



APPMC – Roundup & Market Outlook

By SBMA

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The first edition of the Asia Pacific Precious Metals Conference, organised by the Singapore Bullion Market Association (SBMA) in association with The Chinese Gold & Silver Exchange Society (CGSE), brought together more than 300 delegates from 50 countries across five continents.

In his opening address, IE Singapore Assistant CEO Mr Satvinder Singh highlighted Singapore's value as a regional hub for the precious metals industry. He pointed out the presence of three critical elements: a highly qualified and competitive global workforce, strong financial and trading infrastructure, and robust tax and legal frameworks.

SBMA Chairman Sunil Kashyap described the conference as the “end of the beginning for SBMA”, referring to the road SBMA has taken since 2012, when it was an informal industry network group, to its role today as a conduit for the Asian precious metals community. Its growth coincided with the Singapore government's decision to remove Goods and Services Tax (GST) in investment precious metals in 2012, which had the effect of increasing the volume of gold traded by 188% from 2012 to 2015, guest of honour, IE Singapore Assistant CEO Satvinder Singh, said.

An ongoing theme of the conference was global political and economic instability, a situation that looks to become more of the norm – which generally bodes well for gold, as it performs well during times of turbulence.

The ASEAN market roundtable showcased the excitement and diversity of the region that has a growing middle class and rapidly developing economies. Countries here have tremendous potential to develop further, both economically and in their gold markets, particularly if they liberalise their precious metals markets as Singapore has done. Singapore is a great place to do business and well-positioned as a precious metals hub for the region, many speakers noted.

The conference was a showcase of how far the Asia has come in developing its precious metals markets and the many opportunities for participants and the industry going

forward. However, there is still a long way to go, particularly for SBMA, CEO Albert Cheng said in his closing address. The association signed memorandum of understandings with Myanmar Gold Development Public Co. Ltd and The Chinese Gold & Silver Exchange Society during the conference, which should help develop more Asian regional players and strengthen the region's precious metals community.

Market Outlook

Gold

John Reade (Chief Market Strategist, World Gold Council) said in his keynote speech that politics and financial turbulence has the potential to drive gold higher. He said that in light of current events, gold is “averagely priced” and “has never looked more alluring”.

Bart Melek (Director, Head of Commodity Strategy Rates FX and Commodity Research, TD Securities) highlighted that real rates drive gold, not inflation alone, and that other central bank policy drives are key. As such gold will be positive in the medium term.

Silver

The macro environment will continue to remain positive silver, with a scope for healthy inflows into future, according to Nikos Kavalis (Director, Metals Focus). He highlighted silver averaged 9% higher than the year before, outperforming gold, despite the fact that fundamentals did not support the metal last year and this year. He forecast global supply to fall 1% and demand to fall 3% this year, with a price forecast of \$18.30 (+7%).

Platinum Group Metals

Marcus Grubb (Director of Market Development, World Platinum Investment Council) pointed out the resurgent investor interest in platinum group metals due to their deep discount compared to gold, and greater clarity about diesel. However, it is a much smaller market, and price discovery is still dominated by short-term views, though there is a growing security in market fundamentals, and new channels and products will broaden the market.

Yuichi Ikemizu (Head of Tokyo Branch, ICBC Standard) predicted a gloomy future for platinum, pointing out the concerns over diesel cars, the abundance of above-ground stock (could surpass 280 tons by the end of 2017, and the over supply of 4.5 tons in 2016, and 6.7 tons in 2017). He predicted platinum's price to bottom out below \$800



before rising slowly to \$1,000 in a year. Palladium, on the other hand, has a bright future, with its price predicted to be on par with platinum within a year. There was a physical deficit of 36.5 tons in 2016 and 43 tons in 2017, he said. Additionally, autocatalyst demand keeps recording historical highs (248 tons in 2016, 255 tons in 2017), so it still has good upward potential.