bodies; however, it is impossible to mine this gold because a large percentage of it is diluted.
- Gold is naturally yellow or "golden" in color. Yellow metals develop this color after they are oxidized or react with chemicals.
- In the periodic table, Au is the element symbol of gold. This symbol comes from the word aurum (means shining dawn), an old Latin word for Gold. The word Gold is from Germanic languages gulb and ghel, which means yellow/green.
- Despite Gold being dense and heavy, it is also nontoxic. There are certain foods and drinks in which gold flakes may be eaten.
- Gold is highly malleable, meaning it can be hammered into thin sheets easily. Gold sheets can be hammered so thin enough to be transparent. Due to its malleability, Gold can be used to strengthen weak teeth.
- Gold is also very ductile and can be stretched into threads that are up to 8km long. In some instances, gold threads are used for embroidery.
- Gold doesn't react, rust, tarnish or degrade when exposed to air, acidic conditions, or even moisture, meaning it is a noble metal. Aqua regia, a special type of acid, is used to dissolve Gold. Due to its uncreativity, high purity gold is odorless and tasteless.
- Gold's purity is measured in karat. The purest element of Gold is 24 karats. 18 karat gold is 75 percent pure gold while the remaining percentage is mostly silver, but metals such as copper, zinc, iron, nickel, palladium, platinum, and cadmium can also be used.
- Apart from its symbolic and monetary value, Gold is also used in electronics, electrical wiring, coloring glass, medicine, and dentistry. Also, astronaut's window glass and helmets are covered with a thin layer of Gold to block the sun's harmful radiations and keep them cool.
- Gold is a good conductor of electricity, and this is why a majority of sophisticated electronic devices such as switches, connectors, and even connecting wires use Gold.
- Gold is one of the rarest metals in the world. More steel is poured in an hour than Gold has been poured since the beginning of the world.
- The world's largest piece of gold was found in California and weighed 195 pounds.

Benefits of Gold Investment:

All over the world, Gold is respected because of its value and rich history. For the longest time, Gold has been used as a unit of currency in many countries worldwide. Gold also played a significant role in the economy of many countries worldwide. This, however, ceased to be the case and in 1999, Switzerland was the last country to stop using Gold as a unit of currency.

There are many reasons why people invest and even buy Gold, most of which are discussed below.

1. Gold can protect against inflation risks.

The cost of Gold over the years tends to rise as the cost of living increases, offering protection against any risks, unlike cash investments that lose their value, especially when the economy is growing. Over the past 50 years, the price of gold has increased compared to the stock market, which has been decreasing. Investing in Gold helps you reduce the risk margin, especially when your country's currency value is reducing. Theoretically, when the dollar loses its value, the value of gold increases, and therefore, anyone who has invested in Gold is 'hedged' against the dollar's falling value.

2. Investing in Gold is a perfect way to save money for the future.

Investing in physical Gold safeguards your money and helps you get good returns in the future. The best way to invest in gold is by buying gold coins in a bank because they are authentic, and you are also given a certificate of authenticity, unlike buying Gold directly from the market.

3. The value of Gold doesn't change.

During times of geopolitical uncertainty or financial uncertainty, the value of Gold remains unchanged. Gold is commonly referred to as a 'crisis commodity' because when the world's tension rises, most people buy Gold to secure their investments. Gold is preferred as an investment during such times because it outperforms other investments. The price of gold rises, especially when citizens have very low confidence in their government.

4. Gold is easy to sell and easy to buy.

Gold can be bought from any jewelry store; however, you should buy from trusted jewelers to provide a guarantee certificate on the product. One major advantage of buying Gold from a trusted jeweler is that the quality is genuine, and you will get receipts which in the future will help you with reference. Banks also sell gold coins that are 100 percent authentic and also issue a certificate of authenticity.

5. The price of Gold is very stable.

Compared to other commodities in the same market as Gold, the price of Gold doesn't fluctuate with huge margins even during a crisis. During a major crisis, the price of gold increases as most people rush to buy gold to secure their investments. Compared to the stock market, where the price of a stock can even reach zero, the value of Gold can never reach zero. Therefore, investing in Gold is a good way of diversifying your portfolio.

6. Gold doesn't deteriorate with time

Unlike properties or a majority of other investments, the value of Gold doesn't depreciate with time. The value of old gold jewelry is the same as that of new jewelry. Therefore, your investment in physical Gold will get good security and good returns in the future. You will also get good liquidity in the future.

How to Invest In Gold

There are different types of investments that gold investors can make. One, you can buy physical gold assets. Secondly, you can buy shares of gold exchange-traded funds. Thirdly, you can purchase shares in gold mines, and lastly, you can trade futures and options in stock markets.



Physical Gold Assets

There are three ways of investing in physical Gold;

1. Buying Gold Bullions

Gold bullions are the large shiny bars that are locked in a vault of a bank. This is what most people think about when investing in Gold. Gold bullions range in weight from a few grams to about 25 pounds. However, the most common gold bullion bars are the one and ten-ounce bars. The prevailing market price of an ounce of Gold is \$1900, making it difficult for investors who wish to invest in Gold but lack enough funds. Due to this high price, it is important that you buy from a reputable dealer and also pay for delivery (insurance included) or safe keep the bullion in a large vault-like in a bank. Gold bullion investors need to stay up to date and check with their dealers to know the current market price and pick the correct time to liquefy their investment. While buying a gold bullion from a dealer, inquire about the buyback policy, which prevents the dealer from charging you a premium when selling back the bullion.

2. Gold coins

There are two primary types of gold coins which are; sovereign coins and numismatic coins. The government mints back sovereign coins with a face value; however, the raw value of sovereign coins is probably higher than the face value.

Numismatic coins are not quite popular; however, they are usually highly valuable as collector's items. As an investor, you should avoid purchasing numismatic coins unless you want to become a collector. This is because; these coins are difficult to sell due to their scarcity.

The most common collectible gold coins are; South African Krugerrand, American Gold Eagles, and Canadian Maple Leafs. Most investors stick with these gold coins because they have maximum liquidity. Gold coins weigh either one ounce or two ounces even though there are half-ounce and quarter-ounce coins. There are even dealers who sell blanks, damaged and worn coins. The price of gold coins doesn't entirely align with gold's market price. When there is high demand, gold coins trade at a premium. For a gold coin investor, you can find better deals from local dealers or even pawn shops; however, it is advised that you purchase from a renowned and licensed dealer for authenticity assurance.

3. Purchasing Gold Jewelry

Gold investors may opt to purchase Gold but in the form of jewelry. However, this carries huge risks compared to purchasing gold bullions or even gold coins.

First, as an investor, you should take caution because some reputable dealers may not sell secondhand jewelry. Authenticity matters when it comes to the resell of the jewelry. When purchasing the jewel, you should buy it from a reputable dealer and ensure that you obtain documentation to prove the authenticity.

Secondly, as an investor, you will be required to pay a markup amount depending on the company which designed and manufactured the jewel. The markup price can be from 20 percent to three times the value of the raw gold value.

While purchasing jewelry, you should be aware of the purity of Gold or Gold's percentage in the jewel. Jewels with a lower gold percentage or less purity of Gold usually have less value.



Purchasing stocks in gold miners:

This is a pretty straightforward investment compared to purchasing physical Gold. It involves buying stocks in companies which mine, refine, process, and trade gold. You can do this by investing using your brokerage account. The stocks of gold mining companies are related to the price of Gold and the company's profitability and expenses.

This implicates that investing in stocks of gold companies bears the same risks as investing in any other stocks. Therefore, for single stock investors, this doesn't provide them with the security of diversified funds as they may experience volatility. Also, investors don't have physical possession of Gold if these companies fail.

Investing in shares of Gold traded exchange funds and gold mutual funds:

Investors who invest in GTEF's and mutual funds have exposure to Gold's long-term stability. Also, mutual funds offer more liquidity than physical Gold and more diversity than buying stocks in gold companies. Professional investors actively manage gold mutual funds.

Such funds aim at beating the returns of an index that are passively managed, and in return, they charge slightly higher expense ratios. Investing in GTEF's and mutual funds doesn't involve buying physical Gold. Still, it is a paper backed by debt, equity, or futures of gold companies and optional contracts of physical bullions. This implicates that the value of mutual funds and GTEF's may not be the same as the market price of Gold.

Investing in Gold through the use of futures and options:

This is the riskiest way to invest in Gold as it involves speculative investments. The value of futures and options is based on the price of the underlying asset. A futures contract states that the asset is purchased or sold at the stated date and time despite the prevailing market conditions. In contrast, an options contract gives the option to buy and sell the security when it reaches a given price or before the stated date. Both futures contract and options contract are agreements.

Investing in this requires you to have a brokerage account in one of these investments, and in some instances, you are required to sign some forms to acknowledge the risk of your investment. Once you invest in any of these contracts, you are required to actively monitor your holdings to sell or dispose of their options before they become worthless. There is also a certain degree of leverage offered once you invest.

Essential Tips Before You Invest in Gold

When people think about the best investment plan to withstand even during a crisis, gold investment is one of them. This investment works as a cushion when there is inflation or deflation. Like any other investment, it is vital to understand how gold investment works. There are risk factors involved, and if you lack the correct facts, the risks magnify later.

Gold stock versus physical Gold:

As an investor, it is essential to know the real difference between gold-stock and physical Gold; they do not mean the same thing. When you invest in the gold stock, you are not investing in the actual Gold itself. It is a good option for those who want gold exposure, but they do not wish the physical commodity. It is also cushions you well during challenging economic times.

Physical Gold is also a good investment for those who want to have the actual commodity. But, this type of investment comes with extra charges such as a storage fee.

- Verify gold certificates

A gold certificate is an evidence that you own Gold, but you don't see it. To obtain one is a simple process, but gold papers are prone to scam, especially when the economy is not doing well. To shield yourself from being a victim, verify your broker. Additionally, avoid those who seem new in the market as malicious companies sell the same Gold multiple times.

- Identifying legit gold companies

Checking a company's profile before transacting business with them is an essential step for any investor. The first thing to look out for is the number of complaints lodged against it and the company's action. If there is a consistent complaint, that is enough red flag even if it has five-star ratings. It is also essential to check how a firm responds to inquiries in terms of comprehensiveness and speed. Short answers with hints and heavy sales pitch should be a warning. Another thing to look out for is how long the company has been in the market. When a company has been in existence for the last ten or more years, the probability of being legit is high.

Gold Mutual funds versus Gold Exchange-Traded Funds

New investors in the gold business face the challenge of deciding whether to invest in gold mutual funds or gold exchange-traded funds. Gold exchange-traded funds return slightly higher profits in comparison to their low cost of investment. However, before ruling out mutual funds because of the increased investment cost, it is worth knowing it is much easier to invest in them than gold exchange-traded funds.

Gold Bullions or Gold Coins

If you want to possess gold as a commodity, you get to choose between gold bullions or gold coins. Gold bullion is much safer to own as it requires authentication before liquidating, while gold coins are traded easily with fewer obstacles. It is easy to lose gold coins compared to bullion.

Economic uncertainty still in existence; gold investment sounds like an excellent plan. But investing blindly will cost you a lot. It is wise to have a broad knowledge to avoid incurring losses.



Things to avoid when investing in Gold

- False scare tactics

New investors fall for unscrupulous dealers and buy coins at a higher price using the age-old scare tactic. The firm's telemarketers convince the investors that old gold coins are much safer as the new coins are subject to confiscation by the government. Afraid to lose their investment, they purchase rare old gold coins at a dramatically higher price than their market value. As much as the firm will justify the claim, do not fall for it as no federal law or regulatory department support it. The only instance you can consider this option is if you are a rare collector.

- Buyers not willing to buy back the merchandise

It is crucial to ask the dealer this question before buying the precious yellow metal; "When I am ready to sell, will you buy this back from me?". If the response is no, do not buy from them. The unwillingness to buy back their commodity implies two things; both the metal is not valuable or sells at a dramatically higher price, and they don't want you to know. They have the convincing power but do not be a fool to consider purchasing.

- Conducting superficial research

Before investing in a new area, it is common to seek trusted persons such as friends or browse various websites. However, general research can be misleading regarding gold investment, diverting you from the investment value. It is advisable to obtain essential information before investing. You can get information from local investor groups on Facebook and LinkedIn or reviewing news articles on marketing. Verifying source credibility is also a key factor, as malicious dealers exist in disguise.

- Assuming Exchange Traded Fund and Physical Gold are the same

It is a common assumption with new investors, is to believe that possessing Exchange Traded Funds and actual gold metal mean the same thing. The key difference is physical Gold, you want the metal itself, and its value is recognized universally. On the other hand, with Exchange Traded Fund, you do not own the actual Gold rather a piece of paper (promissory note). The form indicates the exact shares you own, and its value is calculated differently than the real Gold. ETF is also not universally traded.

- Buying small bars

The cost of producing small bars can cause an immediate decrease in your investment. Small gold units cost more when creating it. It is recommendable to buy the bars in large size to avoid making huge losses.

- Working with the wrong dealer and product

When it comes to purchasing this precious yellow metal, ensure you're working with a reputable dealer who has your best interests in mind. Don't rush the investment decision. Your goal is to identify the best product and often a safe storage resource. To ensure your hard-earned money goes to the right product as an investor, here are a few ideas on how to protect yourself in the trade:

- i. Use a trusted and credible source with an understanding of the subject to refer you to a reputable dealer.
- ii. Conduct extensive research on your dealer and their product. Comparing prices with other dealers will also guide you.
- iii. Work with your time frame and budget to avoid pressure from dealers.

- Storing your product where you bought it

In the precious metals business, some people are lazy, greedy, and unethical. This means that their character weakness when handling clients' funds and Gold can lure them to making easy money. They swindle hundreds of millions from their customers by selling Gold and promising to store for them, and instead of following the business proceeding, they spend the funds. In this trade, it is wise to either request direct delivery or store with a third-party company with a good client review and strong reputation.

- Not setting clear goals on your investment

Just as investors have different ways of buying Gold, they also have different reasons for investing in precious metals. It could be for wealth insurance, a way of making a personal profit, or simply to maintain a status quo, among other reasons. Your dealer is bound to ask you why you are buying the metal, and stating your goal should be upfront for your dealer to guide you wisely on the proper form (coin or bullion bars) to buy and store the metal.

- Buying your metal in the wrong form

Although Gold is an asset worth owning, when looking to invest, don't just buy anything that's made out of precious metal. You should understand that buying scrap precious metal ornaments is not investing in Gold! Very few clients will be interested in purchasing jewelry when you're trying to resell it, as most of the jewelry isn't made of pure Gold but mixed with other metals.

The Best Time to Invest In Gold

According to historical data, the best time to buy Gold is now. You are never late to invest your money in this precious metal. You should not worry about how long it will take for prices to increase. There is no specific time to buy Gold. However, you can use common trends used by successful gold investors.

Identify Upward Trends

Before you buy Gold, try checking to see if Gold is on a long-term upward trend. This means the prices have been going up consistently. This is a big investment, but you should not panic if it dips with a big percentage a few weeks after buying your Gold. This is common, and according to history, the trend corrects itself. You should know that gold prices will drop and increase many times, so it should not be a short-term investment. The shortest time you should hold on to the gold is six months. But, ideal, waiting longer is more beneficial. You may be lucky to get a good profit in a short period; sell and consider reinvesting in gold any time afterward.

Buy During Uncertain Times

The best time to buy your Gold is when most investors are not sure due to news or announcements released by institutions including Wall Street, Stock exchange markets, governments, and banks. Negative political and economic messages about stocks, properties, unemployment, currency, credit, quantitative, and debt referring to influential economies such as the US, Eurozone, and China can cause uncertainty. During this tough time, properties and stocks will be doing badly, and having a gold investment can save you from large losses. You will also find that many people will be disposing of their Gold to cover losses accumulated in their business or elsewhere.

Invest in Gold anytime

Buy Gold anytime you can; most successful investors buy it in small amounts, and over time, it grows into a large investment. This enables you to buy our Gold at different prices, unlike when you buy in bulk. The same goes for selling part of the investment instead of selling altogether.

Watch the Prices



The gold price is important when investing in this metal. Gold prices change within minutes, and so you must pay attention and stay aware. While Gold can rise and remain consistent, it can also dip up to 5% in a single day. When the prices are low, take advantage of owning gold for the first time or expand your investments. The buying price of Gold is crucial because it determines when you can sell your Gold. Most buyers, however, prefer to buy this metal when prices are average. Whichever time you choose to make your investment, do it when the price sounds right for you.

The Security of your Gold:

Buying Gold is regarded as safe, timeless, and secure for any investor. Sometimes it's not about making big profits, but knowing your money is safe. You may, however, make good profits if you buy your Gold at the right time. Many people have made a fortune from it, and they continue to do so when you get a chance to do the same and reinvest in more gold. Gold is secure and the ultimate way to preserve wealth while protecting you against financial storms that can leave investors penniless. Leaving everything to ETFs and banks can be risky when a crisis strikes.

If you believe in touching your investment, invest in gold bullion. There is nothing wrong with going for what you can hold because you feel ownership, unlike stocks, which are not tangible. History has proven that Gold is likely to give you returns than many other assets out there.



Is investing in Gold a good idea?

Yes, Investing in Gold is a smart move, according to financial analysts, and will give investors a safety net in case of any significant worldwide event. This metal does not lose its value and may increase due to the stock market's poor performance. If you are looking for an effective way to hedge your investments against different economic problems, buying Gold is the ideal option.

Investing in Gold allows your money to grow with time. But avoid short time investments because they are volatile. Your returns will fluctuate rapidly, and it may not be possible to sell in less than six months, especially if you want to make a profit. However, investing in Gold is a strong and excellent plan to strengthen your finances for years.

When is Investing in Gold a Bad Idea?

Investing in Gold is highly recommended by investors and financial analysts. However, if you buy Gold in the following investment types, it may not be as great as you thought.

- Gold coins and bullions are among the greatest ways to invest in Gold, but you must store them.
- You may lose unallocated gold certificates if your bank is liquidated.
- Gold jewelry takes a lot of time and doesn't even assure you any returns.
- Gold investment requires a lot of patience. Selling them prematurely can be discouraging and sometimes a loss. Look for another alternative (bullion) if you are looking for quick returns or do not have much money to invest in Gold for a long time.

Why Gold is always in demand?

Gold holds its value all the time, and the reason there is someone who wants to buy Gold anytime you place yours on sale. Gold bars, gold bullions, gold medals, and gold coins are the most sought-after forms of gold. But even jewelry is sellable. The demand for gold is from different industries. They include dental and electronics manufacturing processes

The present gold price in the marketplace reveals just how valued this metal is as an investment choice. The cost trends observed in the past few years have caused high anticipations for gold and other precious metals, and so far, these anticipations have already been met.

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