

Re: is gold a commodity?

Re: is gold a commodity?

Source: <http://sci.tech-archive.net/Archive/sci.econ/2008-08/msg00109.html>

- *From:* Ron Peterson <ron@xxxxxxxxxxxxxxxx>
 - *Date:* Wed, 20 Aug 2008 19:36:51 -0700 (PDT)
-

On Aug 20, 2:46 pm, rabiticide <rabiticide...@xxxxxxxxxx> wrote:

I'm trying to figure out whether or not to buy gold.

To you want to have inflation protection or do you want increase your wealth?

Is gold a commodity?

Yes.

The way to invest in gold is to buy the GLD ETF and sell options against it. If the price of gold goes below your strike price, you have the gold and the option premium otherwise you have cash value of the strike price and the option premium.

GLD closed at 80.06 and the Sept. \$81 call sells for \$2.10 giving a 25% rate of profit if the price doesn't change and a 37% rate of profit if the price exceeds the strike price. If GLD goes down to \$40.00 in the next month, you're hosed.

--
Ron

.