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Cam Harvey on the Controversies Surrounding Gold (Podcast)

By Pat Light

Categories: Alternative Investments, Portfolio Management

Gold is a controversial topic in any economy, and its fall in value earlier this year renewed the vigorous discussion surrounding it. In April, we asked our readers for their opinions about the primary factor bringing down the price of gold, and in the July/August 2013 issue of the *Financial Analysts Journal*, Claude B. Erb, CFA, and Campbell R. Harvey published an article titled "The Golden Dilemma." Rodney N. Sullivan, CFA, editor of the *FAJ* and head of publications at CFA Institute, talked to Harvey about his research for our ongoing author interview series.

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Harvey says that the main motivation for his research was "essentially the lack of research: that there's so much attention paid to gold in the market and in general that it really cried out for an examination" of the stories people tell about gold.

"The most popular story," Harvey says in the interview, "is that gold is an inflation hedge. . . . Our paper concludes that it is not." The two researchers also looked into five other common arguments about gold: (1) that it serves as a currency hedge, (2) that it is an attractive alternative to assets with low real returns, (3) that it is a safe haven in times of stress, (4) that it should be held because the world is returning to a *de facto* gold standard, and (5) that it is under-owned.

To hear Harvey discuss the results and implications of his research, listen to the full interview above or download the MP3.

CFA Institute members can access the full article on the CFA Institute Publications website.

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Tags: currency, FAJ Author Interviews, gold, podcasts

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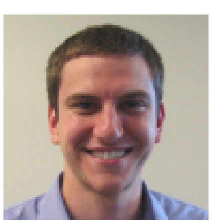

Pat Light

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