



## An Overview of Gold Investing in Gold Futures

Nunes Bleeker\*

Department of Economics, London Business School, London, United Kingdom

\*Corresponding author: Nunes Bleeker, Department of Economics and Finance-DEF.UP, School of Economics and Management, University of Porto, Portugal; E-mail: bleeker.n@gmail.com

Received date: 16 February, 2023, Manuscript No. RJE-23-96606;

Editor assigned date: 20 February, 2023, PreQC No. RJE-23-96606 (PQ);

Reviewed date: 06 March, 2023, QC No. RJE-23-96606;

Revised date: 13 March, 2023, Manuscript No. RJE-23-96606 (R);

Published date: 20 March, 2023, DOI: 10.4172/RJE.1000136

### Description

Gold is a precious metal that has been prized for its beauty and value for centuries. In addition to being used in jewelry and other decorative items, gold is also a popular investment vehicle. One way to invest in gold is through gold futures.

### Gold futures

A gold future is a contract that obligates the buyer to purchase a certain amount of gold at a predetermined price and date in the future. The price of the contract is determined by the current market price of gold, and the delivery date is typically several months in the future. Gold futures are traded on exchanges, such as the New York Mercantile Exchange (NYMEX) and the Chicago Mercantile Exchange (CME).

Why Invest in Gold Futures? Gold is often considered a safe haven asset, meaning that it tends to hold its value or increase in value during times of economic uncertainty or inflation. Gold futures offer investors a way to invest in gold without having to physically purchase the metal. Additionally, gold futures provide leverage, which

means that investors can control a larger amount of gold with a smaller investment.

### How to invest in gold futures?

Investing in gold futures requires opening a brokerage account with a futures broker. The broker will require an initial deposit, which serves as a margin for the investment. Investors should be aware that gold futures are a high-risk investment and may not be suitable for everyone. It is important to thoroughly research the market and the broker before making any investment decisions.

### Factors affecting gold futures prices

The price of gold futures is affected by a variety of factors, including global economic and political events, inflation rates, and supply and demand. In times of economic uncertainty, investors tend to flock to safe haven assets, such as gold, which can drive up prices. Additionally, inflation can cause the value of paper currency to decrease, making gold a more attractive investment. Supply and demand factors, such as changes in gold mining or jewelry demand, can also affect the price of gold futures.

### Risks of gold futures

Gold futures are a high-risk investment and are not suitable for everyone. The leverage offered by gold futures can amplify gains but also amplify losses. Additionally, the price of gold futures can be volatile and can be affected by factors outside of investors' control. Investors should carefully consider their investment goals, risk tolerance, and financial situation before investing in gold futures.

Gold futures offer investors a way to invest in gold without having to physically purchase the metal. They provide leverage, which can amplify gains but also amplify losses. Investors should carefully consider the risks and do their due diligence before investing in gold futures. Additionally, investors should keep in mind that gold futures are only one part of a diversified investment portfolio and should not make up the entirety of an investment strategy. Overall, investing in gold futures can be a smart way to diversify a portfolio and protect against economic uncertainty and inflation.

**Citation:** Bleeker N (2023) An Overview of Gold Investing in Gold Futures. Res J Econ 7:2.