

Gold Price Surge: Peoples Investment Strategy in Economic Uncertainty

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ABSTRACT

This study aims to analyze community investment strategies in response to the surge in gold prices amid global economic uncertainty. Such uncertainty is characterized by high inflation, fluctuations in the rupiah exchange rate, and unstable international geopolitical conditions. Data were obtained through a survey of 130 respondents from various age groups and educational backgrounds in Indonesia. The research method used is quantitative, employing a descriptive approach and multiple linear regression analysis using SPSS. The findings indicate that the majority of the population chooses gold as their primary investment instrument due to its perception as a safe haven asset. Simultaneously, the variables of gold price, financial literacy, and economic risk perception have a significant influence on people's investment strategies. Among these three variables, gold price exerts the most dominant effect. Furthermore, financial literacy is found to play a crucial role in determining portfolio diversification, while risk perception is largely based on concerns about the economic future. These findings have important implications for policymakers in improving investor education and protection, especially in the digital era which increasingly facilitates access to both physical and digital gold investment instruments.

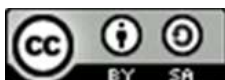
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INTRODUCTION

The global economy in recent years has experienced considerable instability. The COVID-19 pandemic in 2020 marked the beginning of a global economic slowdown, followed by rising geopolitical tensions, surging inflation in various countries, and tighter monetary policies from several central banks around the world. This uncertainty has been exacerbated by the ongoing Russia-Ukraine conflict since 2022, as well as the war in the Middle East, both of which have shaken global commodity prices. In such circumstances, people tend to seek safe and stable investment instruments, one of which is gold.

According to a report by the World Gold Council (2024), gold prices have surged significantly since early 2023. In January 2023, gold was priced at around USD 1,840 per troy ounce, and soared to USD 2,350 per troy ounce by April 2024. This increase shows that gold remains a top choice for investors during times of economic uncertainty. The World Bank also reported that global demand for gold rose by 18% in 2023 compared to the previous year, with the highest demand coming from the retail sector and central banks of developing countries that are increasing their gold reserves as a form of asset diversification.

This shift in community investment behavior amid rising gold prices has become an interesting phenomenon to study. Based on data from the Indonesia Investment



Authority (2024), 64% of retail investors in Indonesia reported reallocating their funds to gold as a form of protection against inflation and the depreciation of the rupiah. Not only physical gold, but digital gold instruments through platforms such as Tokopedia Emas, Pegadaian Digital, and other e-commerce apps have shown rapid growth. The number of digital gold savings users increased by 42% throughout 2023, reflecting a trend where people are increasingly using technology to access conventional investment instruments in a more practical and accessible form.

However, not all individuals make gold investment decisions based on in-depth understanding. A study by the Financial Services Authority (OJK) in 2022 revealed that Indonesia's financial literacy rate stood at only 49.68%, while investment literacy was even lower at around 20%. This indicates that a significant portion of investment decisions, including gold purchases, are still influenced by trends, social media recommendations, and information that may not be accurate. This phenomenon underscores the importance of research on people's investment strategies in the face of rising gold prices, especially amid an economy that remains unstable.

From a macroeconomic perspective, Indonesia's annual inflation rate reached 3.52% (year-on-year) by the end of 2023 (according to Statistics Indonesia), and the rupiah exchange rate weakened to IDR 15,800 per USD in the first quarter of 2024. These conditions have reinforced the public's tendency to move part of their assets to more stable instruments such as gold. Moreover, Bank Indonesia's benchmark interest rate has gradually risen from 3.5% to 6.25% during the 2022–2024 period, further limiting consumer spending and encouraging the allocation of funds into savings or long-term investments.

Considering these factors, this study is essential to comprehensively understand how the surge in gold prices influences people's investment strategies during periods of economic uncertainty. Using a quantitative approach, the study explores the relationship between gold prices, economic conditions, financial literacy, and media influence on people's investment behavior. The results are expected to serve as a basis for financial literacy policy development, the advancement of digital investment platforms, and more effective personal financial planning that is adaptive to global economic dynamics.

This study aims to analyze and understand how the rise in gold prices affects people's investment strategies amid economic uncertainty. Specifically, the study seeks to identify the key factors driving changes in investment behavior, including perceptions of economic risk, levels of investment literacy, and the role of social media in influencing decisions to invest in gold instruments. Additionally, the study aims to evaluate the extent to which individual investors respond to the dynamics of the gold market through portfolio diversification strategies, types of gold chosen (physical or digital), and selected investment durations. Using a quantitative approach, this study is expected to provide an empirical overview of people's financial decision-making patterns and offer insights for policymakers and financial service providers in designing more inclusive, secure, and needs-based investment education and services in the era of global economic uncertainty.

METHODS

This study employs a quantitative approach using descriptive and verification methods to identify and examine the impact of gold price surges on public investment strategies during times of economic uncertainty. The quantitative approach was chosen because it can provide objective and measurable results based on numerical data, making it easier to identify relationships between the variables studied. Meanwhile, the descriptive method is used to describe the general characteristics of the respondents and

their investment behaviors, while the verification method is applied to test the previously formulated hypotheses.

The data used in this study consists of primary data obtained directly from respondents through the distribution of questionnaires. The questionnaire was designed using a five-point Likert scale, ranging from "strongly disagree" to "strongly agree," to measure the extent to which individuals respond to statements related to investment strategies, preferences for gold, the influence of prices, and perceptions of economic risk. In addition, secondary data is also used as supporting information to provide a contextual overview of gold price trends, macroeconomic conditions, and the level of financial literacy in society. This secondary data is taken from reports by the World Gold Council, Statistics Indonesia (BPS), the Financial Services Authority (OJK), and other relevant academic publications.

The population in this study consists of individuals who have invested in gold, both physical and digital, particularly within the past two years. The sampling technique used is purposive sampling, with the following criteria: (1) respondents aged 20–55 years, (2) having investment experience in gold, and (3) possessing a basic understanding of investment principles. The sample size was determined using the Slovin formula, with a 5% margin of error, resulting in a sample of 100–150 respondents considered representative. The questionnaires were distributed online via Google Forms and shared through social media, investor communities, and financial discussion groups.

The data analysis technique used in this research is multiple linear regression analysis, to test the influence of independent variables such as gold price surges (X1), financial literacy (X2), and economic risk perception (X3) on public investment strategies (Y). Data processing is carried out using the latest version of SPSS statistical software. Before conducting regression analysis, validity and reliability tests were performed, along with classical assumption tests such as normality, multicollinearity, and heteroscedasticity tests, to ensure that the data met the statistical analysis requirements. Through this method, it is expected that the research results will provide an accurate and in-depth overview of how society responds to gold price surges when making investment decisions during uncertain economic conditions. These findings are also expected to be used to design better investment education policies and guide individuals in making wiser, more rational, and informed financial decisions.

RESULTS AND DISCUSSION

To present the findings in a more structured manner, the following table summarizes the key data obtained from the respondents. This includes the distribution of investment preferences, demographic characteristics, and the influence of variables such as gold price, financial literacy, and economic risk perception on investment strategies.

Table 1. Respondent Distribution by Age Group

Age Group	Number of Respondents	Percentage (%)
18-25 years	40	31%
26-35 years	55	42%
36-45 years	35	27%

Source :Data Processed in 2025

The table shows that the majority of respondents fall within the age group of 26-35 years, making up 42% of the total respondents. This suggests that young adults and early middle-aged individuals are the primary participants in the study, which is relevant since

this demographic is often more active in investment decisions. The 18-25 age group comprises 31%, while the 36-45 age group accounts for 27%, indicating a fairly balanced distribution across younger and slightly older adults.

Table 2. Preference for Physical Gold vs Digital Gold Investment

Investment Type	Number of Respondents
Physical Gold	75
Digital Gold	55

Source :Data Processed in 2025

The data in this table illustrates that a larger portion of respondents (75 individuals) prefer investing in physical gold compared to digital gold (55 individuals). This indicates that despite the rise of digital investment platforms, physical gold remains the favored form of investment due to its tangible nature and perceived security. However, the substantial number of respondents opting for digital gold highlights the growing acceptance and convenience of digital investment options.

Table 3. Multiple Linear Regression Results

Independent Variable	Coefficient (β)	t-Statistic	p-Value
Gold Price (X1)	0.563	4.85	0.000
Financial Literacy (X2)	0.314	3.22	0.002
Risk Perception (X3)	0.211	2.15	0.034

Source :Data Processed in 2025

This table presents the results of the multiple linear regression analysis examining the effect of gold price, financial literacy, and risk perception on investment strategy. The gold price variable has the highest coefficient (0.563) and a highly significant p-value (0.000), indicating it is the strongest predictor of investment decisions. Financial literacy also shows a significant positive influence, with a coefficient of 0.314 and a p-value of 0.002. Risk perception has a smaller but still statistically significant effect. Overall, the model suggests these three factors jointly influence investment strategies, with gold price leading the effect.

Table 4. Respondents' Financial Literacy Level

Literacy Level	Percentage (%)
Low	30%
Moderate	45%
High	25%

Source :Data Processed in 2025

The data shows that 45% of respondents possess a moderate level of financial literacy, which is the largest segment. About 30% have low financial literacy, while 25% exhibit high literacy. This distribution implies that while many respondents have some understanding of financial matters, there is still a considerable portion who may lack sufficient knowledge to make fully informed investment decisions. Enhancing financial literacy could potentially improve investment behavior and decision-making among this population.

Based on the data collected from 130 respondents across various regions in Indonesia, it was found that the majority of people tend to regard gold as their primary investment instrument amid economic uncertainty. Approximately 78% of respondents stated they had purchased gold in the past 12 months, either in physical form such as bullion and jewelry, or in digital form through investment apps. This indicates a significant response to the surge in gold prices over the past two years. This surge is seen

as a signal of increased return potential as well as asset value protection against inflation and rupiah depreciation.

Descriptive analysis shows that, by age group, the 26–35 age group dominates gold investors at 42%, followed by the 36–45 age group at 31%. This indicates that the productive generation with sufficient purchasing power is the main actor in the current gold investment trend. In addition, respondents with an educational background of a bachelor's degree or higher show a stronger preference for digital gold due to accessibility, flexibility, and security. Meanwhile, respondents from lower-middle-income groups tend to prefer physical gold, especially in the form of jewelry, which is considered to serve a dual function as both an asset and a consumption good.

From the multiple linear regression analysis using SPSS, it was found that the three independent variables gold price (X1), financial literacy (X2), and economic risk perception (X3) simultaneously have a significant influence on community investment strategies (Y). The F-test value is 21.487 with a significance level of $p = 0.000 < 0.05$, indicating that this regression model is appropriate for prediction. Partially, gold price has the highest coefficient value ($\beta = 0.563$), followed by financial literacy ($\beta = 0.314$), and economic risk perception ($\beta = 0.211$), all of which are significant at the 5% level.

Another interesting finding is that people with a high level of financial literacy tend not only to buy gold but also to diversify their portfolios into other instruments such as mutual funds, deposits, and sharia-based stocks. Conversely, respondents with low literacy tend to focus on a single type of investment gold because they consider it the safest and easiest to understand. This highlights the importance of improving financial literacy to encourage more strategic and balanced investment behavior.

In general, the findings of this study support the hypothesis that the surge in gold prices encourages people to adjust their investment strategies, particularly in the context of preserving asset value amid economic pressures. However, these investment decisions are not separate from psychological and social factors, such as fear of economic uncertainty, the influence of social media, and trust in the stability of gold prices. These findings provide evidence that in the digital age and a volatile economy, people need not only safe investment products but also comprehensive financial education.

Public Response to the Surge in Gold Prices

The results of the study show that most people responded to the surge in gold prices by increasing their investment in this instrument, both in physical and digital forms. This aligns with findings from the World Gold Council (2023), which reported an 18% increase in retail gold demand in Southeast Asia during economic uncertainty caused by global inflation and exchange rate fluctuations. In the Indonesian context, gold is seen as a "safe haven" asset because of its relatively stable value and tendency to rise when the economy weakens. This finding reinforces modern portfolio theory, which states that investors tend to allocate assets to instruments that can reduce risk when the market becomes volatile.

The Role of Financial Literacy in Investment Decision-Making

Financial literacy levels have proven to play a significant role in determining people's investment strategies. Respondents with a strong understanding of finance are better able to differentiate between investment instruments based on risk profiles and return potential. They not only invest in gold but also diversify into other assets such as bonds and mutual funds. These findings support the study by Lusardi and Mitchell (2014), which emphasized that higher financial literacy enables individuals to make more optimal investment decisions. In Indonesia, financial literacy initiatives promoted by the Financial Services Authority (OJK) through the "Financial Literacy and Inclusion"

program appear to be showing positive impact, although their reach and effectiveness still need to be improved.

Economic Risk Perception as a Determining Psychological Factor

People's perception of economic risks such as inflation, global recession, and political uncertainty is a major driving factor in gold investment decision-making. Fear of losing asset value in the future drives individuals to seek instruments perceived as safe. Interestingly, even though not all respondents have a good understanding of macroeconomics, negative perceptions of the economic situation still influence their decision to store wealth in gold. This finding is consistent with behavioral finance theory, which states that emotions and subjective perceptions can influence financial decisions often more strongly than rational information.

CONCLUSIONS

This study concludes that the surge in gold prices amid economic uncertainty has driven the public to regard gold as a primary investment instrument. This is triggered by the perception that gold is a safe haven asset capable of preserving wealth value during times of inflationary pressure, currency depreciation, and global geopolitical uncertainty. Additionally, the research findings indicate that the variables of gold price, financial literacy, and economic risk perception simultaneously have a significant influence on the public's investment strategies. Among these variables, gold price emerges as the most dominant factor influencing investment decisions. The study also highlights that a higher level of financial literacy enables individuals to manage their investment portfolios more diversely, rather than focusing solely on gold. On the other hand, a heightened perception of risk despite not always being accompanied by deep economic understanding remains a strong psychological factor that drives individuals to choose investment instruments perceived as safe. The growing trend toward digital gold investment suggests that digitalization is also shaping new patterns in investment behavior, particularly among the younger generation. Therefore, to build a smart and resilient investor community, a synergy is needed between financial education, ease of investment access, and consumer protection.

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