

# Why Investors are Backing Gold for 2017

2016 was undoubtedly been an interesting year for gold. While it is typical for the yellow metal to experience swings in demand and price, the year was particularly volatile for this commodity. This has largely been due to the incredible amount of uncertainty that has been the cornerstone of 2016. This includes economic instability, shocking political disturbances, and overall ambiguity regarding global markets. However, as the new year kicks off, many investors and potential [investors](#) are wondering what 2017 could hold for this commodity. While very little is set in stone when it comes to financing, let's make a few reliable predictions for what 2017 could bring:

## Greater Interest Due to Continued Uncertainty



The U.S. elections tend to have somewhat of a positive effect on [the price of gold](#). This is because there is often some uncertainty regarding the outcome of an election. Each presidential candidate has their

own views and policies regarding various economical elements and these often diverge from one another. Due to this, many

investors tend to take refuge in the yellow metal in such unreliable times. This is why, in the days leading up to and for a short while after, the precious metal enjoys an increase in value. This, however, tends to even out after a while. 2016, and 2017, however, may prove to be a little different. This is largely due to President Elect Donald Trump. In addition to his impending election coming as a shock to many, it also means that there is a great deal of economic doubt. In particular, according to the claims made by Trump, many people expect a loss in value of paper currency. Therefore, this will result in a bump in the value of the yellow metal.

## **Current Share Prices Indicate Good News**

It is not all just based on assumption, however. Merely looking at leap in share prices in mining companies, there is a great deal of hope for this commodity to succeed. Important players such as Sibanye Gold, AngloGold Ashanti, South Africa's Gold Fields, Compania de Minas Buenaventura, and CME's gold funds are all experiencing increased share prices. This clearly means that many are taking advantage of the [gold investing opportunities in 2017](#). At the very least, this is a high that the yellow metal can ride well into the following year. Since it appears that there will continue to be shakeups in the economic and political sectors around the world, the yellow metal is a safeguard.

## **Increased Inflation Rates**

When it comes to inflation rates, the United States as well as the Bank of England do not see a great deal of positivity. Both institutions are expecting the inflation to rate in the coming year. About a month ago, the Bank of England indicated that it expected the rate to be as high as 2.7 percent, an increase from the current 1 percent. The United States is

presumed to experience about 1.54 percent in inflation. One of the more time-honored traditions among investors is to head for gold in times of inflation increase.

All of these factors mean that gold could be enjoying a particularly good year in 2017. Although only time will tell, the forecast is looking bright.

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*Lear Capital exists to help Americans attain a truly diversified investment strategy, pursuing portfolio protection in troubled times and growth during times of prosperity.*