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Subject: Gold May Pass \$2,000

Posted by [CyberkNight](#) on Mon, 19 Nov 2012 16:12:47 GMT

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As more business leaders express concern over the possibility of a year-end fiscal cliff, safe haven investments like gold appear more enticing. But experts also warn against jumping into the gold rush.

Raymond Key, head of metals trading at Deutsche Bank, told Bloomberg News this week he expects gold to surpass \$2,000 an ounce next year.

The price of gold is currently around \$1,700 an ounce in futures trading, down from previous highs of \$1,900, not adjusted for inflation.

Peter Schiff, CEO of Euro Pacific Precious Metals in New York, said gold could rise even further.

"I think the price of gold is going to go a lot higher than \$2,000," Schiff said.

Schiff said the reason why the price isn't higher than \$2,000 now is that many people don't have a full grasp of the country's current economic challenges.

"People don't understand the real situation the U.S. is in or the global economy," he said.

Schiff, author of "Crash Proof 2.0: How to Profit from the Economic Collapse," was referring to worries about inflation and the fiscal cliff, a package of tax increases and spending cuts that are expected to take place in January unless Congress agrees on a budget before then.

Many reports show that most taxpayers will have higher tax rates next year, including payroll taxes and taxes for high earners, if the federal fails to reach an agreement that would avoid the fiscal cliff.

However, even if the fiscal cliff is avoided, there are other concerns. Schiff fears inflation is devaluing the U.S. dollar because the Federal Reserve is preserving near-zero interest rates through mid-2015 in the hope of stimulating the economy, especially the country's struggling labor market.

"You can own dollars and watch your savings evaporate," he said. "The alternative is to own gold."

Known as a safe haven investment, bullion, or gold bars, are expected to reach its 12th annual gain, as investors are concerned about further economic fallout in the European Union and a volatile post-election economy.

"The only way to avoid hyperinflation is to go over a much bigger fiscal cliff," Schiff said.

Full article: <http://abcnews.go.com/Business/gold-pass-2000-experts-warn-gold-rush/story?id=17727743#.UKpZP4c71Bk>

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