



China: A shift to gold?

Curtis Hesler, editor of [The Professional Timing Service](#), believes that the recently announced Chinese investment fund will have a significant impact on commodities. The fund, he explains, was developed in order for China to diversify its reserves.

He notes, "The great Chinese reserve fund has now been established, and it is a whopper; they have announced that they will hold \$650 billion of their reserves at ready.

Further, he adds, "They will also invest \$200 billion to \$250 billion a year that they expect to receive hereafter. That is a lot of money!"

So, what will they buy? According to Hesler, "They will certainly spend a lion's share on raw materials and other commodities."

The advisor forecasts, "This money will likely be the engine that will fuel the next major leg in the commodity bull market. China has every intention of being a significant player on the global scene; and to do that, they will need to increase their gold reserves."

Already bullish on gold, the development of the China investment fund for its reserves is an added demand factor supporting his optimistic stance. He notes that some resource experts are estimating that China will need to accumulate 2,000 to 3,000 tons of gold toward this goal.

As a long-term investor, Hesler argues for patience and suggests that investors should accumulate positions during periods of price weakness. Long-term, however, he says, "I firmly expect to see gold eventually hit \$1,600.

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