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Article

REFLECTIONS ON FINANCIAL STRESS IN TIMES OF CRISIS. A RETROSPECTIVE ANALYSIS OF GOLD INVESTMENTS COMPARED TO OTHER PORTFOLIO ASSETS

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ABSTRACT: This analysis aims to alleviate the investment stress associated with intricate decisions concerned with finding an appropriate portfolio in times of crisis. Portfolio investment performance is assessed by comparing the rate of return and the relative price of gold with the evolution of silver, bitcoin and stocks. The multivariate regression was used to model monthly price fluctuations from January 2014 to March 2023. The relative prices were segmented and a breakpoint was set for February 2020. The rate of return of gold: a) increases when investments in silver increase and b) decreases when the rate of return of stocks increases. During crises, the relative price of gold increases: c) if investments in silver increase and d) if the relative price of bitcoin increases. The paper shows that gold investments follow positive long-term performance and alleviate investment stress in times of crises, such as the pandemic context or the Ukrainian war.

KEYWORDS: investment stress, gold return, gold relative price, structural break, multivariate regression.

JEL classification: C12, E44, G11, G15, M20, Q02.