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A Sign of the Time: Ads Pop Up in USVI Offering Cash for Gold as Pandemic-Induced Shutdowns Hurt Poor Families

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Cash and Gold By. VI CONSORTIUM/ISTOCK/GETTY

While most individuals won't talk about their hardships, a good indicator of the signs of the times is gold. The commodity serves as both a safeguard against uncertainty, and as an item sold for cheap by struggling people during economic hardship.

Earlier this week, the Consortium saw an ad on Facebook calling for Virgin Islanders to sell their gold for cash. Business savvy entrepreneurs understand that the coronavirus-induced pandemic has left many individuals unemployed with little money to spare, and therefore are taking advantage of offering to buy the yellow, precious metal cheap to resell for a profit. What is

happening today is similar to the recession of 2007-2009, when the global economy suffered massive losses triggered by the housing bubble's bursting on the U.S. mainland.

In the U.S. Virgin Islands, many of those laid off due to the pandemic worked in the tourism industry, the hardest hit by Covid-19. Many who work in tourism were already getting by on low wages, and with Congress's pandemic stimulus package exhausted and hope dimming on a second package, the near-term outlook sees more difficulty ahead for already struggling families. The USVI primarily depends on a healthy hospitality industry to fuel the economy, and the shutdown has caused many hardships, particularly in St. Thomas, which represents an overwhelming share of tourist activity in the USVI.

The Dept. of Tourism is projecting pent-up demand once the pandemic subsides and things start returning to normal, but the damage to economies, economists are predicting, will take years to restore.

According to the V.I. Department of Labor, the territory's unemployment rate as of July — before the [second Covid-19 related shutdown](#) — was 11.6 percent, down from 13.5 percent in June. In April, Labor Commissioner Gary Molloy told the Consortium that [over 20,000 Virgin Islanders were expected to file for unemployment insurance](#).

Cash for gold during economic hardship has been prevalent across the world, especially among poor families. In India — the world's second-largest consumer of gold behind China — jewelry demand plunged by 74 percent in the three months through June, according to the World Gold Council (via the Wall Street Journal).

According to [WSJ](#), in July, Delhi resident Jasmine Nair had to sell her family gold—including the gold bangles her mother gave her for her wedding—when the family's cash ran out at the same time as they had to pay for the construction of their new home.

“There was no other way to arrange the quick cash, which we really needed,” she said.

With loans hard to obtain since Covid-19 hit, “Gold remains our last hope for survival,” she said, according to WSJ.

The publication also spoke with Jewelry chain owner B. Govindan, who said business was still only half of what it used to be before the virus arrived, and about one in five customers who come to his shops are selling jewelry rather than buying.

“We are hoping people will come back to buy gold from September-October when the wedding season begins,” he said.

On the other hand, gold has traditionally served as a means whereby people safeguard their wealth and financial stability in times of uncertainty. The precious metal also offers a sense of security, and gold oftentimes becomes attractive to investors when the U.S. dollar depreciates. Last month the precious metal surpassed the \$2,000 threshold for the first time in history.