General Information

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Description

Gold's record rise in value has inspired a new wave of investors in hard times, while some financiers remain skeptical and claim that the gold bubble is about to burst.

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MLA
"In Uncertain Times, Americans Go for Gold." Peter Alexander, correspondent. NBC Nightly News.
Transcript

In Uncertain Times, Americans Go for Gold

BRIAN WILLIAMS, anchor:

We're back, and every night here we talk about the dicey US economy. Americans are always grappling with how to save, how to invest. The Dow Jones Industrial average, after all, is below where it was 10 years ago. Interest rates are close to zero. What is going up is gold. It set a new record today, up more than five bucks. It now trades at $1,273 an ounce.

TEXT:

Gold (Up arrow) $5.10 $1,273.80 September 16, 2010

WILLIAMS: Some people are turning to it, others are scared of it. Our own Peter Alexander has more on what some are calling this new gold rush.

PETER ALEXANDER reporting:

Call it a modern day gold rush. From discarded heirlooms to ever hopeful prospectors...

(Clip of Cash 4 Gold commercial)

ALEXANDER: ...to those commercials on TV, gold's record rise has inspired a new wave of investors.

Mr. ISAAC KAHAN: Investor interest in gold is very, very strong.

ALEXANDER: At Bullion Trading in Manhattan, gold dealer Isaac Kahan says small investors are buying from him rather than risk putting their money into volatile markets.

Mr. KAHAN: Investors are worried about the dollar, primarily. They're worried about investing and what's going to hold value. So they're buying gold.

ALEXANDER: It's happened before, during the Great Depression, and again as a recession gripped America in the 1980s. Gold prices soared, then plummeted as the economy stabilized. Still, today's numbers are staggering. Since the Dow's peak in 2007, it's dropped 25 percent. In that same period, gold has surged, up 70 percent.

Your portfolio is what?

Mr. TERRY MASON: Gold.
ALEXANDER: It's been a great run for Terry Mason. Beyond his 401(k) at work, Mason invested his family's entire savings in gold. What he views as a safe haven.

What is it about gold that makes you feel so secure?

Mr. MASON: I don't have to worry about whether the government makes a bad choice that might affect the economy negatively.

ALEXANDER: While gold has yet to reach its inflation adjusted high of $2300 an ounce, billionaire financier George Soros warned this week that gold is the "ultimate bubble."

Mr. BARRY RITHOLTZ (Fusion IO CEO): By the time Main Street figures out something is hot and want to jump in, it's usually very, very late in the game, eighth or ninth inning. It tends to go higher after the public discovers it, but usually it's the last gasp.

ALEXANDER: Of course, nobody knows where we are in the game right now, but analysts warn an improvement in the economy could dim the luster of gold. Peter Alexander, NBC News, New York.