Behind the Surge in Gold and Silver ETFs
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Here we go again. Gold and silver exchange traded funds (ETFs) are at all-time highs, but are the fundamentals driving them as clear-cut as you might think?

For gold, the answer is pretty much “yes.”

- Sterling Smith, market analyst at Country Hedging remarked that “continued nervousness about behavior in the Middle East is keeping a solid bid under gold right now,” reports Scott Carter for The International Business Times. Bob Haberkorn, senior market strategist with Lind-Waldock in Chicago, points out that gold is still “the flight-to-quality, the safety net trade.” [Gold ETFs Show Their Safe-Haven Mettle.]

- Thomas Winmill, portfolio manager of the Midas Fund, also commented that the fear of rising inflation has been fueling the rise in prices of gold, as well, writes Charles Riley for CNN Money.

The unrest has sent ETFS Physical Swiss Gold (NYSEArca: SGOL), SPDR Gold Shares (NYSEArca: GLD) and iShares COMEX Gold (NYSEArca: IAU) to all-time highs.

It may not wind down anytime soon, at least in the view of some. George Albino at Canadian institutional brokerage GMP Securities stated, “while we do not have a crystal ball, we do believe that any spread in the current unrest in North Africa/Mideast could have a very significant impact on short-term and...long-term gold prices,” reports Adrian Ash for The International Business Times.

The rush to safe-havens hasn’t been good just for gold; it may even be better for silver. That’s because not only is silver a safe-haven, it’s an industrial metal, as well. Because of its two-fold benefits, it’s often seen as a leveraged play on gold: when gold prices are rising, silver is usually rising faster. On the flip side, when gold prices decline, silver usually falls faster.

iShares Silver Trust (NYSEArca: SLV) and ETFS Physical Silver (NYSEArca: SIVR) are etftrends.com/.../behind-surge-gold-sil...
demonstrating that these days: in the last 10 days, they’re up about 13%, while physical gold ETFs are up about 5%.

For more information on gold, visit our gold category.

Max Chen contributed to this article.