



784 366

Views CrossRef citations to date Altmetric

0

Alternative Investments

# Do Precious Metals Shine? An Investment Perspective

David Hillier, Paul Draper & Robert Faff

Pages 98-106 | Published online: 08 Apr 2019

📖 Cite this article 🔗 <https://doi.org/10.2469/faj.v62.n2.4085>

Sample our  
Law  
Journals



>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

📖 References

📖 Citations

📊 Metrics

📄 Reprints & Permissions

Read this article

## We Care About Your Privacy

We and our 907 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting "I Accept" enables tracking technologies to support the purposes shown under "we and our partners process data to provide," whereas selecting "Reject All" or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the ["privacy preferences"] link on the bottom of the webpage [or the floating icon on the bottom-left of the webpage, if applicable]. Your choices will have effect within our Website. For more details, refer to our Privacy Policy. [Here](#)

We and our partners process data to provide:

...

I Accept

Reject All

Show Purpose

Gold and silver are traditionally perceived to be "investments of last resort" and have a central investment role in many countries, but platinum is normally used for industrial purposes and plays only a small role in investment activity. So, we included platinum as a control metal for comparative purposes.

This study differs from previous research in the area in several important ways. First, we examined the properties of precious metals in a global context by examining their relationships to both the S&P 500 Index and the MSCI Europe/Australasia/Far East (EAFE) Index. Second, our study covers almost 30 years of precious metal price data and includes the bull run of the late 1970s, the bear period of the 1980s and 1990s, and the strong performance of precious metals in the early 2000s. Third, we used recent improvements in volatility modeling to examine the hedging properties of gold, silver, and platinum within a time-varying context. Finally, by comparing the investment properties of gold and silver with platinum, we were able to differentiate the unique investment characteristics of gold and silver from that of their industrial counterparts.

We found that all three precious metals have low correlations with the S&P 500 and EAFE, which suggests that they have the potential to provide diversification within broad-based investment portfolios. Moreover, and most importantly, all three precious metals have some hedging capability, particularly during periods of "abnormal" stock market volatility. Our findings suggest that precious metals may be useful as a hedge against market downturns and as a means of diversifying investment portfolios. From a risk management standpoint, our results suggest that precious metals are not as volatile as equities and are clearly different from equities. Our findings suggest that equities have not been as effective as a hedge against market downturns as previously thought.

An examination of the volatility of precious metals shows that their volatility is lower than that of equities. The buy-and-hold strategy for precious metals is more effective than for equities. Our results suggest that precious metals are used as a hedge against market downturns and as a means of diversifying investment portfolios. Our findings suggest that equities have not been as effective as a hedge against market downturns as previously thought. Our findings suggest that equities have not been as effective as a hedge against market downturns as previously thought.



Related Research Data

Gold as an Investment Asset

Source: The Journal of Investing

Gold factor exposures in international asset pricing

Source: Journal of International Financial Markets Institutions and Money

The nature and efficiency of the gold market

Source: The Journal of Portfolio Management

An Empirical Evaluation of the Intertemporal Capital Asset Pricing Model: the Stock Market In Spain

Source: Journal of Business Finance & Accounting

Diversifying with Gold Stocks

Source: Financial Analysts Journal

Precious metals

Source: Resources Policy

Measuring the Strangeness of Gold and Silver Rates of Return

Source: The Review of Economic Studies

Gold and Gold Stocks as Investments for Institutional Portfolios

Source: Financial Analysts Journal

The Interactive and Causal Relationships Involving Precious Metal Price Movements: An Analy

Source

Testin

Source

Gene

Source

On th

Source

L



Share



## Related research

People also read

Recommended articles

Cited by  
366



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



Copyright © 2024

Accessibility

Registered in England  
5 Howick Place

Wiley and John Wiley & Francis Group  
are part of the John Wiley & Sons  
publishing group

