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Wednesday, March 23, 2011 8:15 AM EDT

## Gold may hit \$5,000 an ounce in 3-4 years say Canadian miners

The price of gold may hit \$5,000 per ounce, nearly three times current levels, in three to four years, as demand from sovereign states, central banks and exchange-traded funds (ETFs) rises, the chairman of two Canadian gold mining companies said.

"Gold is used as insurance for bad governments," Rob McEwen, chairman and chief executive of Minera Andes Inc and US Gold Corp, told Reuters on the sidelines of the Mines and Money conference in Hong Kong on Wednesday.

Gold is traditionally used as a hedging tool against inflation and economic uncertainty. The yellow metal has also been a favourite investor hedge against loose monetary policies in the wake of the global financial crisis.

McEwen said gold was in the middle of a super cycle that could end by 2015, adding that the length of the gold super cycle and the \$5,000 forecast were based on historical gold prices and the ratio of the Dow stock index against gold since 1970.

McEwen founded Canada's top gold miner Goldcorp Inc. He left the company in 2005, cashing in for a little over \$200 million.

He said about 90 percent of his personal assets were in physical gold, adding that he owned a 31 percent stake in Minera and a 20 percent stake in US Gold, both headquartered in Toronto.

US Gold mines gold and silver in the United States and Mexico. Minera has a project in Argentina.

McEwen said he believed that countries such as China, Russia and India would buy gold as part of their foreign exchange reserves.

If China wanted the yuan to become an international reserve currency, the government may need to put 10 percent of its foreign exchange reserves in gold, he said.

The world's second-biggest economy, China holds less than 2 percent of its 2.85 trillion foreign exchange reserves in gold, which have stayed at 33.89 million ounces since April 2009 according to official figures.

He said, however, that global gold production would continue to be limited by high costs and tighter regulatory controls.

Spot gold was steady at about \$1,427 per ounce at 0630 GMT on Wednesday, within striking distance of its record \$1,444.40 per ounce set on March 7.

Nick Holland, chief executive of the world's fourth-largest listed gold miner Gold Fields Ltd, said on Tuesday that the gold price could hit \$1,500 and the industry was not making a huge amount of money at current prices.