



## Precious Metals Rollercoaster

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Perhaps the oldest piece of advice in investing is to avoid buying at the top. It generally means that when you see a particular investment appreciating rapidly in value, and the bull market continues to the point where you suddenly start to feel like you're missing out, that's when you need to be careful. There's often more risk of a correction and losing money than there is chance that the gains will continue doing what they did while you were watching from the sidelines.

It's never possible to know exactly when an investment category is peaking, but there are generally clues, and then, subsequently, painful lessons. The markets delivered another lesson recently to Johnny-come-lately gold and silver investors.

To set the stage, the price of gold rose a remarkable 70% in the first 362 days of 2025, and this gain was eclipsed by silver's 150% price rise. Investors seeking a safe haven, and many central banks boosting their precious metals reserves, earned a remarkable profit on their holdings through the previous nearly 12 months. But a pullback was inevitable, and it came right before the end of the year: a one-day 5% decline in gold and, on the same day, an 8.7% decline in the price of silver. That might not sound like much, but, according to reports, the biggest losers were investors who leveraged futures contracts—essentially borrowing money to bet that the price rise would continue.

If you were to 'Google' gold and silver prices, you'll see a remarkable spectrum of opinions about the future of the precious metals, ranging from fantastically high target prices to predictions of immanent disaster. More than most other investments, precious metals are associated with a lot of hype, and there's a visceral appeal to owning something shiny and tangible compared with stocks or ETFs, which you can't actually touch with your hands.

It's certainly possible that there will be further price increases, more likely silver than gold, since silver happens to be the best electrical conductor of all metals, and is an important component of the boom in tech and alternative energy projects. It's also possible that both metals have overshot their underlying value in the commercial marketplace, which means any price increases will be speculative and likely to be disappointing to investors who are hoping for another 70-150 percent rise.

**Sources:**

<https://www.yahoo.com/finance/news/gold-silver-plunge-after-historic-rally-when-it-gets-this-stretched-be-careful-165840047.html>

<https://www.investopedia.com/gold-and-silver-prices-plunged-monday-after-big-rally-here-is-why-precious-metals-11877050#:~>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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