Crucible

By Singapore Bullion Market Association
MCI (P) 097/01/2018

SBMA
Issue 6 | June 2018

IN THIS ISSUE

Australia, Asia and Gold

By Nicholas Frappell
General Manager, ABC Bullion

As the world's second-largest producer of gold, Australia, conveniently located near to centres of high demand, is almost perfectly positioned to support the Asian market. In 2017, just over 2,000 tonnes of physical gold were consumed in markets within a 12-hour flight from major Australian cities, with domestic production taking place in one of the most secure and environmentally conscious nations on earth.

Trade statistics show that approximately 90% of Australia's physical gold exports went to Asian countries in 2013–2015. However, this share fell to 59% in 2016. Conversely, gold exports to the United Kingdom, the terminal market for OTC gold, hovered around 2.5–4.5% between 2013 and 2015, before jumping to 39% in 2016. This reflects the supply overhang of secondary material in local markets, and a 290 metric ton decline in demand in China, Hong Kong, India and Thailand between 2015 and 2016, which led to a sharp decline in the gold premium in local markets.*

Data: World Gold Council.

Overview of the Australian market

The Australian market has a healthy demand for physical gold and silver, given its relatively small population. Precious metals, provided they are investment grade, are exempt from GST. The strong increase in the price of AUD gold over the past 15 years continues to attract domestic investors, with local demand supported by the large Chinese, Vietnamese and Indian communities living in Australia, who maintain a keen appreciation of gold and consume small gold bars, including tael-sized cast bars.

The second feature of the Australian market is the "superannuation" or pension sector. In Australia, all workers are required by law to save 9.5% of their income in a superannuation fund, which they cannot access until they retire. People saving in a superannuation fund can create self-managed superannuation funds (SMSFs), which are tax-advantaged savings structures that allow savers to hold physical gold and silver as a portion of their retirement portfolio.

ABC Bullion and our sister company Custodian Vaults play a crucial role by distributing our allocation bullion products, as well as our investment bars to SMSF investors, the vast majority of whom then choose to vault their bars at Custodian, as legislation requires that investment bars held as part of their investment portfolio must be in secure storage.

The total amount of funds managed within the "super" sector is already over A$2.5 trillion, making it one of the largest pools of retirement capital in the world. It will only continue to grow, with accounting firm Deloitte estimating that funds under management will hit A$4 trillion by 2025, and A$9.5 trillion by 2035. SMSF investors are currently the largest share of this market, which has huge potential for domestic physical gold demand, especially given record low interest rates in Australia and a softening local housing market.

Australian dealers also enjoy a growing international client base as buyers seek geographic diversification of metal holdings in secure and politically stable locations with no sales tax applied to gold and silver investment bars.

How do Australian dealers support the Asian market?

Australian bullion dealers serve the market in several ways. Certain Australian banks that are licensed to import gold into China help channel demand at a macro level, and provide additional liquidity to the Shanghai International Gold Exchange from time to time, as well as providing financing facilities to enable miners and refiners to process through-put before bars even reach Asian shores. Crucially, ABC Refinery, the exclusive producer of ABC Bullion, is one of only two Australian refiners that meet the stringent SGE quality standard and enjoy LBMA Good Delivery status.

Apart from making cast bars designed to local requirements, Australian refiners are busy making minted products suitable for Asian consumers, with Lunar-series coins, Diwali coins, and in the case of ABC Bullion, a beautiful minted tablet available in 10 and 20-gram sizes that are designed for the Islamic gold investor.

With almost 250 million Muslims living in Malaysia and Indonesia, this is another segment of the market with great investment potential. The question is: what products are best suited to meet the demand in these markets?

It is well known that demand for gold, particularly in Asia, includes demand for high-karat gold jewellery, which is why ABC Refinery and ABC Bullion are members of the Pallion Group – a vertically integrated precious metal consortium that also creates custom jewellery, fabricated precious metals and jewellery supplies. Pallion supports the Asian market by providing a comprehensive, ethically sourced, product range, to meet the varying consumption preferences of Asian consumers. As with any business, it is all about giving the customers what they want and gold is no different.

Nicholas Frappell is General Manager of ABC Bullion. Prior to joining ABC in Sydney, he worked for Mitsui & Co. Precious Metals Inc., in Hong Kong and London, Triland Metals and RBS Sempra Commodities, and Sumitomo Corporation in Tokyo, after starting in precious metals at Bank of Boston in London.

LMEprecious – New Opportunities for the Asia Pacific Precious Metals Market

David Mears provides an update on London Metal Exchange's LMEprecious one year after its launch, and explains what he sees as opportunities for the Asian market as volumes grow.

By David Mears
Assistant Vice-President, Precious Metals Market Development, London Metal Exchange

London Metal Exchange (LME) launched LMEprecious, which offers loco London spot pricing, together with daily and monthly futures for both gold and silver, in July 2017 in response to market demand and in close consultation with key precious metals stakeholders. This suite of exchange-traded and centrally cleared precious metals products delivers greater choice for market participants and modernises the gold and silver markets to better reflect the needs of global players in precious metals markets.

To develop LMEprecious, LME worked with a group of leading industry participants who were committed to providing a London based centre of liquidity, reinvigorate the market, and remove barriers to trading based on counterparty credit lines and establish transparency in a forward curve that stretches out to five years.

For many banks in particular, this provides significant capital savings, operational efficiencies and streamlined trade reporting.

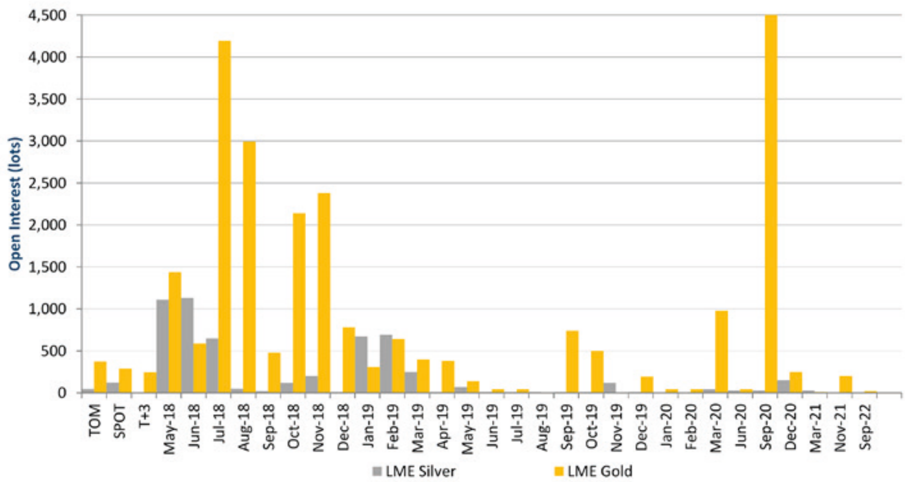
Volume and Open Interest

LMEprecious launched on 10 July 2017 and by the end of 2017, the LME Gold contract had seen 1,989 tonnes of gold traded, making LME the fourth-largest global gold futures exchange for that period. Silver also saw strong volumes with 14,870 tonnes traded in 2017.

The growth of open interest (OI) has been an equally impressive story, with LME Gold and LME Silver at 30,000 lots and 5,000 lots (93t and 777t) respectively in the first four months of 2018 (Figure 1). The ability to trade liquid on-screen monthly contracts across the curve has seen considerable longer-dated open interest OI develop, with approximately 80% of OI beyond the first monthly date and significant OI out as far as 3.5 years forward.

The rapid establishment of trading volume and open interest serves to validate the drivers behind the contracts and demonstrates the commitment of the market to trade on-exchange and clear centrally.

Figure 1: LMEprecious open interest



*As of 24th April 2018

Opportunities for the Asian market as LMEprecious volumes grow

Loco London gold remains an integral part of global physical bullion trading. Most loco swaps are priced relative to loco London (loco London +/- USD per ounce) and many end users utilise loco London accounts to manage their bullion trading and hedging.

LMEprecious provides an additional deep source of liquidity to hedge outright loco London risk. On-screen spot liquidity is impressive with at least 100 lots of spot gold both sides and top of book consistently 20c wide. There is also a 60% margin offset between gold and silver for those who have exposures in both metals.

The benefits of trading on-exchange and clearing centrally, as outlined earlier, translate into deep liquidity on-screen right out to five years forward. This creates a vital source of liquidity for market participants looking at curve dynamics and opportunities further out. Indeed we have seen trades executed on-screen out to 3.5 years forward.

LMEprecious also offers a closing price curve each day based on trading activity on LMEselect, providing a transparent forward curve for the market. Feedback from a range of precious metals market participants across the value chain – including producers, refiners, banks and financial institutions – has been very positive.

Another key benefit for the Asian market is the increased transparency that LMEprecious provides. Real-time prices are available via the major market data vendors, and from this summer the data will be freely available on LMElive – LME's own market data platform. This means anyone around the world will be able to have free access to real-time spot order book data and a streaming forward curve out to five years on their desktop or mobile device!

This is hugely valuable to market participants whether they are traders, producers or consumers looking to hedge, roll positions and manage risks.

The increasing internationalisation of the gold market also provides trading opportunities for market participants looking to manage basis risk or take a view on regional supply and demand dynamics. To this end LMEprecious provides a transparent, liquid, on-screen solution to trade in combination with other exchanges across the globe. Some brokers are already offering margin offset against gold positions traded on other major exchanges.

A golden era for global bullion trading

In response to client demand from Asia, in June 2018, LME will launch a liquidity provider programme to cover the period from 1 00 a.m. to 8:00 a.m. London time. Increasing liquidity during this crucial period crystallises many of the benefits described above for the Asian market; indeed most other exchanges see a significant share of trading during this time window.

Further ahead this year, LME will be looking to improve access for registered intermediating brokers (RIBs), notably offering system access so they can broker trades for clients and members on an anonymous basis and enter trade details.

Next on the agenda this year is trade-at-settlement functionality. This will constitute separate order books to allow buyers and sellers to match and trade at (or at a number of ticks above or below) a yet to be defined LME settlement or reference price. After this, LME is expected to launch gold and silver options, and then platinum and palladium futures in 2019.

Edited by Alex Shaw

David Mears is an Assistant Vice-President in the Precious Metals Market Development team at the London Metal exchange. He previously worked as an Associate Director in Commodities Sales at Standard Chartered Bank covering the precious metals clients globally. He has a BA in Chinese and Economics from London School of Oriental and African Studies (SOAS).

Alex Shaw is responsible for the development of the LMEprecious product suite and the LBMA Platinum and Palladium Price Discovery Process. Prior to joining the LME, he was a Strategy Consultant at Monitor Deloitte, where he led projects across financial services. Alex started his career with Accenture and Korn Ferry. He holds an MBA from INSEAD and an MA (hons) from the University of Cambridge.


SUISSE
10 OUNCES
FINE GOLD
999.9
ESSAYEUR
FONDEUR
C004909
3
TROY OZ
999 SILVER
SUISSE
100 g
999.9
1 OZ OR PUR

Building a Belt and Road Gold Corridor in Asia

CGSE explains how it is facilitating settlement and creating arbitrage opportunities for physical gold and CNH between various gold and CNH pools at different locations (Hong Kong, ASEAN and countries along the Maritime Silk Road).

By The Chinese Gold & Silver Exchange Society

The Belt and Road Initiative, BRI in short, is a cultural and economic strategy proposed by Chinese President Xi Jinping in 2013. It is described as a gigantic project aiming to connect over 65 countries in Asia, Europe and Africa along land and sea trade routes, known respectively as Silk Road Economic Belt and Maritime Silk Road.

The collaborative effort will be focused on infrastructure building, financial connectivity, and disentangling commercial disputes between fellow countries.

Both Hong Kong and Singapore, given their exceptional geographic locations, well-developed financial and legal systems, and their functions as key offshore Chinese renminbi (CNH) clearing centres, are well placed in Asia to facilitate and support the initiative.

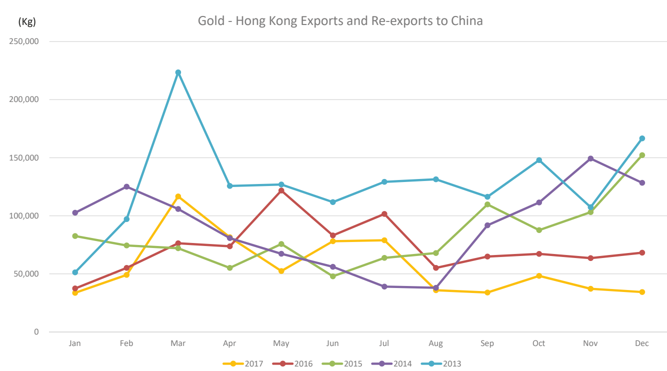
China has been the fastest growing gold market and largest importer of gold in the world. The estimated volume of gold import is 1,000 metric tons in 2017.

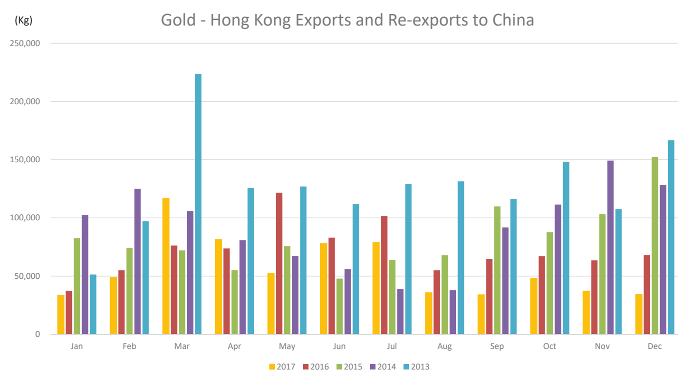
What is Qianhai Gold and how does it work?

Qianhai Gold are contracts traded and settled in CGSE's clearing system in Hong Kong. CGSE sees the great opportunities offered by the ever-growing Chinese gold market together with the setting up of the Qianhai free trade zone, the Belt and the Road initiative and the Greater Bay economic co-operation circle. CGSE, therefore, envisages the establishment of a well-regulated CNH-denominated gold trading platform in Hong Kong designed and geared particularly to take advantage of all its strategic benefits to further promote gold trading in and between China, Hong Kong and the rest of the world.

Plans for the new trading platform are underway. The main features of the system as envisaged are as follows:

- Contract settled with 9999 Kilo bars and CNH.
- Each contract will be backed by the full amount of gold and CNH.
- Central clearing system for all contracts among members.
- Selected banks from China, Hong Kong and Macau will take part in the settlement process.
- Central reserve of collaterals in gold and/or cash as security for the performance of contracts traded on the platform to afford protection to participating members.
- Introducing gold lending and financing facilities to facilitate and encourage trading on the platform.
- Provision of vault storage facilities in Hong Kong and Qianhai by CGSE to facilitate settlement and physical delivery of gold under contracts traded and cleared on and by the clearing platform.
- Set good delivery standard with accredited and approved list of refineries.





Gold - Hong Kong Exports and Re-exports to China

2013	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exports (Kg)	8,134	25,176	42,070	15,213	9,209	6,249	16,449	13,170	12,816	18,374	25,297	19,196
Re-exports (Kg)	43,169	71,930	181,449	110,502	117,740	105,469	112,783	118,204	103,490	129,548	82,060	147,448
Exports and Re-exports (Kg)	51,303	97,106	223,519	125,715	126,949	111,718	129,232	131,374	116,306	147,922	107,357	166,644

2013 Full Year 1,535,145 Kg

Gold - Hong Kong Exports and Re-exports to China

2014	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exports (Kg)	13,795	9,427	14,937	16,860	10,260	8,463	9,437	7,200	15,399	20,678	23,522	22,174
Re-exports (Kg)	88,842	115,577	90,918	63,957	56,973	47,584	29,508	30,772	76,346	90,731	125,713	106,231
Exports and Re-exports (Kg)	102,637	125,004	105,855	80,817	67,233	56,047	38,945	37,972	91,745	111,409	149,235	128,405

2014 Full Year 1,095,304 Kg

Gold - Hong Kong Exports and Re-exports to China

2015	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exports (Kg)	5,686	6,470	6,718	4,095	6,687	9,814	15,230	9,948	8,265	9,999	21,584	24,543
Re-exports (Kg)	76,840	67,927	65,361	51,054	69,043	38,047	48,535	57,916	101,521	77,661	81,503	127,615
Exports and Re-exports (Kg)	82,526	74,397	72,079	55,149	75,730	47,861	63,765	67,864	109,786	87,660	103,087	152,158

2015 Full Year 992,062 Kg

Gold - Hong Kong Exports and Re-exports to China

2016	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exports (Kg)	10,099	23,546	35,116	50,105	58,764	32,583	45,078	23,190	9,677	1,660	6,407	8,999
Re-exports (Kg)	27,276	31,534	41,149	23,607	62,946	50,459	56,516	31,856	55,149	65,505	57,101	59,154
Exports and Re-exports (Kg)	37,375	55,080	76,265	73,712	121,710	83,042	101,594	55,046	64,826	67,165	63,508	68,153

2016 Full Year 867,476 Kg

Gold - Hong Kong Exports and Re-exports to China

2017	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exports (Kg)	2,129	2,356	5,541	4,406	2,490	5,463	3,677	3,168	3,376	1,556	3,309	879
Re-exports (Kg)	31,493	46,670	111,139	77,069	49,956	72,558	75,227	32,682	30,562	46,632	33,812	33,447
Exports and Re-exports (Kg)	33,622	49,026	116,680	81,475	52,446	78,021	78,904	35,850	33,938	48,188	37,121	34,326

2017 Full Year 679,597 Kg

Gold - Hong Kong Exports and Re-exports to China

2018	Q1			Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Exports (Kg)												
Re-exports (Kg)												
Exports and Re-exports (Kg)	0	0	0	0	0	0	0	0	0	0	0	0

2018 Full Year 0 Kg

CGSE is in the final stages of discussions with various stakeholders on the technical and other details of setting up the clearing and settlement platform, including settlement banks, CGSE members, bullion traders, vault operators, system solution experts, and more. It is expected that the plans will be finalised in the coming months and that implementation will begin as soon as possible.

CGSE foresees that the new infrastructure will benefit the gold markets not just in China and Hong Kong, but also all countries engaged in gold trading in Asia. In particular, they include ASEAN countries and countries along the Belt and the Road. The advantages and benefits offered by the new system include:

- A better regulated and organised clearing and settlement system with international credibility.
- CNH-denominated trading to utilise the huge CNH overseas deposit (estimated at RMB 700 billion); trading activities to increase demand for and release of more CNH and activate the CNH market, which in turn would enhance trading volume.
- Banks engaging in settlement can develop their transaction banking activities and credit and financing business. In the long run, this helps in the greater integration of onshore renminbi and the gradual internationalization of renminbi and the Chinese gold market.
- Facilitating the delivery and import of gold into China, especially the Shenzhen area, with a future plan to set up a bonded warehouse in Qianhai. This would reduce storage and transportation costs, facilitate arbitrage, location swap and product swap of gold in different countries in the region.

- Enhancing the utilisation and consumption of CNH into gold trading business by international traders and bankers.
- Collaterals to afford degree of protection and risk covers.
- The platform operates in Hong Kong, where common law applies and Hong Kong courts have jurisdiction and can apply to the International Arbitration Tribunal.
- Hong Kong is a free trade economic region, so there is no tax levy on the import and export of all precious metals and there is no constraints on foreign currency trading and settlement.

In summary, the new Qianhai contract aims to integrate clearing, settlement, financing and storage under one system in which participants will conduct business in Hong Kong, a free trade port with no barriers tariffs on imports and exports, under a common law legal system.

About The Chinese Gold & Silver Exchange Society

The Chinese Gold & Silver Exchange Society (CGSE) was founded in 1910 and is the only legally recognised physical gold exchange in Hong Kong. CGSE oversees the trading and settlement of gold trading in the Hong Kong gold market, one of the most vibrant gold markets in the world. The average daily turnover of the existing CGSE trading platform averages approximately 250 tonnes of gold, worth roughly US$10.2B in money terms.

Working Together to Achieve the Mutual Benefits in the Golden Era

By Wang Zhenying
President, Shanghai Gold Exchange

With gold market activity moving from West to East, the potential of China's gold market is immense. As the main hub of China's gold market, Shanghai Gold Exchange (SGE) is facilitating a move towards its liberalisation and is encouraging innovation to allow wider participation in the gold market.

The global gold market in its important stage of development

The global gold market is entering an important stage of development. While it is a mature market, it is still incomplete and there is room for further development.

Global macroeconomics in the post-financial crisis period can be characterised as "four highs and Four lows"; of which the "four highs" are high liquidity, high leverage, high asset price, and high risk; and the "four lows" are low interest rates, low investment, low inflation, and low growth rates. The outbreak of the global financial crisis has highlighted the shortcomings of national currencies. Time after time, central banks had to release large amounts of liquidity into the financial system in order to keep the economy afloat. While there are several reserve currencies, the global financial market is currently seeking an anchor of value.

The deflation during the Great Recession, from 1929 to 1933, resulted in the first dramatic adjustment of the global financial system and initially started the process of anchor seeking. The US Gold Reserve Act of 1934, which resulted the associated relationship between gold and the US dollar, the key currency of the world, was the first attempt to find a value anchor after the industrial revolution.

Later, Western economies entered a period of stagnation brought about by trade wars, a reduction in international trade, and the oil crisis. The US finally ended the convertibility of gold to the US dollar in 1971 – an event referred to as the "Nixon shock", which prompted the US dollar to become a reserve currency, and for other fixed currencies to become free-floating.

The birth of cryptocurrency was another significant event in the world after 2008. Among them, the most well known is bitcoin, introduced in 2009. In 2011, it traded at 1BTC = US$0.30, and it now trades for approximately 1BTC = US$8,000, though it has reached nearly 1BTC = $20,000 in the past year. Why has the bitcoin grown so dramatically? We believe the main reason is that the market is seeking the value anchor of the currency. However, due to its various defects, bitcoin has not been able to play a more qualified role in the financial market. The advantage of gold, on contrary, is its massive consumer base and use in jewellery and a wide range of products.

Given the backdrop of inflation and financial instability, gold's role as a value anchor has been growing. From a long-term perspective, the price of gold shows a positive correlation with the long-term M2 and M2/GDP of major global economies and its acceleration. Its trend is essentially a monetary phenomenon, which will maintain the growing attitude along with the increasing total volume of the global currency supply. According to historical data of the US economy, the average monetary growth was only 6 percent in the past 100 years, while the actual economic growth was 3 percent. The extra 3 percent the premium of gold to the dollar, which supports the role gold has been playing as the global value anchor.

China's gold market, the blueprint of the future development

In 2017, China's gold market continued to grow while global financial markets experienced a relative downturn. The total gold consumption in China was 1,089.07 metric tons in 2017 – a 9.41% increase compared to the year before. In particular, the total jewellery consumption was 696.5 metric tons – a 10.35% increase compared to 2016, while the total gold bar consumption reached 276.39 metric tons – a 7.28% increase compared to 2016. SGE's total gold contract transaction volume in 2017 was 50,043 metric tons – an 11.54% increase compared to the year before. The total turnover reached RMB 14.98 trillion, showing a 1.98% increase compared to 2016.

SGE's transaction volume ranks among the top exchanges globally, buoyed by the tremendous capacity of China's gold market, and is a reflection of China's economic progress in the past 40 years. Accompanied by its economic growth, the country now has the world's largest middle class – which is pushing the demand for gold and gold investment products. Chinese people have a culture of gold consumption and investment, so there is immense market potential as wages and GDP continue to grow, and living standards continue to rise.

New gold financial products are important in encouraging domestic citizens to hold the precious metal. The recent weakness that exists in the gold market is because of its focus on profit – of either the price rise or the price premium. However, it is necessary for any financial product to have two characteristics: premium rate of return and cash flow yield. This is why we should consider the development of gold derivative products and to improve its profitability during the holding period. China will continue to expand both the depth and the width of its gold market, enrich derivative financial products that are based on gold, and provide a more diversified way to manage such assets.

Further developments of SGE

SGE is accelerating its pace of participation in the global market by its reform and innovation. SGE has created a strong foundation for future product innovation based on the comprehensive services it provides the market. It offers a full-function trading system, a range of product categories, maintenance of market liquidity, the multi-layered structure of the market participant, and a complete set of trading modes, including price matching, price asking, the Shanghai Gold Benchmark Price, and quotation, which will be launched in the near future.

SGE is also combining two strategies – "bring in" and "go global" – to strengthen the integration of its trading rules with the global market, bring corporate social responsibility in line with international norms, and to diversify its trading products in accordance with international standards. With such measures in place, gold trading has the potential to become an important pillar in the development of China's gold market and will make investing in China's gold market crucial to wealth accumulation.

Wang Zhenying is President of the Shanghai Gold Exchange (SGE) and Vice President of Shanghai Finance Institute. He has worked in different sections of the People's Bank of China (PBoC) and was the deputy director of the Financial Market Management department and director of the Financial Survey & Statistics department at the bank's Shanghai head office. He is the author of Principles of Trading Economics (2016), in which he systematically proposed the principles of trading economics, making creative amendments to the mainstream theories of economics. This book is considered to have provided Chinese wisdom and solutions to the evolution of economic theories.

INTL FCStone®

Commodities Global Payments Foreign Exchange Securities

About INTL FCStone

Bullion services

- Physical trading
- Ability to price and make payments in foreign currencies
- Margin trading
- Location swaps (multiple)
- Storage and vaulting
- Risk management
- Futures clearing and execution
- Contractual off-take and supply agreements

Deals in

- Refined products such as LBMA, non-LBMA bars (large bars, kilo bars, 100 g bars)
- Semi-refined products and doré
- Scrap
- Off-take arrangements

Other services in Singapore

- Global payments (175 countries)
- Commodity hedging for dairy, grains, oilseeds and softs

Memberships (Asia & London)

- London Bullion Market Association
- London Platinum and Palladium Market Association
- Clearing and Execution Members of the CME
- London Metal Exchange
- Singapore Bullion Market Association
- Market Making Members of the Dubai Gold and Commodities Exchange

Parent company

INTL FCStone Inc.

Nasdaq

INTL

Total assets

US$6.24 billion

Markets traded

- Grains/Oilseeds
- Metals
- Securities
- Energy
- Dairy
- Renewable Fuels
- Softs
- Meats/Livestock
- Forest Products
- Currencies
- Financial Futures

INTL FCStone – Supporting the Bullion Market's Growth in Asia

INTL FCStone's established its Asia hub in Singapore in 2006, with the aim of adding value to the Asian precious metals market and connecting players in the region to global market opportunities. The company provides customers unrivalled support through funding, risk management, logistics, storage solutions, premier customer service, product offerings, and assistance developing innovative risk management solutions.

The company also offers clients electronic access to both margin and physical trading for precious metals including the opportunity to buy and sell bullion in non-USD currencies such as SGD and AUD via our online trading platform, PMXecute, or by calling the Singapore dealing desk.

INTL FCStone is also a Direct Participant of the London Gold Auction, a Direct Participant of the London Silver Auction, and a Market Maker for the Dubai Gold & Commodities Exchange (DGCX) sharia-compliant Spot Gold contract.

Connecting Asia to global market opportunities

On the back of demand from the region, the company has expanded rapidly in the past decade – adding offices in Hong Kong, Shanghai, Beijing and Sydney – though Singapore remains its regional hub and is home to its key operational, logistics and risk management teams.

"We recognised early on the need to serve an expanding global customer base and had spotted gold's migration from West to East. INTL FCStone has therefore enjoyed an exciting decade-plus of growth in Asia", the company's Head of Precious Metals – Asia, Martin Huxley, said.

"Asia's precious metals market infrastructure, particularly in Singapore, has both expanded and improved, quite dramatically in recent times. This infrastructure supports a vibrant gold market that offers a range of spot trading capability or listed contracts and a sophisticated investing public interested in taking advantage of the benefits offered by investing in physical gold", he added.

Serving the Wealth Management Market

As Asian economies transition, combined with maturing High Net Worth Individuals market, as well as rapid growth in the emerging HNWI population, INTL is continuing to expand its activities in the wealth management sector.

Today, INTL FCStone's precious metals team in Asia delivers market access to all of the key regional markets, and includes speakers of Vietnamese, Thai, Bahasa, Mandarin and Cantonese.

"We offer wealth managers and their HNW clients high-quality standards as well as financial stability. As well as opening doors to HNWIs we have been expanding our connections to the wealth management industry. The rise of Asian economic might and the region's vast growth potential all add up to an excellent opportunity", Huxley said.

PMXecute®

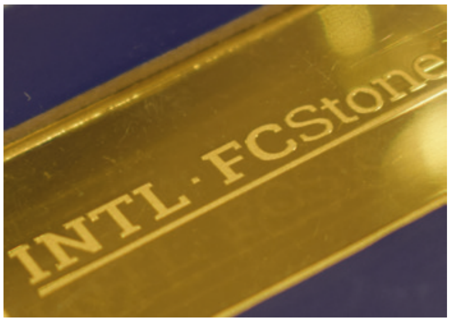
A product of INTL FCStone

Bringing bullion trading into the 21st century

INTL FCStone provides its clients with quick and convenient electronic access to the global precious metals markets via two proprietary trading platforms: PMXecute® (margin trading platform) and PMXecute+® (web-based physical gold trading platform). Both deliver trading experiences that are simple, reliable, intuitive and secure.

PMXecute+® is world's first premium-based platform connecting consumers and suppliers of physical gold. This online platform brings transparency in buying physical gold, allowing clients to select a location, to view exactly what is on offer in all locations, choose the brand, and select the product. Up to Q1 2018, the platform has connected over one hundred accounts with accredited refineries and active traders.

PMXecute® is INTL's electronic trading platform providing clients with real-time competitive pricing in both precious metals and foreign exchange. It offers live position analytics and easily accessible margin monitoring are easily accessible. Clients have access to liquidity across all time zones, virtually 24 hours a day with order functionality that can be tracked and viewed in real-time.

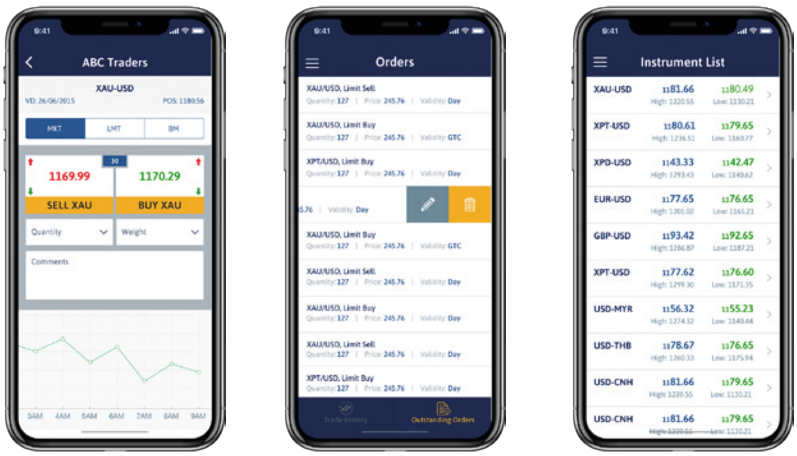


Our technology and online platforms can automate and accelerate interaction with customers, improving market access, transparency and efficiency.

In June 2018, PMXecute® will be available on mobile with an easy-to-use app, giving customers unrivalled access to markets wherever they are.

"INTL believes that modern technology should provide customers with free, direct and real-time access to precious metals across the globe, including products offered through our global network of supply partners. Our technology and online platforms can automate and accelerate interaction with customers, improving market access, transparency and efficiency", Mr Huxley said.

Contact
Martin Huxley
INTL Asia Pte Ltd
#12-62 Tower 2
One Raffles Place
Singapore 048616
Tel: +65 6309 1000
Email: martin.huxley@intlfcstone.com
Web: www.intlfcstone.com



Transforming India's Gold Market

By Sameer Patil
Head - Business Development, BSE

Gold is intertwined with India's way of life. The precious metal has a very important place not just in the country's cultural milieu, but also its economy. This public's close relationship to gold may be viewed not just from the perspective of tradition but in economic terms as well.

Indians have always invested a portion of their savings in gold and other precious metals. The average Indian household saves over 20 percent of its annual income in the form of gold and silver ornaments. India is the world's second-largest gold market, with around 800 tonnes of domestic demand per annum, which accounts for around 25 percent of global demand. India's appetite for gold is met largely through imports, with less than 1 percent coming from local mining and about 10 percent from recycling.

Considering that gold is a hugely popular investment vehicle in India, there is an urgent need for a uniform and regulated market mechanism to facilitate its trading. However, the Indian gold market is extremely fragmented, with prices varying significantly across channels and locations.

Modernising India's gold market

As the global gold market continues to shift from the West to the East, many Asian countries including China, Singapore and the UAE have set up global-scale physical infrastructure to cater to the growth in demand in the region. Gold exchanges and related infrastructure set up by these countries appear to have greatly enhanced the efficiency of their gold markets.

India, moving in the same direction, has initiated various gold market reforms. BSE, Asia's oldest stock exchange and the world's fastest exchange with a speed of 6 microseconds, is contributing in various ways to advance the country's gold market reforms and initiatives.

Sovereign gold bond schemes

India's sovereign gold schemes, which include the gold monetisation scheme and the sovereign gold bond (SGB) scheme, are initiatives to reduce the country's gold imports and allow gold that is lying idle with individuals to be used as an easily accessible financial asset.

SGBs passively track the price of gold and hence functions as an investment equivalent to holding physical gold. BSE is acting as a receiving office, and aggregates applications and the transfer of funds. BSE also provides a secondary market platform for investors who wish to sell these bonds before the maturity, if held in demat form.

Gold spot exchange

India, despite being one of the largest consumers of gold in the world, plays a relatively small role in the global bullion market and in the process of determining the price of gold. Setting up a bullion spot exchange would lead to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling. BSE is preparing to launch a bullion exchange for gold that can address lacunae in the gold market. The spot exchange would create a vibrant gold ecosystem in India commensurate with India's large share of global gold consumption.

Trading platform for commodities derivatives

The Securities and Exchange Board of India (SEBI) has approved the created of an integrated platform for trading in equities, currency and commodities by October 2018, essentially creating a universal exchange. When fully implemented, this would provide a highly regulated, safer and more transparent trading, clearing and settlement framework that would facilitate trades for participants in various markets. With this, BSE hopes to offer commodities derivatives segment to complement its gold offerings.

Global Financial Centre in India

BSE opened India International Exchange IFSC Limited (India INX), the country's first international exchange, at the International Financial Services Center (IFSC), GIFT city, Gandhinagar, in January 2017. It has one of the world's most advanced technology platforms and operates for 22 hours a day to allow international investors to trade from anywhere across the globe. India INX offers trading in two variants of gold derivative contracts, the Gold Future and Option Contract and the Gold KG Future Contract, which have recorded significant trading volumes.

The way forward

With its efforts to modernise India's gold market, BSE should continue to play a pivotal role in growth and development of India's bullion market going forward, thus enabling gold to serve as a legitimate asset class for millions and for it to play a dynamic economic role.

By extending its platform for gold's physical market, gold derivatives and distribution of various gold schemes, BSE efforts will enable India to integrate better with global markets, which will allow the country to emerge as a key market for gold.

Sameer Patil is Head – Business Development at BSE. He has over 19 years of experience in the financial market and regularly speaks on precious metals in India and at global forums. He joined BSE in July 2015 to head its currency derivatives division, which is now the market leader in this segment and the preferred venue for trading CDX in India. He worked for MCX, India's top commodities exchange, from its inception for more than a decade as Senior Vice President – PKMT (Precious Metals) & Business Development.

Disclaimer: The views and opinions expressed in this article belong solely to the author, and do not reflect the view of BSE.

Canada's Mining Finance Ecosystem a Model for Late-Cycle Precious Metals Capacity Expansion

By Bart Melek
Director and Global Head of Commodity Strategy, TD Securities

Considering the Fed-driven roller coaster that gold, silver and platinum were riding over the past 12 months, nobody would be blamed for thinking the precious metals complex would be directionless over the next two years. Gold and its peers tended to drop sharply when the Fed was perceived to be hawkish, and they followed an upward trajectory any time the market envisioned monetary policy that was interpreted to be measured.

Given that the market is expecting at least three federal funds rate increases this year, with a sizable contingent of market watchers calling for four hikes and arguing for a shift in the dots to reflect that expectation, it is quite likely that the precious metals complex will be volatile for much of the year. But while this volatile cycle will no doubt be a fact of life for investors for a while yet, we judge that gold, silver and platinum should be well supported and follow a smoother upwards path starting sometime in the latter part of 2018. The reasons for this optimism is predicated on our view that real and nominal interest rates will not rise to restrictive levels, industrial and physical demand should improve along with a robust global economy, while a weaker USD and sliding mining supply should also help.

Since TD Securities expects gold to trend toward \$1,400/oz, silver to reach \$19/oz, and platinum group metals (PGMs) to break above \$1,150/oz by the end of next year, some new mining projects will look viable at reasonable discount rates. With the current mine project pipeline unlikely to keep up with projected physical demand growth, there also are likely to be upside risks to our price forecast and meaningful interest in new capacity investment.

We expect that there will likely be a need for new projects to assure long-term demand is met and to compensate for ore body depletions as many projects owned by senior producers mature (Figure 1). There will no doubt be a requirement to lift capital expenditures from today's dismal levels, spurred by the likely improvements in free cash flows and the need for many producers to show growth to shareholders (Figure 2). As such, Canada's successful mining finance ecosystem, which includes specialised equity markets, banks, technical, legal, mining and hedging expertise, which can help to finance and de-risk these projects and serve as inspiration for the global community.

Favourable outlook – a requiem for gold and friends not required

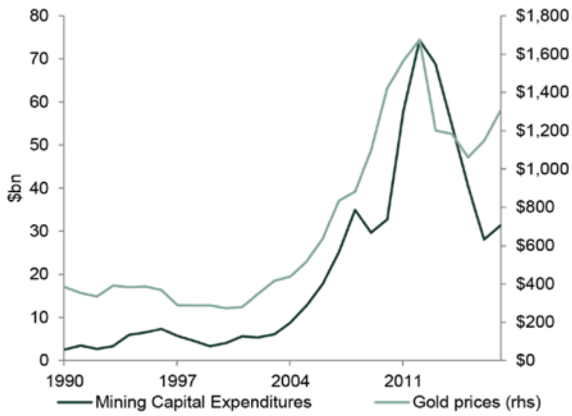
Notwithstanding recent gold and precious metals market corrections that pointed towards aggressive Fed tightening into 2019, we judge recent gold and precious metals market corrections and the associated volatility, which have been generated by relatively aggressive Fed tightening expectations into 2019, to be transitory in nature. Ultimately, the complex is projected to reach escape velocity, which should take gold toward \$1,400/oz, with silver reaching \$19/oz, and both PGMs breaking above \$1,150/oz by the end of next year, with an upside risk related to weak mine supply growth expectations.

The new Fed Chair Jerome Powell, whom some in the precious metals market expected to have a hawkish tilt toward monetary policy, is unlikely to be very keen to aggressively hike expectations for this cycle. While the US unemployment rate, at 4.1%, is consistent with full capacity, the Fed's favorite core inflation measure is still below target, and there are signs that the core CPI is not accelerating, wage growth is modest, and there are still too many

Figure 1: Silver Mine Supply Slowing

Source: Bloomberg, TDS Commodity Strategy

Figure 2: Need for Capital Expenditures To Maintain Growth



Source: Bloomberg, TDS Commodity Strategy

*CAPEX Based On Companies Listed on S&P500, Dow, TSX, FTSE

people who are not fully participating in the labour market – which suggests that there is no hurry to get restrictive. At the same time, the growth of internet retail, along with other technologically driven structural changes that are limiting corporate pricing powers, and a precarious work environment for many Americans suggest that wage growth is unlikely to aggressively accelerate for a while yet.

Conversely, there does not seem to be the imminent impetus for Mr Powell or Federal Open Market Committee (FOMC) members to signal a more hawkish tone into 2018. Recent talk of a potential global trade war in response to the Trump administration's steel and aluminium tariffs, which may precipitate a material slowdown in the US and across other world economies, also suggest that the Fed will tread carefully on rates. Central bankers may want to assess how elastic the economy is to higher rates at a time of sky-high debt levels before becoming convincingly more hawkish. The emerging idea that monetary policy should not react to a specific inflation target, but rather to a range, also helps to promote the "go-slow" approach.

Food for thought: after positive US data surprises since October, the market is starting to see disappointments in the US, with global data very much surprising on the negative. It may be that the market has priced in too many positives as a result of recent US tax changes and did not factor in less activity outside of America. Plus, the business cycle is getting very long in the tooth, with the yield curve flat as a pancake.

As 10y-2y, 30y-10y treasury yield spreads hover not too far above the point of inversion (Figure 3), there are many gold market observers who believe that the Fed may be headed towards a policy mistake. Conversely, it could also be that the 10-year and 30-year bond yields are also being artificially held down by retiring boomers, some of which are playing catch-up due to the Great Recession, as their money managers are seeking stable incomes and are matching duration to obligations.

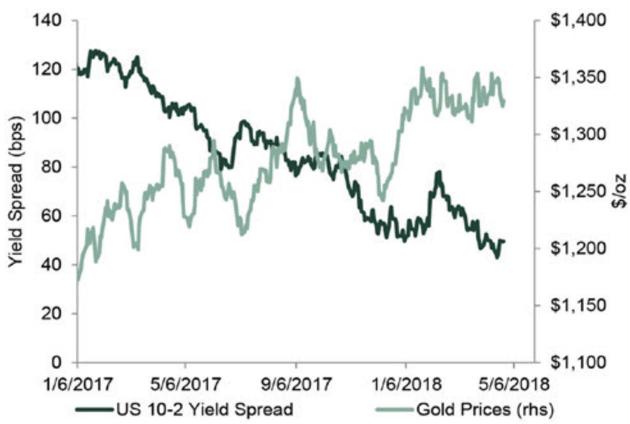
To the extent that the old saying that only bad policies cause recessions has any validity, in this case, monetary policy and the fact that the curve is flattening at a time when inflation is supposed to be accelerating, is troubling to many.

Notwithstanding the many central bank balance sheet and capital flow dynamics that are likely keeping long yields suppressed, this no doubt is a concern for FOMC members as well, just in case and despite the fact that they do not publically say it.

A "go-slow" approach on the part of the Fed as we approach the end of the US tightening cycle – a resulting weakening of the USD as other central banks such as the European Central Bank (ECB) ready themselves to remove the extraordinary monetary accommodation – should be quite supportive of gold and friends. This is in line with history — low carry and USD opportunity costs tend to push precious metals north on a sustainable basis.

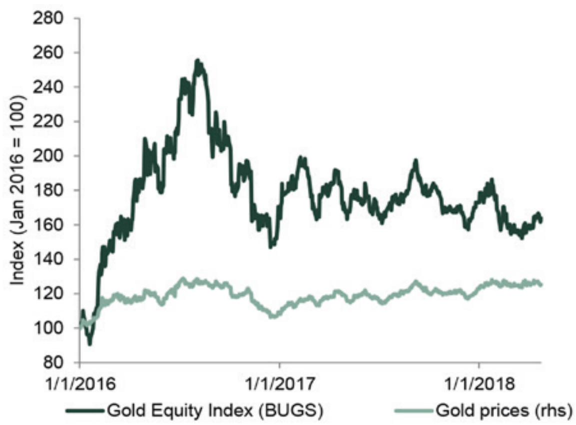
The significantly higher market volatility this year, with equities gyrating wildly, geopolitical and trade tensions increasing between the US, China, Russia and the Middle East should see the appetite for gold, silver and even PGMs grow as a hedge. And, there are the issues surrounding massive debt levels and growing deficits in the US and across the world, with many central banks and portfolio

Figure 3: Flat Yield Curve Supports Gold



Source: Bloomberg, TDS Commodity Strategy

Figure 4: Valuations Begin To Signal Interest in Gold



Source: Bloomberg, TDS Commodity Strategy managers rotating out of USD, which can help gold and the rest of the precious metals complex.

New projects are coming: Canadian ways can help

The low opportunity cost of holding precious metals due to modest real interest rates, a weakening USD, and firm investor demand means the fairly large precious metal inventories that are very characteristic of this market are unlikely to leak into the market to compensate for a weak mine supply profile. With more investors holding on to their gold, silver and PGM physical bullion, we should see a growing reliance on primary production to satisfy new investor and industrial demand.

Given that primary precious metals supply has been on the decline, as is the case of silver and platinum, or flat, as with gold and palladium, and given that few funded large projects are on the horizon, there is likely to be a scramble in the next several years to fund the supply expansions required to balance future demand. In addition, the proven and probable reserves for key senior gold and other precious metal miners have fallen sharply since 2011, and they will need to grow to re-energize valuations.

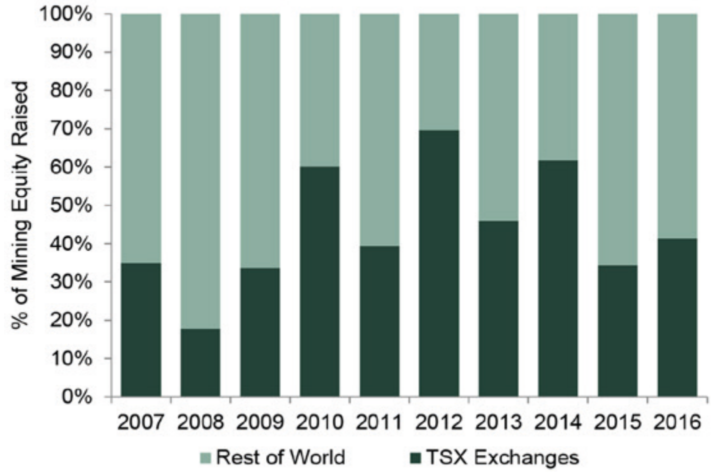
A strong mine financing ecosystem is required for this to be accomplished in a timely and cost-effective manner, especially now that raising capital traditionally is made more difficult by modest interest in the mining sector and a general lack of risk appetite for commodity projects in general. Although outpacing metal prices, equity valuations are not at the peaks they were during this stage of the previous commodity cycle (Figure 4). Generalist equity funds have relatively little interest in the mining space relative to where they historically were at this stage of the cycle, there are fewer specialist funds managing less capital, and the growing influence of a few specialized private equity funds is increasing the cost of capital.

This means that traditional sources of mining finance such as the bought-deal (which has investment dealers purchase stock from an issuer at a discount and then resell those securities to third-party investors) pioneered by Canadians, for example, has moderated relative to previous cycles. The risk that issuers will be unable to place all holdings has increased. For example, such risk was a contributing factor to the decline in value of Canadian secondary financings — down some 44% to $3.3 billion in 2017.

The market has shifted to relying more on private equity funds (which tend to focus on "shovel-ready" projects), streaming-based financing, royalties and senior mining companies making so-called strategic investments. As such, a strong mining finance ecosystem is more important than ever. The Canadian model can help fund and serve as a model during these difficult conditions.

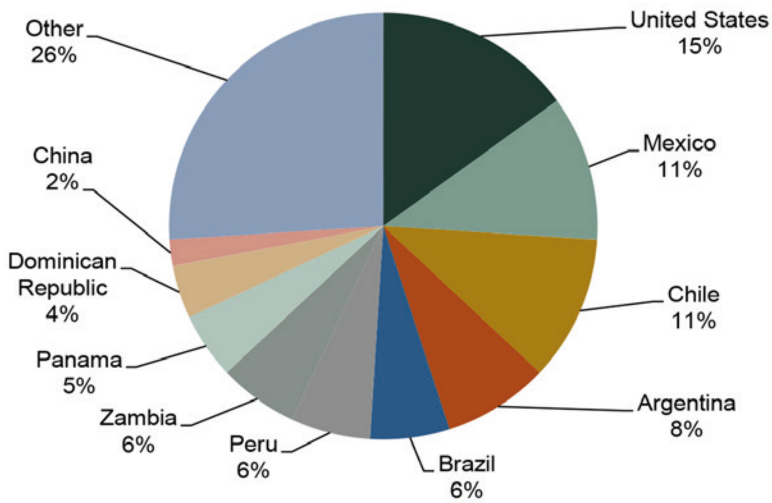
A strong and international mining sector makes the Canadian mining finance ecosystem among the most robust in the world (Figure 5).

Figure 5: Canadian Exchange Dominates Mining Finance



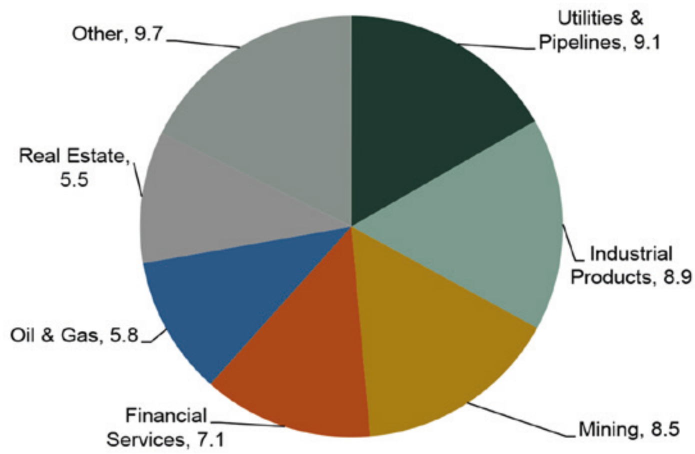
Source: Gamah International, TSX, TDS Commodity Strategy

Figure 6: Canadian Mining Assets Aboard Highlight Global Footprint



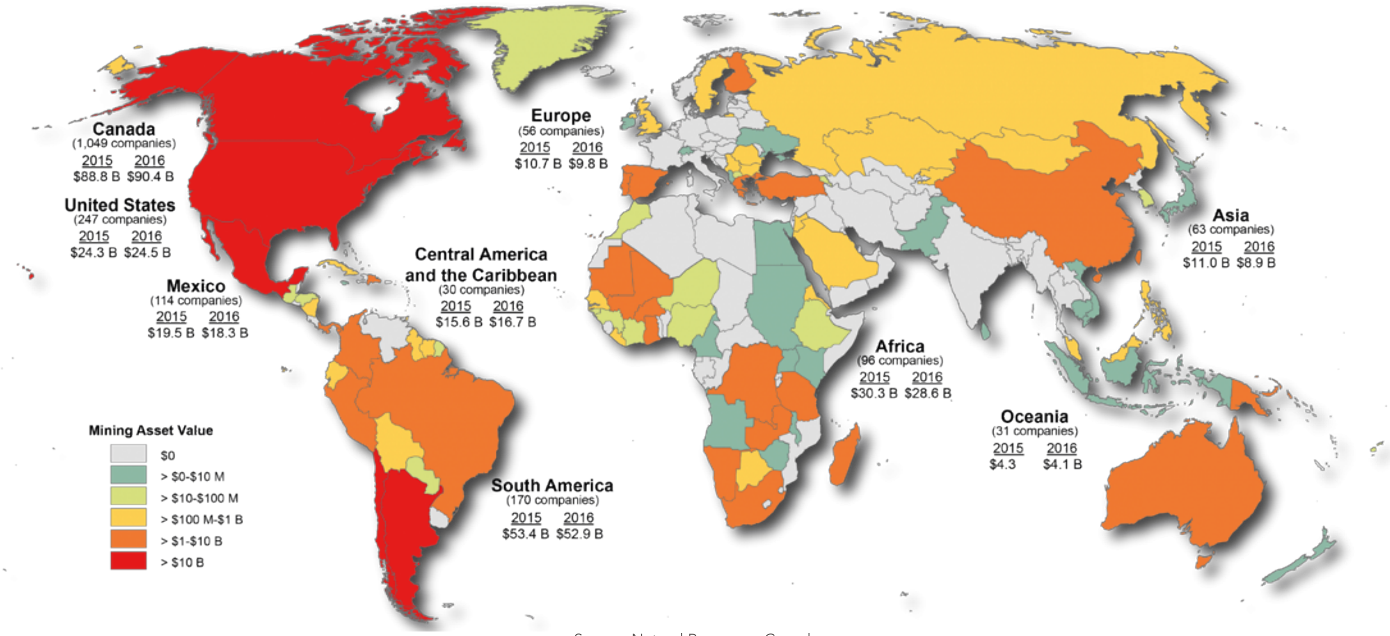
Source: Natural Resources Canada, TDS Commodity Strategy

Figure 8: TSX Equity Capital By Sector Highlights Canadian Mining Expertise



Source: TMX Group, TDS Commodity Strategy *Figure in $bn

Figure 7: Canadian Miners Are Global Experts



Source: Natural Resources Canada

Canadian miners and their partners are not only among the most ethical, environmentally and socially responsible operators in the world, they are also the most technically capable, with a proven ability to move projects from the early exploration stage to the production stage.

Canada is a mining nation with a long history in the sector, producing 162t of gold in 2017, which was worth some $7 billion. The country mines zinc, iron ore, nickel, diamonds, silver, platinum and many others for a total of 60 minerals and metals, with a total value of some $44 billion based on the latest available data.

Canadian miners are also very global, with a presence in over 100 countries (Figures 6 and 7). The latest available data, in 2016, reveals that out of the $254 billion worth of assets held by some 1,344 Canada-domiciled miners, 651 companies held assets abroad valued at around $164 billion.

In past cycles where precious metals supply capacity was being funded and built, Canadian miners, financial institutions, lawyers, geologists, engineers, analysts and a myriad of other professionals in many ways dominated the financing of the mining sector. The Canadians have an unmatched ability to connect senior miners with junior miners, banker analysts, streamers, equity investors and specialty private equity funds.

The Canadian equity market family, the TMX Group, which includes TSX and TSXV exchanges, has and continues to have the most and largest gold and silver companies listed (Figure 8). Miners in the early stage of exploration, advanced-stage explorers and producers are all extremely well represented, which provides liquidity across the board. At the same time, there are north of 200 analysts providing coverage and global exposure to listed names. The equity analyst community can keep the investor public well informed, which helps the financing process. Of course, Canada's strong and proven rule of law makes the entire system work well.

The banks in the country can provide financing for the right projects and have the ability to help reduce price risk during production ramp-up. Given the financing challenges and price volatility, commodity hedging will very likely play an increasingly large role, as it reduces the probability of financial impairment that can occur when prices drop to levels significantly below the cost of production due to volatility.

Locking in a price, particularly at the production ramp-up stage, has been accretive to equity valuation for companies that have gone that route over the last year or so. Hedging can reduce the risk of financial impairment, which helps to keep the discount rate low and should increase NAVs. In addition, permitting and feasibility studies are other ways to lower risks in new projects.

Producers, bankers, geologists, engineers, commodity traders, equity analysts and investors have made Canadian miners very successful in building new projects around the world. This makes the country's mine financing system worth emulating and engaging to help fund future expansions.

Bart Melek has over 20 years of experience analyzing precious/base metals, energy, and financial markets, as well as North American and global economies. He has worked closely with commodity, equity and FX trading desks in Toronto, New York, Chicago, London and Singapore, and has numerous forecasting distinctions and top global rankings to his credit. Bart contributes to the TD Securities strategic view and is a commentator for leading media organizations including Bloomberg, Reuters, CNBC, WSJ and Barron's. Previous to joining TD, Bart was a Global Commodity Strategist and Sr. Economist at another major Canadian bank. He also had senior roles in Mining Equity Research, Treasury, Risk Management, and Senior Credit Committee. Bart holds a master's degree in economics from York University in Toronto, with a Specialization Certificate in International Finance/Banking.

Bridging Gold and Cryptocurrency

By Richard Melbourne
Head of Member Services, Kinesis Money

Since the global financial crisis of 2007–2008, the world has become increasingly disenchanted with governmental monetary policy and the banking system at large. So strong were these feelings of betrayal and mistrust, that a very talented few started the crypto revolution by developing mechanisms that empower the larger populace to actively pull away from the traditional banking and financial systems.

Many of these alternative currencies are fantastic in theory and principle; however, it has become evident that there are significant obstacles that have prevented the global adoption of such a neo-monetary system. Both volatility and intrinsic valuation are two major issues that must be addressed to achieve this dream of a true alternative currency.

Why gold?

With unpredictable volatility and questions surrounding valuations being an ongoing concern within the crypto space, investment-grade physical gold bullion has arguably the polar opposites of such issues. Gold is a tremendous, historically proven store of value. An ounce of gold has bought the same amount of bread throughout history, meaning gold has protected purchasing power as the cost of goods and services inflate in price. This preservation of wealth sees gold achieving lower price volatility when compared against select financial investment instruments, and various cryptocurrencies (Figure 1).

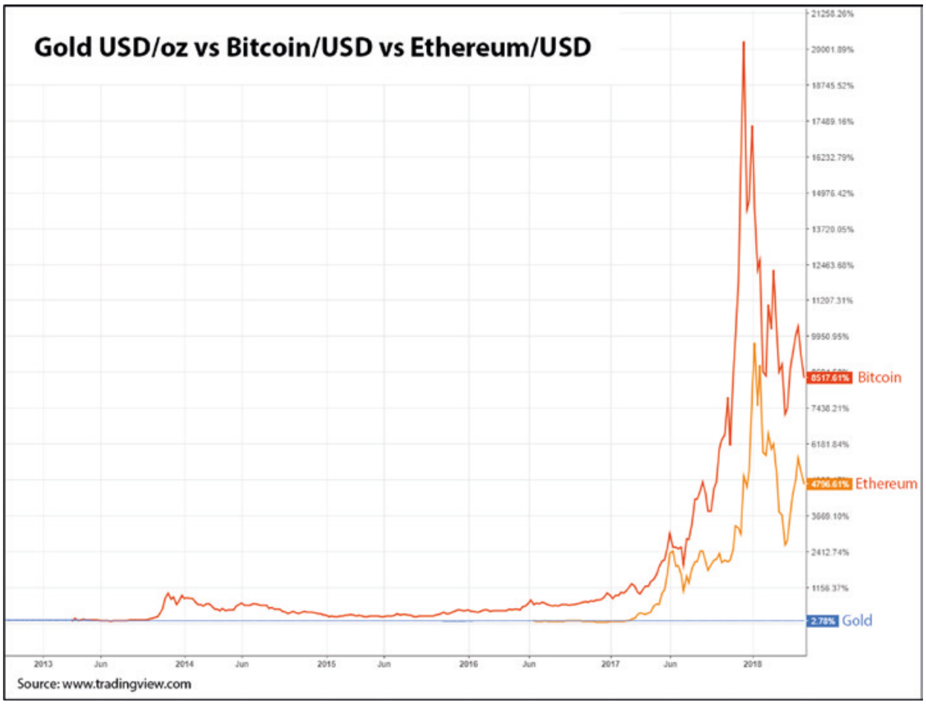


Figure 1: Gold's volatility compared to major cryptocurrencies.

Cryptocurrencies as safe haven asset?

So, will cryptocurrencies become the next precious metals-esque asset? This topic has been covered at large by both internationally respected global bullion associations, as well as crypto and blockchain heavyweights. Is Bitcoin the next gold, or, Ethereum the next silver? Perhaps Ripple is the next platinum? Some say yes, they believe that certain cryptocurrencies are indeed the next gold.

With the technical scarcity of some cryptocurrencies, combined with the human-driven "value" of such an asset, many come to the conclusion that cryptocurrencies are indeed digital gold. Some say no; 1's and 0's will never replace the surety of holding cold, hard physical bullion. There is no historical precedent that digital currencies will provide any store of value, especially when compared to the likes of golds historical performance. Perhaps a healthy medium should be sought here; something that takes the best of both cryptocurrency and gold to deliver something that addresses the fundamental issues with each.

What if there was a cryptocurrency which is: 1) backed by physical gold at a 1:1 ratio to provide a proven store of value and intrinsic value, and 2) has an entire monetary system built around it to promote an efficient medium of exchange and encourage users to engage in a true alternative cryptocurrency?

The Kinesis solution

Kinesis has developed exactly this: a stablecoin designed to address the uncertainty of volatility and to give back the power of choice to the people by building not only a currency but also an entire monetary system. It gets even better: for the first time in history, physical allocated gold can now become an income-producing asset.

The Kinesis gold-backed currency is designed for use in everyday life as a high-velocity alternative currency. Participants of the Kinesis Monetary System and its suite of currencies (there is also a silver-backed currency) are entitled to a share of the transaction fees generated when the currency is spent or traded between participants within the Kinesis Monetary System.

This hybrid of cryptocurrency, safe-haven asset, and a yield-producing monetary system creates a truly unique, internationally fungible alternative currency that is backed by a proven store of value with real intrinsic value. Theoretically, the price of each of these precious metals-backed cryptocurrencies should not fall below the spot price of the underlying precious metal. In fact, the Kinesis suite of currencies is anticipated to consistently trade at a premium to the face value of the underlying backing due to the unique yield-producing factor. Furthermore, if a participant should ever want to redeem their currency for physical gold (or silver), they can easily do so. Kinesis has set out to deliver a rewarding and empowering monetary system that provides participants with surety, transparency, and integrity; we believe we have achieved this.

The features of the Kinesis Monetary System are vast and have been designed to deliver an honest monetary system. The Kinesis currencies offer a near instantaneous settlement with its custom Kinesis blockchain, which also protects participants with the multiple security features built in. There are also debit card payment facilities attached to the suite of Kinesis currencies that promotes convenience for day-to-day use. The low transaction fees associated with the Kinesis suite of currencies not only encourages cost-efficient, international payments; it also means lower transaction costs for merchants who embrace the Kinesis Monetary System. Kinesis believes this system will empower everyone, including the world's unbanked populace, as it provides a borderless, low-cost and efficient medium of exchange, backed by assets that are historically proven excellent stores of value.

Learn more about Kinesis at https://kinesis.money.

Kinesis' gold-backed cryptocurrency is designed to address the uncertainty of volatility (Image: Kinesis)

Richard Melbourne is Head of Member Services at Kinesis Money and the Allocated Bullion Exchange (ABX). The Kinesis Monetary System is an evolutionary step beyond any monetary system available in the world today. It enhances money as both a store of value and a medium of exchange and has been developed for the benefit of all. Aside from offering the greatest store of value and striving to provide the most efficient medium of exchange, Kinesis is a monetary system focused on: minimising risk; maximising return; stimulating velocity and maximising the rate of adoption.

SBMA News

By Albert Cheng
CEO, SBMA

It has been a busy quarter at SBMA leading up to our 2nd Asia Pacific Precious Metal Conference (APPMC) in June. In April alone, SBMA made six outreach trips around Asia to promote APPMC. At the same time, the association has continued its market development activities with stakeholders both within and outside the ASEAN region. Here is an update of our activities in the past quarter:

April 9-12: SBMA holds its first Strategic Review Committee meeting.

April 12: CEO Albert Cheng participated in a meeting with State Bank of Vietnam at the request of the World Gold Council.

April 18-20: CEO Albert Cheng attends the Shanghai Gold Exchange International Advisors meeting in Xiamen at the invitation of the Shanghai Gold Exchange.

From left, Albert Cheng (CEO, SBMA) and Haywood Cheung (President, The Chinese Gold and Silver Exchange Society) at the Global Gold Market Summit 2018 in Xiamen.

April 22–26: CEO Albert Cheng speaks at the 30th Mint Directors Conference (MDC) in Seoul, Korea. Established in 1962, the MDC was founded by the directors of 10 western European mints and meets every two years to share information of common interest and to discuss the challenges the mint Industry faces. It is the peak body of government mints worldwide, comprising the national mints of 44 countries worldwide, in addition to other guests and observers.

CEO Albert Cheng speaking at the Mint Directors Conference in Seoul.

April 25: SBMA holds seminar "Launch of Metals Focus Annual Gold Focus 2018 Report".

April 26-29: CEO Albert Cheng attends a meeting with Bangko Sentral ng Philipas in Manila.

Exploratory Meetings

In the past quarter, SBMA held exploratory meetings on membership and matters related to market development with the following companies: Asia Strategic Mining Corporation, Aspory, Chongqing Zhongjin Jewelry China, Cuilu Group China, GTIC Group, Jingdingfeng Precious Metals Equipment and Technology China, Macquarie Bank, National Gold and Silver Holdings China, QianKun Gold China, Sun Yip Hong Gold Company Hong Kong, Yue Hao Jewellery Group China and Zhijin Mining Group China.

Launch of Metals Focus Annual Gold Focus 2018 Report
Organised by SBMA

SBMA's April seminar brought together over 70 participants for the launch of the Metals Focus Annual Gold Focus 2018 Report, which was presented by founding partner Nikos Kavalis.

Mr Kavalis said that gold has been going through a fairly challenging period recently, especially when denominated in other currencies, due to a lull/lack of movement in past 6–8 months and a lack of conviction in the investor community. He added that the headwinds gold has suffered in recent months would likely persist for the next 2–3 months, though its price should top $1,450/oz by year end.

World Gold Council's Andrew Naylor provided an update on Islamic finance since the introduction of the Shari'ah Standard on Gold in 2016. He reiterated that gold is the "ultimate safe haven asset for Islamic investors", and that the standard has facilitated the development of sharia-compliant gold products.

A team from India's BSE presented an overview of India's gold market and opportunities in that sector, highlighting the country's recent structural reforms to the economy and the introduction of GST in July 2017. In particular, this has made India one unified common marketplace, with expected long-term benefits to the economy. They pointed out that GDP growth in Q3 2017 was 7.5%, compared to 7.2% in Q2 and 6.5% in Q1, and the improvement in the country's sovereign credit rating by Moody's from Baa3 to Baa2, with a positive outlook.

Membership

Onboarding of Chow Tai Fook Jewellery as Local Associate Corporate Member.

SBMA's total membership consists of 40 companies, including three Category 1 members, 29 Local Associate Corporate members, seven Foreign Associate Corporate members, and one Affiliate member.

Three companies are pending membership approval.

Upcoming Events

24–26 July 2018. Beijing, China.
3rd China Gold Congress and Expo 2018
The China Gold Congress and Expo is a biennial gathering hosted by China Gold Association and World Gold Council. It consists of three streams, Gold Mining, Gold Investment Market and Gold Consumption. CEO Albert Cheng will be attending the event as a speaker.
Visit http://en.china-gold.org for more information.

28–30 October 2018. Boston, USA.
LBMA/LPPM Precious Metals Conference 2018
Senior representatives from all sectors of the precious metals markets will be in attendance at what is widely regarded as the premier event in the industry calendar. In its 19th year, the conference adds insight into the vital issues affecting the global precious metals markets. Visit www.lbma.org.uk for registration and event details.

3–4 October 2018. Perth, Australia.
9th Precious Metals Investment Symposium (PMIS2018)
PMIS2018 is the largest and most comprehensive precious metals investment event in Australia. The 2-day investment and educational event includes an additional day to help investors understand what is going on in the crypto space with the introduction of the Crypto Investment Symposium (CIS2018) on 5 October. SBMA is proud to be the industry partner of the event. Registration and details are available at http://symposium.net.au.

About Crucible

Crucible is published quarterly by SBMA. If you would like to contribute an article, news or information to Crucible, place an advertisement in Crucible, or if you require further information, please contact:
Singapore Bullion Market Association,
9 Raffles Place, Level 17, Republic Plaza II,
Singapore 048619, Singapore.
Tel: +65 6823 8011
Email: mail@sbma.org.sg
Web: www.sbma.org.sg

Disclaimer

Printing Office
SC (Sang Choy) International Pte Ltd
9 Harrison Road
#02-01 Harrison Industrial Building
Singapore 369651, Singapore
Tel: +65 6289 0829
Licence number: L020/03/2018