

10 treasures that outshine gold

Fearful investors were flocking to the precious metal not long ago, but its price has gone stagnant. Here are 10 alternatives to stocks and bonds with more potential.

By Michael Brush, MSN Money

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Platinum

If all that sounds a little too adventurous to you, let's consider some more-traditional alternatives to gold.

Platinum is a bit like gold in that it's popular for jewelry and it's a place to hide from worries about government monetary policy gone wild. But several differences point to much bigger gains for platinum in 2013 -- possibly a hike of as much as 25%.

The big one is that unlike gold, platinum comes mainly from South Africa, where several problems threaten supply, says Tom Winmill, who manages the **Midas (MIDSX)** fund. Besides rolling power shortages, the threat of miners' strikes and heavy taxation, uncertainty about the political environment has foreign companies limiting investments in their mines. This reduces production, which could get whacked at any moment if any of the above problems worsen.

"Going long platinum is a way of going short South Africa, and there is a lot going on there that is of grave concern," says Winmill. Another positive for platinum: Net global demand of 6.2 million ounces a year already exceeds supply by about 400,000 ounces, says Winmill. He thinks platinum, now at \$1,630 an ounce, could hit \$2,000 by the end of 2013. It will trade for an average price of about \$1,825, he believes.

Another advantage over gold is that platinum has a source of almost-guaranteed demand. Clean-air standards make platinum a must-have metal for truck producers for diesel catalytic converters. They buy at just about any price. Rannestad, of CPM Group, thinks platinum won't fall below \$1,550 an ounce this year, in part because demand from jewelry makers picks up when prices drop. Forget the mining companies as a play here, because they are too risky, says Winmill. Instead, consider **ETFS Physical Platinum Shares (PPLT)**, an exchange-traded fund.