

Crucible

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Chairman's Foreword – A look back at 2016 and what's ahead



Dear Readers,

Welcome to the inaugural issue of Crucible, the quarterly newsletter of the Singapore Bullion Market Association (SBMA). With this publication, we hope to provide a platform for the precious metals industry in Singapore and Southeast Asia, which, as the title implies, will lead to stronger ties among participants and create new growth opportunities.

It's been an eventful past 12 months for SBMA, which has grown with strong support from International Enterprise (IE) Singapore, the government agency promoting international trade that partners Singapore companies in going global. Our three-year plan with IE Singapore, which is funded under the Local Enterprise and Association Development (LEAD) program, will create our foundation and raise the profile of SBMA and Singapore in order to support the precious metals sector and help establish Singapore as a precious metals trading hub. Going forward, SBMA will build up its regional networks and help members access business opportunities in new markets. We've already conducted an outreach trip to Myanmar in July 2016, and will return again in February 2017.

In the past year, we've grown to 35 members, launched a new website, and worked with the LBMA for its annual conference, held in Singapore in October 2016, which was warmly received by the delegates. One of the highlights of the event was the announcement of a feasibility study between SBMA, LBMA and the ICE Benchmark Administration (IBA) for a "Pre-AM gold benchmark" that would bridge the gap between the close of the U.S. market and the opening of the London market by providing customers with a daily price at 14:00 Singapore time (06:00 GMT), in addition to the current 10:30 and 15:00 (GMT) prices.

I'm also pleased to announce our first Asia Pacific Precious Metals Conference, which will be a platform for the precious metals community to raise and discuss issues related to the Asia Pacific precious metals market. The event, which will be held in June in Singapore, will provide networking opportunities for the bullion, jewellery and mining sector from the region and around the world, and allow delegates to understand and learn about new markets and meet new customers and suppliers from ASEAN, Oceania and the rest of Asia. We are also looking forward to seeing you at our Bullion Market Outlook 2017 seminar in March. You will find more details about both these events inside.

I'd like to encourage the precious metals community to be a part of Crucible and for the community to use it as a medium for exchanging and sharing ideas and initiatives to develop the industry further. I wish you a great year ahead.

Sunil Kashyap
Chairman, SBMA

About Crucible

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Gold Market Outlook for 2017



Gold prices saw a challenging last few months of 2016, but the first few weeks of 2017 have lent some optimism to the gold bulls. Is the recovery merely a blip, or will gold continue on its upwards trend throughout the year?

By Nikos Kavalis
Director, Metals Focus

Introduction

The dollar price for gold has risen by nearly 7% over the first six weeks of 2017, regaining most of the losses it suffered after the U.S. presidential election. This strong performance partly reflects the simple fact that gold by year-end had been oversold. It has also been driven by some investors that have become more positive towards gold against the backdrop of renewed concerns about the many uncertainties that persist across global markets.

At this juncture, one may wonder if we are in the early stages of a repeat of 2016, when gold rallied over the first six months of the year, following a poor end to 2015. Or is the recent recovery merely a "dead-cat bounce", as growth accelerates in the U.S. and monetary policy tightens, resulting in renewed weakness for the metal? Metals Focus' house view favours the former scenario; we see gold trending upwards throughout the rest of this year.

Macro backdrop remains positive towards gold

The reasoning behind this constructive stance towards gold rests on our view that most of the positive factors that helped its price in 2016 should continue to prevail through to the end of 2017 and likely beyond.

Most of the positive factors that helped gold's price in 2016 should continue to prevail through to the end of 2017 and likely beyond.

First and foremost, we believe that real short-term U.S. interest rates will remain negative for some time to come. Whether there are two or three policy rate hikes this year by the Federal Reserve, when adjusted for inflation, they will almost certainly still be negative throughout, given current levels of inflation and their likely, albeit modest, increases in the months ahead. Looking at

longer-term yields, we believe that any further increase will be modest and will fall short of investors' expectations. Elsewhere, real, and in some cases even nominal, rates are negative across most reserve currencies.

Meanwhile we are not convinced about the optimism that has emerged towards the Trump administration's fiscal aspirations. While a combination of lower taxes and higher spending on infrastructure and military would no doubt be beneficial to the U.S. economy, the only way to achieve this would be through higher deficits. Debt levels in the U.S. are already elevated, and according to Congressional Budget Office projections, are likely to continue rising even without any new legislation being introduced. Furthermore, any fiscal loosening would accelerate the increase in debt, which we suspect would meet some resistance from the traditionally fiscally prudent core of the Republican congress.

With this in mind, we are also not convinced that the recent uptrend in U.S. equity prices is sustainable over the medium-term. Specifically, as we doubt the ability of fiscal policy to fuel an acceleration of U.S. growth, we similarly doubt the ability of earnings to increase sufficiently to justify current or even higher valuations. The risk for a correction, which seems significant, would be beneficial for gold.

Political uncertainty to encourage safe haven interest

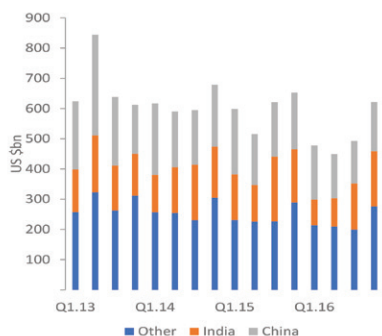
2017 also looks set to be a year of heightened political uncertainties. This should also encourage investors to look to gold's safe haven attributes. U.S. President Donald Trump's unpredictable and firebrand approach to foreign, trade, as well as internal security policy is a major wildcard. Across the Atlantic, Brexit negotiations, the rise of populism, forthcoming elections across a handful of key eurozone members and the resurfacing of sovereign debt concerns and frictions across the monetary union are all factors contributing to fattening tail risks. Russia's position in the international arena also continues to be troubling, particularly following the recent escalation of tensions in eastern Ukraine. Finally, ongoing unrest across a number of Middle Eastern countries also continues to pose threats to global geopolitical stability.

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Lacklustre jewellery demand in China and India

While we expect macroeconomic and geopolitical conditions to be supportive of gold this year, the same cannot quite be said of the physical markets (Figure 1). This is due to our expectation that jewellery demand in gold's two biggest consuming countries, China and India, will continue to face challenges.

Figure 1: Quarterly Global Jewellery Consumption - tonnes



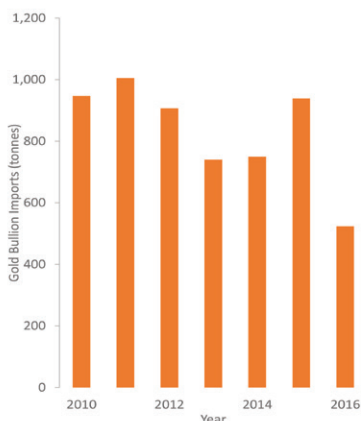
Source: Metals Focus

Chinese jewellery demand has been under pressure for some time now. In part this has been due to the country's economic slowdown and the impact this has had on income growth and, more importantly, consumer confidence. The effect of dramatic gains in property prices on disposable incomes is also partly to blame. In addition, structural changes in Chinese consumer preferences continue to negatively impact gold jewellery.

These include a growing appetite for consumer electronics, preference of brand over material value and changing fashion trends favouring lower cost accessories that can be replaced more frequently and a growing appetite for experiences rather than material items, in particular travel. We believe that these challenges will persist in 2017. Although the scope for further decline is now limited, another year-on-year fall in consumption seems likely.

In India, new regulations introduced to clamp down on the country's black economy weighed on jewellery demand in 2016 (Figure 2). It is unlikely that the exceptional challenges that we saw over part of last year, for instance around the time of the strikes or shortly after the demonetisation, will be repeated.

Figure 2: Indian Bullion Imports



Source: Metals Focus, Various

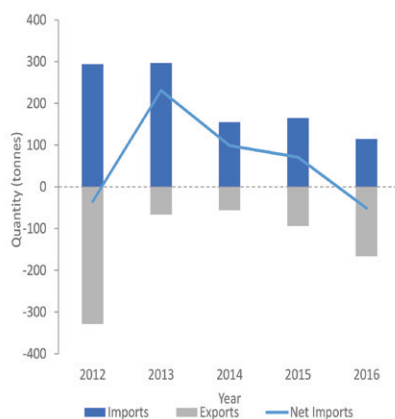
On this basis, we are predicting a recovery in consumption. Having said this, the ongoing regulatory burden on the industry should limit the extent of this recovery.

Mixed outlook across key Southeast Asian markets

Physical demand for jewellery and investment products should fare better as a whole across Southeast Asia. However, this hides mixed results that we forecast for different countries in the region.

Starting with Thailand, the domestic economy experienced a temporary slowdown during the period of mourning for the death of King Bhumibol Adulyadej, but quickly recovered after November. The outlook for this year seems positive, which should support domestic gold investment and jewellery demand (Figure 3). However, local jewellery manufacturers are facing headwinds relating to external uncertainties affecting exports, particularly U.S. trade policy towards Asia Pacific countries and the upcoming elections in Europe.

Figure 3: Thai Gold Bullion Import/Export Volume



Source: GTIS

It is worth also adding that Thailand Futures Exchange (TFEX) is set to roll out a new physical gold exchange contract in 2017. This is the country's first spot gold contract quoted in U.S. dollars, aimed at local investors and dealers, as well as potentially those from nearby countries.

Vietnam enjoyed healthy economic growth in 2016 and there are no signs of a slowdown this year. The growing middle class is expected to continue supporting the domestic economy, which should translate into robust growth for gold demand. Demand should also receive a boost from the anticipated easing of gold import restrictions by the country's central bank and the gradual opening of the market.

In Indonesia, the tax amnesty programme will continue until 31 March and should continue to boost local demand as capital returns to the country. Meanwhile, the government plans to use taxes collected from the programme to boost the domestic economy through an ambitious infrastructure agenda, which in turn should also benefit gold demand. However, the challenges facing Chinese consumption may affect Indonesia jewellery exporters. Elsewhere, the government recently partially lifted the ban on unprocessed ore and semi-processed material shipments.

Singaporean jewellery demand is forecast to see another year of broadly flat performance in 2017. In contrast, given the macroeconomic conditions discussed earlier, bar and coin investment demand should see a healthy increase. Meanwhile, the Singapore Exchange's Kilobar Gold Contract has recently been designated to be compliant with the newly established Shari'ah Standard for Gold. This potentially opens up the opportunity for interest into the contract from Islamic finance institutions and their clients in the region, particularly given Singapore's proximity to sizeable Muslim-majority nations.

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Conditions will be challenging for Malaysian jewellery manufacturers this year, who are suffering from the implementation of a 5% import duty in Dubai, a key export destination. Some offset should emerge from the local currency's weakness, which should boost the country's competitiveness. Moving to the domestic market, consumers are now generally used to the GST, implemented on 1 April 2015, and it seems that wholesalers and retailers have been gradually regaining their customers. Both jewellery and investment demand are expected to recover, albeit at a moderate pace in 2017, following post-GST implementation declines.



Nikos Kavalis is a founding partner of Metals Focus. He has over 13 years of experience working as a metals analyst/strategist for the Royal Bank of Scotland in London and as a metals analyst for GFMS. Nikos holds a BSc in Econometrics and Economics from the University of York and MSc in Econometrics and Mathematical Economics from the London School of Economics.

Advancing Islamic Finance Through Gold



The launch of the Shari'ah Standard on Gold in December 2016 promises an increase in the diversity of Shari'ah gold-compliant investment products for the \$2-trillion Islamic finance market.

By Shaokai Fan

Director, Central Banks and Public Policy, World Gold Council

The Shari'ah Standard on Gold, the definitive guide to investing in Shari'ah-compliant gold products, was launched by the World Gold Council and the Accounting and Auditing Organization of Islamic Finance Institutions (AAOIFI) on 5 December 2016. Officially known as "AAOIFI Shari'ah Standard No. 57 on Gold and its Trading Controls" the Standard for the first time sets out comprehensive Shari'ah rules for investing in gold.

The arrival of the Standard can potentially bring about profound changes for both Islamic investors and the Islamic finance industry as a whole. Investors will be able to access gold's unique attributes as a long-term store of value, diversification tool, and risk-mitigating asset, while the latter will see its investible universe expand through the addition of the large and liquid gold market. The launch of the Standard also has the potential to spark an influx of new products, innovation, and ideas. For Southeast Asia, this means a potential boon for gold products aimed at the growing Islamic finance market in this region.

Although gold has a deep and historical connection with Islamic culture, its treatment as an investment product is subject to complex practices. For example, gold must be exchanged immediately, which results in the modern requirement that gold financial products must be exchanged within the same day or trading session¹. The complexity of Islamic rules for gold products was a major impediment to the development of gold financial products in Islamic finance, despite an underlying demand for gold by many investors. Creating harmonised and authoritative Shari'ah guidance for gold was therefore imperative to enable greater accessibility to the asset class by Islamic investors.

Recognising this need, the World Gold Council worked with AAOIFI – the leading standard-setting body in Islamic finance – to develop a definitive standard for investment into modern gold products that is widely recognised by the Islamic finance community.

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Southeast Asia is a natural home for new Shari'ah-compliant gold products. Malaysia has long been a vanguard in Islamic finance with a robust array of Shari'ah-compliant solutions catering to a wide variety of investors. Indonesia is the world's most populous Muslim country and the government has prioritised the development of Islamic finance as a financial development policy. Gold has performed better in ringgit and rupiah terms over the past decade than in U.S. dollar terms, reflecting its usefulness as a wealth preservation instrument for investors in the region. The World Gold Council is actively working with several Southeast Asian financial services providers to provide new gold financial products for retail consumers that will comply with the Standard.

Building on the Standard, the Singapore Exchange (SGX) announced that its Singapore Kilobar Gold Contract has become the world's first Shari'ah-compliant gold futures contract. Designed to be the kilobar benchmark for Asia, SGX launched the world's first exchange-traded, physically delivered

wholesale gold futures in October 2014 in partnership with the World Gold Council and the Singapore Bullion Market Association. The SGX Singapore Kilobar Gold Contract is now certified by Amanie Advisors, a leading advisory firm specialising in Islamic finance solutions, to comply with the Standard.

SGX believes that this unlocks a new investment and risk management solution for the rapidly growing Islamic finance industry estimated to hold about \$2 trillion in assets Islamic investors now have exposure to, and to source physical gold via the contract, confident that the trading of the contract adheres to Shari'ah rules.

Embedding gold as a Shari'ah-compliant asset class can propel Islamic finance into the next stage of development by not only expanding the size of the investment universe, but the depth as well. The launch of the Shari'ah Standard on Gold marks the beginning of a new relationship between gold financial products and Islamic finance. Gold's unique characteristics are now more accessible to Islamic investors, while the industry can benefit from the potential innovation sparked by the inclusion of a new asset class. Given the long and rich history of gold in Islamic culture, it is perhaps fitting that this most ancient of elements is now able to lead the future of Islamic finance.

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Notes

¹Under the Standard, the exchange of gold for currency must occur within the same day or trading session. The buyer has to take possession of the gold in person or through an agent, either physically or constructively. The gold must be allocated and the record or certificate of allocation must be issued on the day of concluding the contract (T+0). As long as constructive ownership of the gold is passed from seller to buyer within the same day or session, the physical delivery of the gold can be made at a later time.



Shaokai Fan is the Director for Central Banks and Public Policy at the World Gold Council, responsible for advising central banks on gold matters and promoting free and fair gold markets globally. Prior to this position, Shaokai held multiple roles at

Standard Chartered Bank, where he helped to counsel official sector institutions on the implications of RMB internationalisation and promoted the RMB as a new reserve currency. Shaokai worked previously as an International Economist for the U.S. Treasury Department and also held roles in capital markets and investment banking.

Expanding Access to Physical Gold



INTL FCStone Ltd's precious metals division hopes to revolutionise gold trading in Asia and around the world with the launch of its premium, web-based physical gold trading platform, PMXecute+.

By Martin Huxley
Managing Director, INTL FCStone

As investors continue to flock to safe haven assets, investments in gold must be made more convenient and accessible. The launch of the PMXecute+ trading platform by INTL FCStone's precious metals division, aims to do just that by connecting consumers and suppliers of physical gold with seamless, real-time access to the global bullion market.

The wholesale bullion markets have been slow to embrace technology. For decades, the buying and selling of gold has been long-winded and manual, with market players relying on a combination of email, telephone and chat rooms to do their trades. All this takes time and effort, and is not ideal when operating a global business across several time zones.

For decades, the buying and selling of gold has been long-winded and manual, with market players relying on a combination of email, telephone and chat rooms to do their trades.

PMXecute+ provides customers with free, direct and real-time access to INTL FCStone's inventory across the world, as well as all products offered through its global network of supply partners. It automates INTL FCStone's interaction with our customers, improving market access and efficiency. It allows customers access to INTL's entire global inventory and network of trusted supply partners – helping customers find the best offers in the Asian

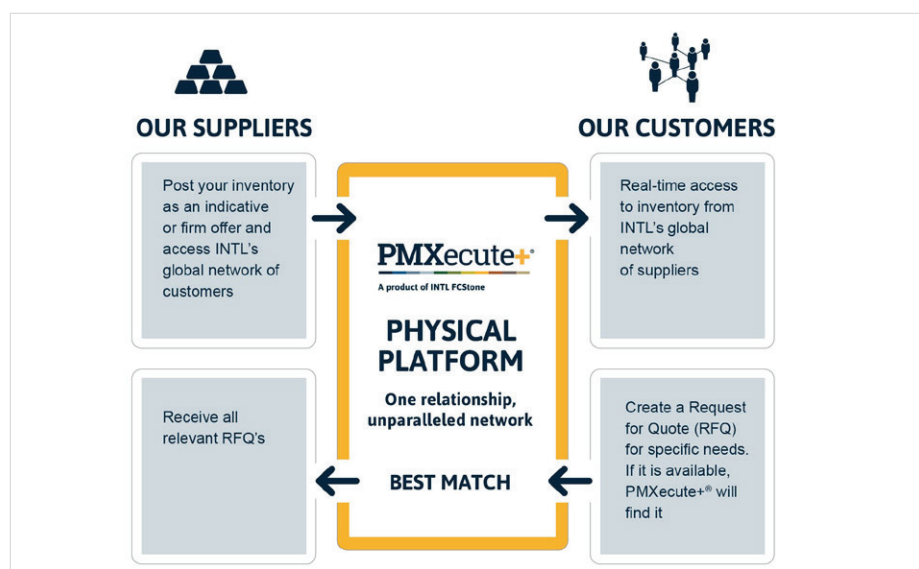
market and globally, 24 hours a day, seven days a week. Customers who do not see offers meeting their specific requirements (regarding quantity, specification or location) can use the platform's Request for Quote function, which notifies all relevant suppliers around the world. Suppliers can create firm or indicative offers (premium, location, expiry date) on the platform for all customers to view and, if they like what they see, trade on. Thus seamlessly securing gold at a premium, in a location, they want. The platform even allows for shipping to be added, if the customer requires.

To use the platform, the only KYC/onboarding required is between the customer and INTL, given that INTL will be principal to all transactions booked on the platform and will continue to be the trusted counterparty. The automated workflow and full audit trail creates efficient execution – including optimising freight cost and time.

The Asian market for gold is huge, and providing more transparent access to the market has the potential to change the landscape of trading, particularly the way we hold assets, make transfers and payments. Bringing gold trading online is only the first step.



Martin Huxley is INTL Asia Pte Ltd's Managing Director. Martin joined INTL FC Stone in Singapore in early 2014 and is responsible for its precious metal activities across the Asia region. Prior to joining INTL, Martin was with Standard Bank for 14 years of which the last 10 were spent in Hong Kong leading teams dedicated to the natural resources sector.



Source: INTL FCStone



Metalor Singapore: Quick Facts

Materials accepted

All gold and silver bullion products, all mining dorés, all jewelry scraps, all fusible industrial scraps.

Refining capacity

3.0 tonnes/week

Bullion production capacity

4.0 tonnes/week

Refining processes

Electro-refining
Hydro-metallurgical refining
Silver doré refining

Assay

Fire assay below 99.5%
ICP assay above 99.5%

Products

1kg bar 99.99
100g bar 99.99
400oz London Good Delivery bar

Certifications

Responsible Jewelry Council – Certificate of Conformity
LBMA Good Delivery status

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Metalor Technologies Singapore Pte Ltd – Meeting Asia's Precious Metals Demand

The infrastructure for gold trading in Singapore has grown tremendously in recent years thanks to efforts by International Enterprise (IE) Singapore and SBMA. The establishment of Metalor's fifth refinery in Singapore in 2013 has been crucial to the country's ambitions of becoming a global precious metals trade hub. Crucible takes a look at the Swiss refiner's operations here and speaks to its Refining Business Unit manager, KL Yap, to get an idea of Metalor's role in the gold industry and the refining sector in Singapore.

Metalor Singapore, a 100% subsidiary of Metalor Technologies International SA, was established in 2013 as part of efforts by the Swiss refiner to supply precious metals to the burgeoning Southeast Asian market.

Founded in 1852, the private-equity controlled diversified industrial group in the precious metals sector is headquartered in Neuchâtel, Switzerland and employs 1,500 people around the world. Its core businesses are recovery and refining, manufacturing electrical contacts, and manufacturing plating solutions and plating equipment. The group is present in 17 countries and operates 12 production facilities globally.

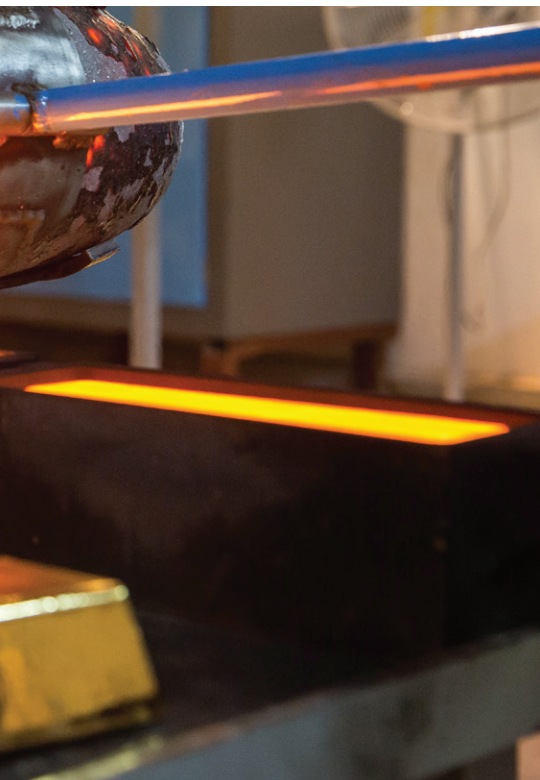
It chose Singapore to construct a gold refinery and bullion product manufacturing plant to meet the regional demand for gold, following efforts by the Singapore government and IE Singapore to position the country as a global trading hub for

the physical trading of precious metals. Crucial in boosting trading was the Singapore government's decision to remove the 7% Goods and Services Tax (GST) on Investment Precious Metals (IPM) in 2012.

As the only major gold refiner in the country, Metalor Singapore has a pivotal role to play in the city-state's bid to become a precious metals hub for the region.

In June 2013, the Inland Revenue Authority of Singapore (IRAS) certified Metalor Singapore as an approved IPM refiner and producer. The same month, the new refinery cast its first kilo 99.99 bar.

Metalor is a Swiss-headquartered precious metals refining and speciality products group, with precious metals refinery facilities in Europe, United States, Hong Kong and Singapore.



Takeover by Tanaka Kikinzoku Kyogo K.K.

In July 2016, Metalor announced that Japanese industrial group Tanaka Kikinzoku Kyogo K.K. was acquiring 100% of the shares of Metalor Technologies International SA.

The precious metals manufacturer develops and sells products containing precious metals materials for the electronics, semi conductor and automotive industries

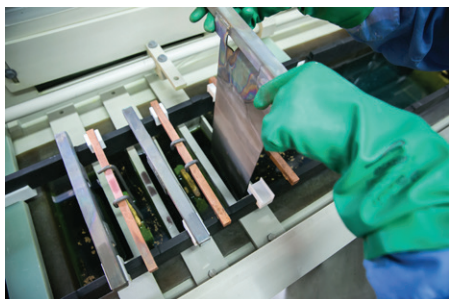
The acquisition will allow Metalor to enlarge its product and service offerings to customers globally. For Tanaka Kikinzoku Kyogo K.K., combining the operations of both companies will allow it to expand its recovery and refining business into new geographic regions in which it has not established a base, including North America, Europe and Asia. This will also increase the sales of its products and services to Metalor's blue-chip customers.

"The synergy behind the takeover of Tanaka is the complementary nature of both companies in terms of geographical fit and complementary business. Tanaka Group is a reputable player in Asia whilst Metalor has a strong presence in Europe and the Americas. Together with Metalor, The Tanaka Group will become one of the Tier One precious metals companies in the World. Metalor will continue to operate under its own brand name and the management of Metalor will continue to run the company", Metalor Group director Frank Tanaka and CEO Philippe Royer said in a joint statement.



Refineries on the LBMA Good Delivery List have to be financially viable and meet rigorous production standards of refining and assaying.

Metalor's Operations in Singapore



Metalor Singapore focuses on gold refining of mine doré and the recycling of precious metal bearing scraps; recycling and upgrade of gold bullion; gold products for the jewellery, electronics and metal surface finishing industries; and gold bars. Its customers are mainly banks, bullion traders, scrap collectors and mines in Southeast Asia.

Metalor's refineries worldwide have an annual gold refining capacity of over 800 tonnes.

Metalor's gold refining methods include chemical and electrochemical refining processes. The company normally accepts the following gold-bearing materials for refining to specified purities up to 999.9: semi-refined bullion, mine doré, old jewellery and industrial waste, jewellery manufacturers' scrap and old coins and medals.

Metalor Singapore was added to Good Delivery List, a quality certification of the London Bullion Market Association (LBMA), for gold in July 2014, making it the largest LBMA-accredited refinery in Southeast Asia.



Why did Metalor choose to set up its fifth gold refinery in Singapore?

The country is strategically situated in Southeast Asia and is between the gold trading supply chain of India and China; hence our Singapore refinery enables bullion traders in Asia to be more cost efficient.

How does Metalor Singapore see its role in building the country's role as a precious metals trading hub?

It is vital for IE Singapore to continue its lobbying and close collaboration with SBMA to identify and implement initiatives toward achieving this goal. One of them might be spearheading discussions with Singapore's national airline to be competitive in terms of freight rates for the import and export of bullion products, which will significantly improve the overall cost efficiency in the current gold ecosystem.

How do you see regional demand and Metalor's operations in Singapore evolving in the next few years?

Gold is a safe haven and relatively stable investment, so the demand coming from Asia, with an expanding middle class, will also grow. With our current annual gold refining and production capacity of about 150 tonnes to 200 tonnes, Metalor will continue to serve as one of the key precious metals solution providers in Southeast Asia for many years to come.

— KL Yap, Refining Business Unit Manager, Metalor Technologies

Singapore's Listed Gold Plays



Gold is an important part of Singapore's stock market. In addition to the SPDR Gold Shares – Singapore's most actively traded exchange-traded fund (ETF) in 2016 – Singapore Exchange (SGX) also lists three gold miners, each at different stages of exploration, development and production, predominantly focusing on Malaysia and Indonesia.

By Geoff Howie
Market Strategist, Singapore Exchange

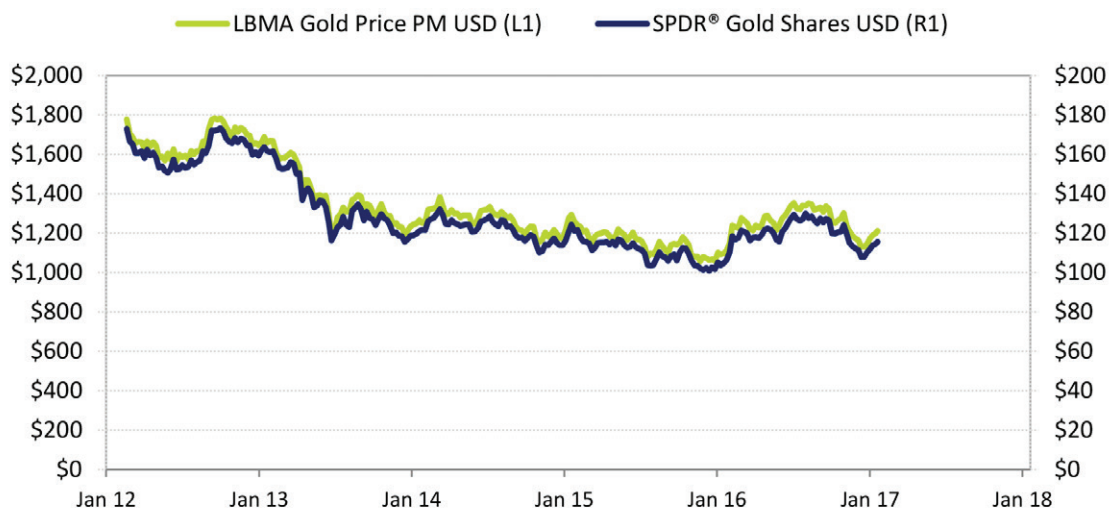
SPDR Gold Shares

The objective of the SPDR Gold Shares is for the ETF to reflect the performance of the price of gold bullion, less the trust's expenses. The shares represent fractional, undivided interests in the trust, the primary asset of which is allocated gold. The ETF also uses the LBMA Gold Price PM as the reference benchmark price in calculating the net asset value (NAV) of the trust.

Since its inception in November 2004, the ETF has generated an annualised return of 7.9% through to the end of 2016. The SPDR Gold Shares ETF was subsequently listed on SGX in October 2006 with the intention of lowering barriers such as access, custody, and transaction costs that had traditionally prevented investors from investing in gold.

The moves of the LBMA Gold Price PM have correlated with the moves of the SPDR Gold Shares in recent years (Figure 1).

Figure 1: LBMA Gold Price PM & SPDR Gold Shares Weekly Prices (USD)



Source: sgx.com/ETF, sgx.com/research, Bloomberg

SPDR Gold Shares are also traded on four other global exchanges, showcasing the global interest in this particular ETF. When the price of gold peaked in 2011, SPDR Gold Shares was briefly ranked the world's biggest ETF by assets under management (AUM). With almost 26 million ounces, or about 810 tonnes of gold in the trust and a unit price of US\$115.0 at the time of writing, the AUM of the trust is currently more than US\$33 billion. Singapore accounts for 70% of SPDR Gold Shares' Asian AUM.

The value of each unit is based on the price of 1/10 of an ounce of gold. Hence with the minimum board transaction quantity of 10 units, the minimum transaction size is equivalent to 1 ounce of gold. This means, at present prices, the minimum transaction of SPDR Gold Shares listed on SGX would be US\$1,150.0 (equivalent to holding 1 ounce of gold), not including transaction fees or the 0.4% total expense ratio associated with this ETF.

Even though the transaction size is relatively small, the typical transaction for the SPDR Gold Shares ETF is significantly bigger. The typical bid offer spread for the ETF is US\$0.10 with 1,000 units on both the bid and offer. For investors who wish to transact more than the implied US\$115,000 transaction value at market, market makers are active in the market and block trades can be conducted in sizes of at least 50,000 ETF units or a transaction value of at least S\$150,000. Please note that SGX currently waives clearing fees for ETF block trades (expiring 31 December 2017).

Gold Mining Stocks

Of the 16 mining stocks listed on SGX, three stocks, all listed on Catalist, focus on gold mining. They are CNMC Goldmine Holdings (5TP), Wilton Resources Corporation (5F7) and Anchor Resources (43E).

Headquartered in Singapore, CNMC Goldmine Holdings started operations in 2006 and is principally involved in the exploration and mining of gold and the processing of mined ore into gold dorés. CNMC Goldmine Holdings is currently focused on developing the Sokor Gold Field Project located in the Malaysian state of Kelantan. Spanning an area of 10 km², Sokor had 618,000 ounces of JORC-compliant gold resources (including ore reserves) as of 31 December 2015.



Wilton Resources is engaged in the business of exploration and mining of gold, and production of gold doré. The group's concession blocks, collectively termed the "Ciemas Gold Project", are located in West Java, Indonesia, and cover a total area of 3,078.5 hectares. As at 30 June 2016, the Ciemas Gold Project contains JORC-compliant estimated total mineral resources amounting to approximately 39,000 kg of gold (around 1,250,000 troy ounces).

Anchor Resources listed in 2016 and engages in the exploration, mining, processing, production, and sale of gold and related minerals. The company holds interests in the Lubuk Mandi mine and Bukit Panji property in Terengganu, Malaysia. It also provides mining consultancy services. As of 30 September 2015, JORC reported that the estimated total mineral resources for the Lubuk Mandi project amounted to approximately 115,000 ounces of gold.

CNMC Goldmine Holdings, the largest capitalised of the trio, achieved its first gold pour in 2010 and saw share trading volumes increase threefold from May 2016 to June 2016, then threefold again, from June 2016 to July 2016. Following the Brexit vote on 24 June 2016, the World Gold Council reiterated the diversifier role of gold, noting that it was fulfilling its classic role as a haven asset, with its history of maintaining low correlations to most other asset classes.



Geoff Howie is the Singapore Exchange's Market Strategist and is the author of the SGX My Gateway Report and Market Updates published at <http://sgx.com/research/>. He previously held lead broking and market strategist roles across the

Asia Pacific offices of a large international futures broker. He has also served as the Treasury Adviser to the Leader of the Queensland Liberal Party in Queensland Parliament. He has received a bachelor's and master's degree in Economics at the University of Queensland.



Creating New Markets, Enabling Accessibility: From Traditional to Digital



At a time when people are losing faith in political systems, precious metals now have a chance to play their unique role as safe haven investments. GoldSilver Central has launched several new products to enable customers to take charge of their gold, silver and platinum holdings and investments.

By Loh Mun Chun
Director, GoldSilver Central

The year 2017 looks to be marked by uncertainty as what we've come to know as the "new normal" gets disrupted again. For those following economic cycles, the timing couldn't be better as gold, having peaked around \$1,920/oz in 2011, looks set to swing out of the low of \$1,045/oz seen in 2015. During this time, GoldSilver Central has seen steady, robust demand for physical bars and coins in gold, silver and platinum.

Singapore has a pro-business environment stemming from pragmatic regulation and close collaboration between government and industry. Operating out of such an economically sound and financially stable jurisdiction allows us to focus on creating the best products to meet all your precious metals investing needs. As the premier precious metals hub in Asia, the appetite for buying physical gold, silver and platinum from Singapore and the demand for storage of these products remains strong.

As the premier precious metals hub in Asia, the appetite for buying physical gold, silver and platinum from Singapore and the demand for storage of these products remains strong.

GSC Live!

GSC Live! – the first (and probably only) spot physical deliverable precious metals trading platform, built on the widely popular MetaTrader4 (MT4), was launched in July 2016. Customers can now instantly buy and sell physical precious metals at real-time spot prices whenever they want with fully deliverable gold, silver and platinum contracts on GSC Live! The MT4 platform also lets customers buy into or sell out of their precious metals holdings using the full set of trading tools available on the MT4 platform (e.g. trailing stops, momentum indicators, etc.). GoldSilver Central customers looking for transparent, live streaming physical precious metals prices have been delighted by the straight-through processing capabilities and neutral real-time pricing of GSC Live!

GSC Savings Accumulation Program

GoldSilver Central's latest product offering is a savings and accumulation product that allows customers to acquire physical gold, silver and/or platinum in a gradual, cost-efficient manner. The use of dollar cost averaging allows customers to buy precious metals at regular intervals at a fixed amount in dollars, regardless of the current price of gold, silver and/or platinum. Everything is automated and at the end of the savings cycle, the coins or bars that have been accumulated are for the customers to keep. In the future, there will be gold jewellery and other gold items added to the product mix for customers to take home or even to wear.



Loh Mun Chun is a 26-year veteran of the precious metals industry. He is a Director at GoldSilver Central, which he co-founded in 2011, and heads its Private Wealth division. He began his career in 1991 at United Overseas Bank Singapore's gold department, where he worked on both retail and wholesale businesses. Mun Chun has also held positions at the Bank of Nova Scotia/ScotiaMocatta and Phillip Futures, and was SBMA's Honorary Auditor and Social Secretary from 1994 to 1995. Before launching GoldSilver Central, Mun Chun sourced and marketed physical precious metals at Commerzbank for 8 years.

A Golden Resurgence: Re-establishing Singapore as Asia's Precious Metals Hub



By Lester Lu
Divisional Director, Metals & Minerals, IE Singapore

In the early '70s, Singapore was an important location for the Asian gold trading community. Traders from the Far East congregated and converged on Singapore, tapping on its well-established trade infrastructure to reach international counterparties. Singapore's status as a gold trading hub reached its peak with the establishment of the Gold Exchange of Singapore (GES), which listed two gold futures contracts and maintained its own clearing house. This eminence, however, did not last long: a myriad of policy changes in the '80s and early '90s gradually eroded Singapore's competitiveness and diminished its relevance as a regional precious metals trading hub. With the introduction of Goods and Services Tax (GST) on precious metals in 1994, the trading community gradually moved to other pastures and Singapore lost its former lustre.

Singapore and its government however, remain progressive and forward-looking. Government policies are assessed and reviewed periodically to preserve Singapore's relevance on the global stage. Following one such assessment in 2010, International Enterprise (IE) Singapore, the economic agency spearheading the country's trade growth, envisioned Singapore's resurgence as Asia's precious metals hub.

In pursuit of this goal, IE Singapore first reviewed the policies responsible for diminishing Singapore's competitiveness, while proposing applicable reforms. On 1 October 2012, IE Singapore officers, with assistance from other ministries and agencies (including the Ministry of Finance, Inland Revenue Authority of Singapore, and Ministry of Trade lifted the GST on Investment-Grade Precious Metals (IPM). Since then, annual gold volume traded has grown rapidly from 911 tonnes in 2012 to 2,624 tonnes in 2015¹. In tandem, IE Singapore facilitated more discussions with bullion banks, refineries, wholesalers and secured logistics providers in an effort to build up the precious metals ecosystem. Finally, noting the industry's need for a consolidated voice and international representation, IE Singapore encouraged the Singapore Bullion Market Association to reprise its role as central body for the bullion industry. The SBMA currently serves as the touch point between government bodies and industry participants in Singapore, and the point-of-contact for foreign precious metals businesses looking to establish a Singapore presence.

Today, IE Singapore's efforts have yielded fruit. The number of precious metals traders in Singapore have increased, and secured logistics providers have set up operations here. In addition, the physical movement of gold arranged from Singapore has risen by 65% between 2014 and 2015 to over 200 tonnes². Metalor Technologies Singapore, the largest LBMA-accredited refinery in Southeast Asia in terms of capacity, began local operations in June 2014 and has since quadrupled its production of refined gold. SBMA has also begun expanding its regional networks and exposure of its members to business opportunities in new markets.

The physical movement of gold arranged from Singapore has risen by 65% between 2014 and 2015 to over 200 tonnes.

For all our achievements, these efforts in re-establishing Singapore's eminence in precious metals are but preliminary, especially when compared to other prominent bullion hubs such as London and Switzerland. Increasing the participant network, increasing traded volume and seeding price discovery are just some of the developmental initiatives we will pursue in the coming years. Working hand-in-hand with SBMA and the rest of the bullion community, Singapore's goal to be Asia's precious metals hub may very well be an imminent reality.



Lester Lu is from the Trade Group in IE Singapore, which aims to develop Singapore into a top global trading hub. His particular focus is on Metals & Minerals, including precious metals. He has held several positions in IE Singapore, most recently as Regional Director for Middle East & Africa, based in Dubai, where he conducted business development for Singapore-based companies expanding into the Gulf Cooperation Council (UAE, Qatar, Kuwait, Oman, Saudi Arabia, and Bahrain) and the rest of the Middle East and North Africa.

¹SBMA Precious Metals Survey.

²SBMA Precious Metals Survey.

Developments in the LBMA Gold Price



Since taking over responsibility for the London Gold Price in March 2015, ICE Benchmark Administration (IBA) has been at the forefront of developments in the gold market. In this article, COO Matthew Glenville, discusses the latest developments in the LBMA Gold Price.

By Matthew Glenville
COO, ICE Benchmark Administration

In 2015, IBA successfully transitioned the former London Gold Fix from a conference call to the independently administered, transparent and electronic auction process, which now underlies the LBMA Gold Price.

Running the Gold Auction

IBA runs two electronic, tradeable auctions each day at 10.30 a.m. and 3.00 p.m. London time for unallocated, Loco London spot gold. IBA publishes the price for the final round as the LBMA Gold Price. The price formation is in USD and the final price is converted into the benchmark in multiple currencies including Australian dollars, British pounds, Canadian dollars, euros, onshore and offshore yuan, Indian rupees, Japanese yen, Singapore dollars, South African rand, Swiss francs, Malaysian ringgit, Russian rubles, Thai baht, Turkish lira, and New Taiwan dollars.

When IBA took over responsibility for the LBMA Gold Price in 2015, we established an Oversight Committee to ensure the benchmark fulfils the needs of the market by evolving it based on market requirements and regulations. The Gold Oversight Committee includes a diverse cross section of the market, including benchmark users, market infrastructure providers, participants and representation from IBA.

Strengthening the Benchmark

IBA has grown the number of participants from four to 14, including four Chinese firms. Volumes have more than doubled and our first indirect participant recently joined, with more expected to follow in the coming months. Growing and diversifying participation in the gold auction, both geographically, and across the industry has been key to strengthening the credibility of the LBMA Gold Price.

Firms have several ways to participate in the auction:

- As a Direct Participant – Direct Participants can trade and settle with the other Direct Participants, and who usually place orders in the auction for their clients and for their own proprietary business.
- As a client of a Direct Participant – clients call or send in orders via Direct Participants.
- As an Indirect Participant – Indirect Participants are clients of Direct Participants, but they have their own screen to the system (WebICE) and manage their own order entry.



As the administrator, operating and supervising the auction is part of our daily routine at IBA. However, our role extends beyond the daily production of the benchmark price. We are continuously working to raise the credibility of the benchmark through increased participation and volumes in the auction, high quality benchmark administration, improved governance and oversight and looking at new developments which enable us to adapt to market needs.

New Developments in the Gold Market

In March 2017, IBA will introduce central clearing to the gold auction, marking the latest development in the LBMA Gold Price auction. Central clearing will be enabled by the ICE's new London Gold daily futures contract for Loco London Gold, which launched on 30 January 2017. The new contract trades on ICE Futures US and is centrally cleared through ICE Clear US while delivering unallocated Loco London gold.

In October 2016, in response to increased demand from Asian markets, we announced our plans to work with SBMA and LBMA on a feasibility study to run an additional auction to take place during the Singapore trading day. This auction would run to the same specification as the existing LBMA Gold Price auctions in London (see "How the LBMA Gold Price is Set").

In addition to the feasibility study, to reflect the growing interest in the gold market in the region, since November 2016, IBA has published the LBMA Gold Price benchmark in prices per ounce and prices per gram in the following additional currencies: Singapore dollars, Australian dollars, Canadian dollars, Swiss franc, onshore and offshore yuan, Indian rupees, Japanese yen and South African rand. In February 2017, IBA added the following currencies: Malaysian ringgit, Russian rubles, Thai baht, Turkish lira, and New Taiwan dollars.

More information on the LBMA Gold Price is available at <https://www.theice.com/iba/lbma-gold-price>.



Matthew Glenville is the Chief Operating Officer of ICE Benchmark Administration (IBA), an independently capitalised subsidiary of Intercontinental Exchange, Inc, which administers the following systemically important benchmarks: ICE

LIBOR, the LBMA Gold Price and ICE Swap Rate, and the ISDA SIMM Crowdsourcing facility. Prior to joining IBA in early 2014 Matthew spent seven years working for RBS and Bank of America. Matthew has a bachelor's and master's degree from Oxford University in Physics and Philosophy.



How the LBMA Gold Price is Set

The LBMA Gold Price benchmark is published twice a day using the price from the final round of each gold auction. The gold auctions start at 10:30 a.m. and 3:00 p.m. London time and are run on the WebICE electronic trading platform.

The auctions provide a market-based platform for buyers and sellers to trade unallocated Loco London spot gold. The price discovery is in USD and, at the end of the auction, the USD per ounce price is converted into the LBMA Gold Price in multiple currencies including: Australian dollars, British pounds, Canadian dollars, euros, onshore and offshore yuan, Indian rupees, Japanese yen, Singapore dollars, South African rand, Swiss francs, Malaysian ringgit, Russian rubles, Thai baht, Turkish lira, and New Taiwan dollars.

The auctions run in rounds lasting 30 seconds. At the start of each round, IBA publishes the price for that round and then participants enter their buying and selling volume. At the end of the round, if the difference between the buying and selling volume is within the imbalance threshold (10,000 ounces), then the auction is finished and the price is set. If the difference in volume is larger than the imbalance, IBA announces a new price and begins a new auction round.

Orders carry over from round to round and participants can cancel or adjust their orders at any time during the rounds. The minimum order size is 1 ounce, to allow client orders to be exactly represented. Participants can place as many orders as their business requires. Any imbalance is shared equally between the Direct Participants.

SBMA News

By Albert Cheng
CEO, SBMA

2016: A Recap

SBMA has been building its profile through various initiatives and projects over the past six months. Here are some highlights:

July 20-21: Trip to Myanmar organised by International Enterprise (IE) Singapore in conjunction with its Myanmar office and a key member of the SBMA. During the trip, SBMA introduced its role, mission and vision for the bullion industry in the ASEAN region. SBMA engaged key industry players such as the Central Bank of Myanmar, Chief Minister of Yangon, Ministry of Planning and Finance, and Ministry of Natural Resources and Environmental Conservation, to find out about the possibility of, and their interest, in expanding their business activities to Singapore. SBMA found out how it could aid their strategic development plans and/or help them establish a presence in Singapore.

August 10-12: Participated in the India International Gold Convention to introduce the Singapore initiative to Indian players and to talk about the Asian market.

October 7-10: Participated in the Australia Precious Metals Symposium in Sydney to introduce SBMA and the Singapore initiative to the Australian audience.

October 11: LBMA's newsletter, The Alchemist, published a two-page article on SBMA and the Singapore market (see <http://www.sbma.org.sg/wp-content/uploads/2016/11/ALCHEMIST.pdf>).

October 15-19: Supported the annual LBMA/LPPM Precious Metals Conference in Singapore. SBMA played a role in contributing to shaping the programme, inviting delegates from China and ASEAN, and provided local knowledge on logistics to the conference organising team from London.



From left, Albert Cheng (CEO, SBMA), Hawk Namiki (Executive Director, SBMA), Margaret Wong (Business Manager, SBMA) and Sunil Kashyap (Chairman, SBMA) at the LBMA/LPPM Precious Metals Conference.

October 16: Organised a half-day workshop, "Building a physical gold corridor – Singapore/Hong Kong/China Connect", in conjunction with the Chinese Gold & Silver Exchange Society (CGSE), Hong Kong, which attracted over 70 participants.



SBMA CEO Albert Cheng speaking at the CGSE workshop.

October 17: Announced the launch of the joint Pre-AM Gold Benchmark Feasibility Study conducted by SBMA, LBMA and ICE Benchmark Administration, an initiative supported by IE Singapore. The new price would complement the existing LBMA "AM" and "PM" Gold Price and make the benchmark prices truly global by bridging the gap between the close of the U.S. market and the opening of the London market.

October 19-20: Arranged meetings for the CEO of IE Singapore to visit one of our key members in Thailand to cement ties between Singapore and Thailand in the gold business, and to introduce the Thai gold business to a group of China gold market participants, including bullion houses, online platform and banks on possible business links between the two countries.

October to December: Ongoing revamp of SBMA website www.sbma.org.sg (website launched on 14 October).

December 1: CEO Albert Cheng represents SBMA at LBMA's 15th Biennial Dinner in London, UK.



From left, Ruth Crowell (CEO, LBMA), Dr Paul Fisher (Co-Chairman, LBMA) and Albert Cheng (CEO, SBMA) at LBMA's 15th Biennial Dinner.

Upcoming Events

19–22 March 2017. London, UK.

LBMA Assaying and Refining Conference 2017

The conference, the seventh in the series organised by the LBMA since 2005, is designed to allow an exchange of views between technical staff of organisations interested in current issues relating to the assaying, refining and casting of precious metals, primarily covering gold and silver and also to provide them with information on the operation of the LBMA's Good Delivery system.

<http://www.lbma.org.uk/events>

27 March 2017. Singapore, Singapore.

Bullion Market Outlook 2017 Seminar

SBMA's first seminar of the year will see keynote speaker Nikos Kavalis of Metals Focus giving a brief review of the gold market in 2016 and the outlook for 2017, which will be followed by a discussion of other industry topics, and a networking session. Venue: Little Red Dot seminar room, IE Singapore, Level 10, Bugis Junction Tower, 230 Victoria Street. Please email info@sbma.org.sg for more details.

28–31 March 2017. Singapore, Singapore.

Mining Investment Asia 2017

Mining Investment Asia is a strategic mining conference and exhibition for the leaders of the mining, quarrying and construction materials industries, bringing together 800 attendees from 35 countries. The exhibition demonstrates the very latest in technology and solution innovations to mining industry buyers, while the conference includes speakers who are industry leaders that will provide new perspectives on key issues disrupting and innovating the mining sector, and share cutting edge content and insights on the mining landscape.

<http://www.mininginvestmentasia.com/>

5–6 June 2017. Singapore, Singapore.

Asia Pacific Precious Metals Conference 2017

The Asia Pacific Precious Metals Conference (APPMC) is the SBMA and International Enterprise (IE) Singapore's flagship event that aims at developing and strengthening a unified body in Southeast Asia for the bullion market.

<http://www.asiapacificpmc.com/>

Asia Pacific Precious Metals Conference (APPMC)

Join industry participants and stakeholders from the bullion markets of the 10 ASEAN countries and beyond on June 5-6 at the Asia Pacific Precious Metals Conference (APPMC) for two days of discussions, sharing of best practices, networking, and more.

The inaugural APPMC is a platform for developing and strengthening a unified body in Southeast Asia and Oceania for the bullion market. SBMA and IE Singapore welcomes the entire bullion fraternity to participate and share your views, inputs and suggestions to enhance the region's role in the global bullion market.

The conference will take place on 5-6 June 2017 at the Grand Copthorne Waterfront Hotel, Singapore.

We expect 200 delegates from the Asia Pacific region and around the world, with the majority from ASEAN markets. Through this platform, delegates will get to network with stakeholders from the bullion, jewellery and mining sector around the world. We encourage our members to contribute as a sponsor, speaker, exhibitor, or participate as a delegate. For more information, visit <http://www.asiapacificpmc.com>.