



# Operating Thoughts on Precious Metals Market under Uncertainty

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## **Situation analysis and clear reasoning under a context of uncertainty**

- 1. Complicated situations: too simple and short-sighted arguing and lots of platitudes;
- 2. Unprecedented circumstances: conventional, superficial and scripted estimations;
- 3. Worst nature in a century: single sided and partial judgments fueled by public opinions;
- US Dollar is a powerful currency that boasts the capabilities and insights to govern the market (very strong position).
- US Dollar is also a problematic currency that is built on the contradicts and risks arising from the uneven basis and global plundering (huge risk).



## I. Basis of short-term gold unchanged

- 1. Supported by liquidity
- 2. Complemented by the reserve policy of the central bank
- 3. Fueled by speculative behaviors
- 4. Inherently functioning as a hedging tool





## II. Hardly changed medium-term tendency

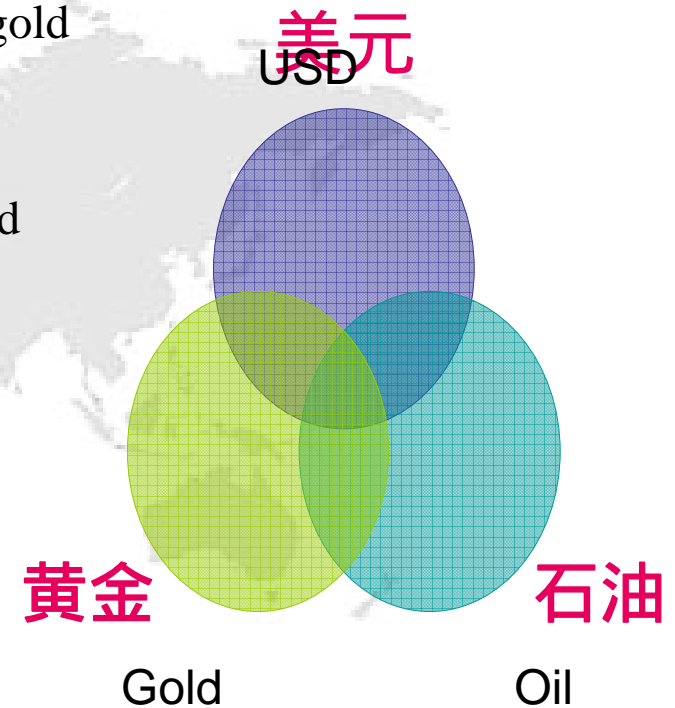
- 1. US dollar-denominated product
- 2. Long-term risk resistance capability of US dollar
- 3. The basis of foreign exchange reserves





### III. Long-term prospect needed to be changed

1. A metal must be subject to the financial structure; the gold standard system never comes back.
2. The price system serves for the value structure; the gold belongs to the system of US dollar.
3. Global financial structure is shaped by the strategic definition of US dollars; a new situation of tripartite confrontation.





## Observation on gold investment opportunities

- What opportunities are created by a dollar-dominated era?
- What drives the dollar depreciation strategy?
- What is the purpose of the dollar reserve strategy?
- How is the dollar competition strategy designed?



same?

Will the Dollar denomination stay the

same?

With the dollar system and strategy stay the same ?



## Risk judgment on gold investment?

- 1. A potential risk on the drop of gold price along with the ballooning equity: will it be short-term?
- 2. A potential risk on the slump of gold price driven by the collapse of EURO: will it be medium-term?
- 3. A potential risk on the skyrocketing of gold price due to the uncontrollable dollars: will it be long-term?
- 4. Is it possible that the global value system will be reconstructed? will it be long-term?
- Will the definition and position of global gold stay the same?
- Does it essentially play the role of an assistant or associate to the dollar?



## Recommendations on gold investment

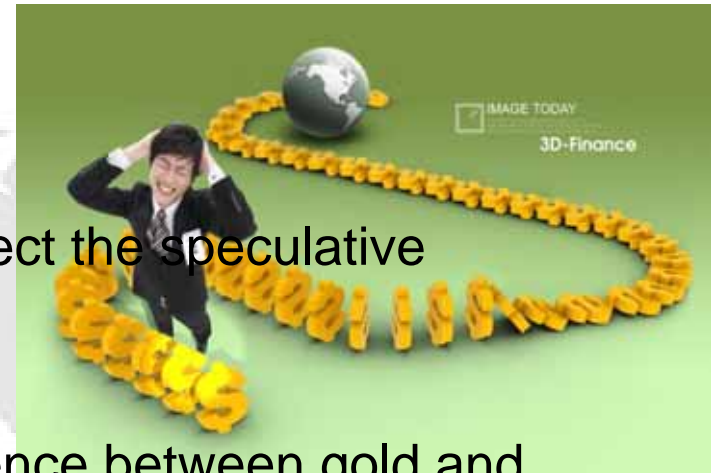
- Promote the improvement of gold market and propel the diversified gold investment;
- Enhanced the gold reserve mechanism and opportunities and promote the professionalism of financial industry;
- Promote the concept of virtual gold reserve and press the resources protection with a long-term view;
- Plan comprehensive support measures and enhance the assisted role of gold;
- Adopt the combined countermeasures on the financial market and design the long-term strategic goals.





## Operational strategy

- Proper portfolio configuration
- Adjust the investment sentiment and correct the speculative technique
- Accurately assess the position and difference between gold and silver
- Make a rational choice of varieties, quantity and terms of investment products
- Strengthen the learning from the practice and the experience accumulation





For your reference only.

Thank you!

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