

Whether China has control over the gold price



Many people are wondering what has driven the price of gold. China is likely to play a significant role in this.

On the one hand, the Chinese private sector has been partly responsible for the strong price of the precious metal, especially since the second half of 2022. The private sector accounted for around 1,411 tons of gold in 2023. In January 2024 alone, it was 228 tons of gold. The PBoC (People's Bank of China), the Chinese central bank, is likely to have greatly increased its gold reserves. Behind this is a hidden de-dollarization. It is still the world's most important reserve currency, but other countries besides China also want to move away from it. The dollar reserves are under threat and the debt spiral in the USA is having an impact.

The Chinese central bank is probably afraid that its dollars will freeze. The Fed could also be forced to drastically lower its interest rates. The US federal debt stands at around 122% of GDP and is not really sustainable as long as interest rates remain at 5%. If you look around the world, over-indebted countries often have interest rates that are too low compared to their debt. As gold cannot be devalued, it is no wonder that the Chinese central bank - and not only the Chinese central bank - is hedging.

What exactly is driving the gold price rally that we have seen since the end of February is questionable. Futures and spot traders come into consideration. And it is not just the Chinese who fear a currency devaluation. Western investors will also increasingly turn to gold. Especially if the gold price reaches new all-time highs. The PBoC has acquired a record 735 tons of gold in 2023. Estimates are added to these figures, as there are

unreported purchases by the PBoC, for example. In 2022, the PBoC is said to have bought 597 tons of gold, according to data from the World Gold Council. As gold hedges against currency losses, shares in solid gold companies, such as Skeena Resources or Calibre Mining, are also a good option for private investors.

Skeena Resources - <https://www.commodity-tv.com/ondemand/companies/profil/skeena-resources-ltd/> - is working to revitalize two gold projects in British Columbia.

Calibre Mining - <https://www.commodity-tv.com/ondemand/companies/profil/calibre-mining-corp/> - could produce around 280,000 ounces of gold in 2023. The company is active in Nicaragua, Canada and the USA.

Current company information and press releases from Skeena Resources (- <https://www.resource-capital.ch/en/companies/skeena-resources-ltd/> -) and Calibre Mining (- <https://www.resource-capital.ch/en/companies/calibre-mining-corp/> -).

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