

Gold demand in China easing but in ‘good health’ – WGC

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China’s demand for gold may have slowed down since reaching its peak in 2013 but gold remains high on the shopping list of Chinese buyers, the World Gold Council (WGC) said in its latest market report.

Citing industry data, WGC said the first quarter of 2015 turned out to be the fourth best quarter on record, with the People’s Bank of China increasing its gold reserves by 57 percent since 2009.

“Although China’s jewellery demand in Q1 2015 was down on the record level from Q1 last year, it was 27 percent higher than its 5-year average. China’s gold demand remains in good health,” said WGC. “While gold demand may be down year-on-year, the growth trend is still intact and strongly positive.”

Consumer demand for jewellery, bars and coins in Q1 2015 was surpassed only by a surge in demand triggered by the price fall in 2013.

According to WGC, despite China’s status as the world’s largest gold consumer and producer, it is still a relatively “young gold market.”

In fact, private ownership of gold investment products was illegal until 2002.

Since then, Chinese investors have purchased in excess of 1,530 tonnes of bars and coins, worth \$55 billion at today’s prices – this is equivalent to what all investors hold through gold-backed exchange traded funds worldwide. Over the same period, China’s consumers bought 5,282 tonnes of gold jewellery, worth \$189 billion, the council noted.

“Beyond economic growth, gold is embedded in China’s culture. Chinese New Year and weddings are key events in China’s gold consumption. In addition, China’s authorities have developed a range of pro-gold policies, from legalising bar and coin (investment) in 2002 to opening up its gold market via the Shanghai Gold Exchange International Board in the Shanghai Free Trade Zone in 2014,” WGC said.



Private ownership of gold bars and coins was only legalised in China in 2002, according to the World Gold Council
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