
Gold's Value Explained: Prices, Reserves, and Trends

Description

Interest in gold has risen sharply in recent weeks. The price reached a record high of \$5,600 per ounce on January 29, before falling to just under \$5,000 on Sunday. This trend shows that more people are looking for gold as a safe investment during uncertain economic times and rising global tensions.

Understanding the value of gold is important for buyers. Gold weighs in troy ounces, with one ounce equal to 31.1035 grams. The price for one gram of gold is about \$160 at \$5,000 per ounce. Purity is another key factor, measured in karats. Pure gold is 24 karats, while lower numbers, such as 22K or 18K, mean the gold is mixed with other metals. Jewelers often stamp gold items to show their purity.

The price of gold has quadrupled over the last decade, increasing from \$1,250 in 2016 to around \$5,000 today. Historically, the US dollar was linked to gold until 1971, when market forces began to set gold prices.

Globally, gold prices are determined in the spot market, mainly in US dollars. Local prices can vary due to currency exchange rates, taxes, and local demand. The US has the largest gold reserves with 8,133 tonnes, followed by Germany and Italy.

Vocabulary List:

1. **Purity** /'pjʊə.rɪ.ti/ (noun): The state of being free from contamination or pollution; in gold it refers to the proportion of gold within an alloy.
2. **Karats** /'kær.əts/ (noun): A unit of measurement for the purity of gold where 24 karats signifies pure gold.
3. **Reserves** /rɪ'zɜrvz/ (noun): Quantity of a resource that is held in stock; in this context it refers to the amount of gold held by a country.
4. **Trend** /trɛnd/ (noun): A general direction in which something is developing or changing.
5. **Tensions** /'tɛn.ʃənz/ (noun): Mental or emotional strain; in this context it refers to the strained situations in global politics or economics.
6. **Decade** /'dɛk.eɪd/ (noun): A period of ten years.

Comprehension Questions

Multiple Choice

1. What was the record high price of gold per ounce reached on January 29?

- Option: \$5,200
- Option: \$5,400
- Option: \$5,600
- Option: \$5,800

2. How much does one gram of gold cost at \$5,000 per ounce?

- Option: \$120
- Option: \$140
- Option: \$160
- Option: \$180

3. What does 24 karat gold mean?

- Option: It is not pure gold
- Option: It is mixed with other metals
- Option: It is pure gold
- Option: It has the lowest gold content

4. When did market forces begin to set gold prices instead of the US dollar?

- Option: 1961
- Option: 1971
- Option: 1981
- Option: 1991

5. Which country has the largest gold reserves?

- Option: United States
- Option: Germany
- Option: Italy
- Option: China

6. What is the weight of one troy ounce in grams?

- Option: 28.35 grams
- Option: 31.1035 grams
- Option: 34.67 grams
- Option: 39.2 grams

True-False

7. The price of gold has decreased over the past decade.
8. Gold is measured in karats to determine its weight.
9. The US dollar was tied to gold until 1971.
10. Gold prices are mainly determined in the euro spot market.
11. Local gold prices can vary due to taxes and demand.
12. Italy has more gold reserves than Germany.

Gap-Fill

13. The price of gold has increased from \$1,250 in 2016 to around \$ _____ today.
14. The US has the largest gold reserves with _____ tonnes.
15. Historically, gold prices were linked to the US dollar until _____.
16. Pure gold is _____ karats.
17. One troy ounce is equal to _____ grams.
18. Gold is often stamped by jewelers to indicate its _____.

Answer

Multiple Choice: 1. \$5,600 2. \$160 3. It is pure gold 4. 1971 5. United States 6. 31.1035 grams

True-False: 7. False 8. False 9. True 10. False 11. True 12. False

Gap-Fill: 13. 5,000 14. 8,133 15. 1971 16. 24 17. 31.1035 18. purity

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