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Dollar and pound losing value compared to gold and silver

By A Staff Reporter

MUSCAT — The question of whether investors should favour paper currencies or precious metals such as gold in these uncertain economic times was tackled at an event organised by ACCA (the Association of Chartered Certified Accountants) in Muscat.

Speaking at the event, entitled "Paper vs Metal", Hamid Hamirani, gave an overview of the essential fundamentals governing the paper currencies and metal, mainly gold, and looked at the prospects for both in the short to medium term. This was followed by a question and answer on the issues raised.

Hamid said the Standard & Poor's index had kicked off the 21st century at 1,469 points, but had ended the dec-



HAMID Hamirani

ade at 1,115 points on December 31, 2009 — a drop of 24 per cent. In comparison, gold made a total gain of 275 per cent over the same 10-year period — an annualised return of 14.1 per cent in dollar terms and 340 per cent in Pound Sterling terms.

Since the collapse of Lehman Brothers in early 2008, the price of gold has soared by

76 per cent. The price of gold is up 27 per cent and silver by 75 per cent this year in dollar terms.

Until the world emerged from the current crises the currencies, in particular the dollar and Pound Sterling and the euro were likely to further deteriorate their values in comparison to gold and silver. It is not that their prices were going up, it is that the currencies are debasing and losing their buying power, said Hamirani.

Mohammed Sajid Khan, ACCA's Country Manager for Oman, said: "The event gave finance professionals an opportunity to look at the best prospects for investments in the coming months, and provided for an interesting exchange of views among the senior finance professionals at the event."