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GOLD IS MONEY



GOLD IS MONEY: this is the new mantra. Gold has long been considered a safe haven, and used by investors to avoid losses in troubled times. Recent geopolitical uncertainty has underscored the importance of gold's

role today. Nations and investors know gold's capacity for wealth preservation, one of its key attractions, unlike paper money.

Gold officially became money in January 2013, when it became classed as a Tier 1 asset or basically cash. No paper money has gold's historically recognized and trusted means of storing wealth—dating back to 550 BC—and until today gold has a role in the international monetary system.

With overheated equity markets and volatile currency trading, there is a growing number seeking gold for both investment and, more importantly, wealth preservation. Those who oppose this say gold provides no earnings or dividends. These opponents miss the point, as “gold is money.” Money is a store of value—a very stable one, especially in today's world. Few notice that, for the first time in centuries, financial systems rely entirely on freely floating currencies.

Recently, governments are printing increasing amounts of paper money, thus pushing down paper money's purchasing power. Consequently, gold's price in nominal terms has risen, as it has against the U.S. dollar over the past 40 years at around 8% a year. Gold is also the only money that is not someone else's liability. Personally I find it odd there is no gold bank—it would be seen as the safest bank in the world, because there would be no counterparty risk.

This is the right time to buy in gold. Most of the year has seen strong support at the \$1,230, although there has been resistance at \$1,275. A sustained break above this



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would cause the price to move higher. As we move through the rest of 2017, gold can be expected to continue its recent rally, due to geopolitical changes and rising global inflation. There is also a documented decline in mined gold supplies, overvalued U.S. equity markets, and continuing economic growth in Asia. Finally, growing national and personal debt level

is another obvious driver.

On a cautious note, look back at September 2008. The world's financial markets were approaching meltdown. That statement alone is surely enough reason to



hold gold. Should faith in the financial system come into question again, or central banks create the inflation they crave, or governments impose capital controls, then anyone with physical bullion will be in a good position. One final point. It is worth noting that gold is an asset that does not need to be stored in a bank—another attractive feature of bullion. It can be stored anywhere, or, for governments, in the national mint, which is outside the banking system and as such unexposed to another banking crisis. Gold is the ideal protection from those seeking true wealth protection. **F**

WILLIAM GRAY IS AN EXPERT IN PRECIOUS METALS WITH OVER TWO DECADES OF ACTIVE MANAGEMENT EXPERIENCE. HIS STERLING BASED ARC BULLION ACCOUNT, A TRADED PHYSICAL GOLD ACCOUNT HAS RETURNED OVER 61% SINCE LAUNCH IN DECEMBER 2014.