Gold versus commodities by Derek Wilson

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Gold is referred to both as a currency as well as a commodity. Considering that it doesnâ€™t have much practical use in everyday life, one would wonder what makes it so unique that people fall over themselves to invest in it. You have to understand that there is a basic bias in reference to gold. A great deal of emotional attachment is related to this metal and therefore investments in it are pretty high. It has a high liquidity level and makes for sound investment when the markets are volatile.

In comparison to other commodities, gold does not wither away in appearance compared to other metals. Other commodities such as food grains and the like can have a high initial value, but then become perishable in a short while. The maintenance involved in commodities can be pretty high compared to gold and even the storage facilities have to be unique. When in storage gold will not rot or get infected with fungus and rodents, unlike other commodities such as grains. Almost all other commodities are susceptible to the vagaries of nature.

Gold is also often compared to the owning oil. Since it is a means of power generation, it is something that is wanted on the international scale. But the fact about oil is that once it has been consumed, it reaches the end of its potential. With gold however, the potential continues. Gold can be made into numerous products, melted down and then made whole again depending on the need. There is also a massive need of gold in the non-industrial sector as well, making it a great form of investment for bullion and jewelry.

When compared to stocks and bonds, gold is not a substance that can be weakened in any way. There are no companies and countries in which gold will get an upper hand. For every nation, investing in gold will give them something to fall back upon if their financial situation takes a turn for the worse. Gold has been able to stand strong irrespective of the kind of market it is coming out of. It is used as a means of leverage, for financial gain, for investments and security.

The price of gold has reached an all time high right now. For some investors this can mean that a potential price bubble is on their hands. The same factors that changed the price of gold are also responsible for the change in prices of other commodities. Which makes it a fact that gold is no less riskier than any other commodity in the market.

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