

FPP

June - November 2024

BizNewz

MANAGEMENT • INVESTMENT • ECONOMICS • ENTREPRENEURSHIP • TECHNOLOGY

Permingaan Produk

TEBALOI

work-life BALANCE

The Power of PHYSIOTHERAPY

wanita dan MOTOSIKAL

sustainable
SKINCARE

Mental Toughness in Athletic Performance

eISSN 2600-9811



9 772600 981003

Publication Date
25 October 2024



GOLD AS A SAFE-HAVEN ASSET

How It Protects Wealth during
Economic Uncertainty

Zuraida Mohamad, Ira Mazliana Mhd Atan, Roseziahazni Abd Ghani, A'tiqah Abu Samah, and
Noorhayati Yusof Ali

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Terengganu,
Terengganu, Malaysia

Corresponding Email: zurai5312@uitm.edu.my

Gold plays a significant role in the global economy. It is a major export product for many countries, contributing to their GDPs and providing employment. For instance, the economic impact of gold mining in various countries has been substantial, with gold mining contributing significantly to the GDPs and employment rates in these regions. Gold is often seen as a safe-haven asset, especially during times of economic uncertainty. Its value tends to hold or even increase during periods of high inflation, making it an attractive option for investors looking to protect their wealth. Recent studies have shown that gold prices have remained highly persistent and continued to serve as a hedge for investors, particularly in the post-pandemic period.

Gold’s historical significance is deeply rooted in its use as a currency and symbol of wealth. Ancient civilisations, such as the Egyptians and Romans, have used gold for coins, jewellery, and religious artifacts. Its rarity and aesthetic appeal have made it a preferred medium of exchange and a store of value. The cultural importance of gold continues today, particularly in countries like India and China, where it plays a crucial role in weddings, festivals, and as a form of savings. Likewise, gold’s cultural and historical significance in Malaysia is vast and varied, reflecting its importance across different

societies and traditions. Whether as a symbol of wealth and prosperity in Malay weddings, a part of Chinese-New-Year celebrations, or an element of Hindu religious rituals, gold continues to hold a special place in the hearts and traditions of Malaysians. Its multifaceted roles as a currency, cultural artefact, and economic resource emphasise its unique position in the Malaysian history and its ongoing relevance in the contemporary society.

One of the primary reasons for gold’s value is its role as a safe-haven asset. During times of economic uncertainty, investors flock to gold to protect their wealth. This characteristic makes it an attractive option for diversifying investment portfolios and hedging against economic downturns. Studies have shown that gold prices are highly persistent and continue to serve as a security for investors, particularly in the post-pandemic period. Beyond its economic and cultural significance, gold has numerous industrial applications. Its excellent conductivity and resistance to corrosion make it indispensable in electronics, including smartphones, computers, and medical devices. Recent advancements in technology, such as nanotechnology and renewable energy, also rely on gold. These applications ensure a steady demand for gold, contributing to its value.

Year	Average Closing Price (USD)	Year Open (USD)	Year High (USD)	Year Low (USD)	Year Close (USD)	Annual % Change
2024	\$2,286.32	\$2,064.61	\$2,622.28	\$1,992.06	\$2,622.28	27.11%
2023	\$1,943.00	\$1,824.16	\$2,115.10	\$1,811.27	\$2,062.92	13.08%
2022	\$1,801.87	\$1,800.10	\$2,043.30	\$1,626.65	\$1,824.32	-0.23%
2021	\$1,798.89	\$1,946.60	\$1,954.40	\$1,678.00	\$1,828.60	-3.51%
2020	\$1,773.73	\$1,520.55	\$2,058.40	\$1,472.35	\$1,895.10	24.43%

Sources: <https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart>

The data from 2020 to 2024 highlights gold’s enduring value and its role as a reliable investment. The consistent increase in gold prices, especially during the periods of economic instability, reinforces its role as a safe-haven asset. Investors turn to gold to protect their wealth during times of market volatility and inflation. Despite some fluctuations, the overall trend shows a significant increase in gold prices, driven by economic uncertainties and investor demand. This trend further highlights its importance as a safe-haven asset and a valuable addition to diversify investment portfolios.

Aside from diversifying investment portfolios, gold remains a popular investment option due to its ability to reduce risk. For instance, investors can choose from various forms of gold investments, including physical gold, gold ETFs, and gold-mining stocks. Each investment type has its pros and cons, but gold's low correlation with other asset classes makes it a valuable addition to any portfolios. The economic impact of gold mining is also substantial, providing jobs and infrastructure development in mining regions. This economic contribution further underscores gold's value. In 2023, gold proved to be a valuable asset for diversification. Amidst economic uncertainty, including high inflation and potential recessions, gold's price increased by over 5% and even approached record highs of more than \$2,000 per ounce. This rise in value demonstrates gold's ability to act as a security against economic instability, providing a stable investment option when other markets are volatile.

Gold's value comes from its many roles and uses. It has historical and cultural significance, provides economic stability, is essential in various industries, and has become more sustainable. As we face economic uncertainties and technological changes, gold's value is likely to remain strong. Whether as an investment, a material for technology, or a cultural symbol, gold will continue to be important in our global

economy. Its unique qualities make it a valuable addition to any investment strategies. In addition, its ability to diversify portfolios and reduce risk, combined with the various investment options, also ensures that gold remains a popular choice for investors. Additionally, the economic benefits of gold mining, such as job creation and infrastructure development, underline its importance. As we continue to face economic uncertainties, gold's enduring value is likely to persist.

References:

Gold Prices Forecast to Climb to Record High
<https://www.goldmansachs.com/insights/articles/gold-prices-forecast-to-climb-to-record-high>

Why Gold is so Valuable and How the Industry Can Improve Transparency
<https://www.forbes.com/councils/forbesbusinesscouncil/2024/05/30/why-gold-is-so-valuable-and-how-the-industry-can-improve-transparency/>

Why Gold Matters: Everything You Need to Know
<https://www.investopedia.com/articles/economics/09/why-gold-matters.asp>

Gold Prices - 100 Year Historical Chart
<https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart>





eISSN 2600-9811



9 772600 981003

BizNewz 2024

Faculty of Business and Management

**Universiti Teknologi MARA Cawangan Terengganu, Kampus Dungun
Sura Hujung, 23000 Dungun, Terengganu, MALAYSIA**

Tel: +609-8400400

Fax: +609-8403777

Email: biznewzuitm@gmail.com