CITY UNIVERSITY OF HONG KONG
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Study of Gold Market under the

Internationalization of RMB in Hong Kong

人民幣國際化背景下香港黃金市場的研究

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ABSTRACT

Gold is the King of the Metal Kingdom and the idol of the economic world, playing an important role in global financial markets. Gold market in Hong Kong, now an international financial centre, has secured a key position in the international gold market. The Chinese Gold & Silver Exchange Society (CGSE), which has operated in Hong Kong for over 100 years, plays a vital role in Hong Kong's gold market. This study is based on in-depth interviews on topical issues related to the gold market of Hong Kong.

After aggregating and summarizing responses of senior executives and decision makers of this industry, factors that impact gold price are analyzed, so as to provide a basis for estimation of gold price trend in the future and a reference that forms the basis for gold investment, in theory and in practice. An important mineral resource, gold is one of the rarest metals and a special commodity that has the attributes of currency as well as a general commodity. The pricing mechanism of gold is very complex.

The CGSE started trading in RMB Kilobar Gold, the world's first offshore RMB denominated gold product, on 14 October 2011. In the context of accelerated internationalization of RMB, this study presents an analysis of the status of the RMB's internationalization and describes experience of the Japanese Yen's internationalization, with Japan offshore market. Meanwhile, the background, process, and particularity of Hong Kong RMB offshore market and Hong Kong gold market are discussed to analyze interactions among RMB internationalization, Hong Kong RMB offshore market and RMB Gold transactions.

Keyword: Hong Kong Gold Market, Gold Price, RMB Internationalization, Hong Kong RMB Offshore Market