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Where are other metals going?

The best known metals like gold, silver and platinum are not getting cheaper either. John Stepek says it could be a good time to invest in platinum.

No silver but platinum are going nowhere.

Over the years silver has turned to be a metal with only an industrial character but Platinum metals are going nowhere. The yellow metal has surged a great deal.

An option is a type of investment where the value is dependent upon the underlying value of some other investment. The option itself is a contract between a buyer and seller where each side attempts to anticipate price fluctuations with four basic component

1) The underlying stock, commodity,

2) The expiration date as options are time sensitive

3) The strike price

4) The premium

Investment in precious metal options have seem to be a risky investment. In fact, they are riskier than most investment opportunities given the price fluctuation. They are also considered highly volatile. Therefore it is advisable to avoid investing by using margin at all costs.

We give you some common warning signs that are typical among unethical financial advisers with respect to precious metals are:

â€¢ Promises that they can predict market prices without question

â€¢ Understating risk

â€¢ Either lying about or conveniently failing to disclose what the "break even" point on an investment is -

â€¢ The use of high-pressure sales tactics which demand customers send money immediately without giving them time to investigate the background of the financial adviser or the firm they represent.

In the past, supply shortages (especially in gold and silver) were handled by the Central Banks releasing reserves onto the open market. However, this practice of selling reserves has all but been reversed in recent years. So if you want to invest in that yellow and white metal, this is the time.

Today gold is concerned the creation of Exchange Traded Funds as they are buying up large amounts of gold and removing it from the open market. This has spurred investors to buy up even more gold and further constrain supply. There was also the recent creation of the Shanghai Gold Exchange which is pulling gold off the market as well. In addition, the recent economic boom in both India and China has created large middle classes in both countries

Silver has seen many supply problems for more than a decade. Part of the problem is that nearly all of the mines above the surface of the earth have been sapped. Even China, which has for years been exporting significant quantities of silver, has recently cut exports.

There also seems no dearth of demand .The U.S. government continues to purchase 8 million ounces of silver each year for its American Silver Eagle program. Unless dramatic relief appears on either the supply or demand side, prices are bound go higher. However, the problem for an investor looking at precious metal options is time and trying to guess how much the price will fluctuate in a given period.

One great benefit of precious metals is liquidity which is an important benefit to investors. The most liquid precious metals are gold and silver. Whatever the time may be gold, silver and platinum have retained their value and earned their reputation as a safe investment. Today, an ounce of gold, would have 1200$ a selling price.

Supply and demand is a critical factor that makes precious metals a very attractive investment in the upcoming years. The world population keeps growing and the nations of the world keep expanding their money supplies. Finite natural resources are slowly being used up. So the metal business seems to be ever expanding.

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