

China to strengthen monitoring of cross-border capital flows: FX regulator

China's foreign exchange regulator said Thursday it will strengthen monitoring of cross-border capital flows to reduce risk.

The regulator will keep a close watch on the economic and financial situation home and abroad this year, the State Administration of Foreign Exchange (SAFE) said in its annual report on management of foreign exchange posted on its website.

It will also enhance its monitoring of abnormal cross-border capital flows by cracking down on illegal private banks and internet-based speculation in foreign exchange.

The SAFE will maintain a prudent approach to managing foreign currency reserves and will continue to improve its diversification strategy.

China's balance of payments continue to expand, albeit slowly, despite the impact of the global financial crisis.

At the end of 2009, China's foreign exchange reserves hit 2.4 trillion U.S. dollars, a 453 billion U.S. dollar increase from the end of 2008.

China had gold reserves of 1,054 tonnes at the end of last year, the fifth largest in the world.

Although gold has commodity and monetary properties, the global gold market is relatively small and illiquid, the report noted, adding that because of its volatile price and high cost of holding and trading, gold has limited utility in asset allocation.

Source: Xinhua

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