



Surge in China's Imports Bodes Well for Gold Market, Dillon Gage Says

The nation's rising incomes and an expected gold ETF launch should be watched

ADDISON, TX (February 12, 2013)... Imports by mainland China from Hong Kong nearly doubled last year to a record level as incomes rose and investors gravitated to hard assets. As the nation's appetite for gold grows, Chinese regulators may launch gold Exchange Traded Funds (ETFs) soon. Keep an eye on China as new investment opportunities unfold in gold for that giant population, recommends [Dillon Gage Metals](#), international wholesalers of precious metal investment products.

"Rising demand in China is evidence that the upside for gold has hardly run its course," says Terry Hanlon, president of **Dillon Gage Metals**. Chinese investors bargain hunted last year, and took advantage of gold prices that were below a record \$1,895 an ounce in 2011, he added.

In 2012, China imported 834.5 metric tons of gold, including scrap and coins, versus 431.2 tons the year before, according to Hong Kong's Census and Statistics Department. China's imports in December 2012 reached a monthly record. Meanwhile, China also exports gold to Hong Kong.

Economic growth in China has boosted the nation's demand for gold and other commodities across the board, including copper, energy and soybeans, Hanlon notes. With 1.3 billion people, China replaced India last year as the world's largest gold consumer. China also surpassed the U.S. to become the top trading nation as measured by all exports and imports, according to official data from both countries.

Chinese investors mainly buy gold bars, using the metal as a store of value to hedge against risk during sluggish stock markets and rising inflation. In addition, gold-related Qualified Domestic Institutional Investor (QDII) funds are available in China, allowing investors to buy overseas gold assets.

Hanlon says the nation will likely get its first gold ETF this year. The China Securities Regulatory Commission (CSRC) is considering launching gold ETFs to create more choices for investors and issued initial ETF guidelines on Jan. 25. China's gold ETFs will invest in the spot contract on the Shanghai Gold Exchange and up to 10 percent in other gold products, according to officials.

Meanwhile, China's central bank has been pushing for gold to be included in a possible new International Monetary Fund super currency. The idea of a super currency, based on a basket of national currencies and maybe gold, has been mulled by world financial leaders for years.

China's urban per capita disposable income rose nearly 13 percent in nominal terms in 2012 to 24,565 yuan, the National Bureau of Statistics said in January. Per capita rural income swelled 13.5 percent in nominal terms and 10.7 percent in real terms. In 2013, the Chinese economy may be able to slightly exceed last year's 7.9 percent growth rate, according to analysts.

China tries to keep its government gold buying quiet, with holdings reported every fifth year. The nation's official holdings were 1,054 tons in 2009 and should be updated in 2014. In 2009, China produced 320 tons of gold and imported 180 tons. Production and imports have grown each year since then. Output was 403 tons in 2012 and imports totaled 835 tons. Next year's official holdings are expected to be well above their level five years earlier but below current official U.S. gold inventories of over 8,100 tons.

"Rising incomes in China, combined with new investment choices in a nation of 1.3 billion people, bear watching," Hanlon says.

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Dillon Gage Inc. (DillonGage.com) was founded in 1976, and its companies include:

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