

Survey: Over Two-Thirds of Chinese Economists Favor Gold Over US Bonds

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In a survey of major Chinese economists, more than two-thirds are reportedly bearish on the prospect of China increasing its holdings of US government bonds, and believe instead the nation should putting more of its hard-earned into gold.

According to a *China Business News* survey of 70 Chinese economists (including one foreign economist), the exact figure is 71.4% anti-bonds and pro-gold.

The use of China's huge foreign exchange reserve is a topic of concern and controversy. The remaining 28.6% of those polled believe China should continue to buy U.S. Treasury bonds. 38.6% think that China should not continue to buy, but also should not to sell US bonds. 32.8% believe that China should unload the bonds, 22.8% of whom think we should have a slight sell-off, while 10% think China should drop them like a bad habit.

All this is against a backdrop of China surpassing Japan to become America's largest US bond holder and of the ever-widening global financial kerfuffle.

The survey also brings to light the question of whether China's gold reserves should be increased. Recent gold futures prices broke through US\$1000/ounce, making gold the most outstanding asset in the financial turmoil. One economist thinks China's current gold reserve of 600 tons is an unnecessary load and that the opportunity should be grasped to sell off a bunch of it at a good price.

21.4% of economists said that the gold reserve level was fine and leave it alone.

But 75.7% of the economists asked believe that China should increase its holdings of gold, with 48.6% opting for a slight increase while 27.1% think China should pile in.

At US\$1000 an ounce?!

<http://www.chinastakes.com/story.aspx?id=1030>