



# SBMA SUCCESSFULLY CONCLUDES FIRST VIRTUAL APPMC

BY ALBERT CHENG, CEO, SINGAPORE BULLION MARKET ASSOCIATION

SBMA received overwhelming support from 19 sponsors, 27 speakers and 876 delegates in its first virtual edition of the Asia Pacific Precious Metals Conference (APPMC), which took place on 16 and 17 June. In addition, our simultaneous broadcast to China received a total viewership of 704 over these two days. This achievement is thanks to our management partner at Eventell Global Advisory and the management committee of SBMA, as well as my small staff from the SBMA Secretariat.

While SBMA and the other precious metals industry participants were looking forward to the return of APPMC following a break in 2020 due to the Covid-19 pandemic, plans were scuppered as the virus continued its grip on economies globally and limited cross-border travel and physical meetings. The reception received from the sponsors and delegates of the just concluded virtual conference was a testament to APPMC's role as an enabler for the bullion community in the Asia Pacific region and as a platform for stakeholders to share the future of this vibrant industry.

The conference's virtual format enabled it to reach a wider audience in terms of geography and sectoral representation. Over the two days, the conference saw a total of 876 registered delegates – its highest ever. The quality and depth of the curated content did not suffer either, with top names from across the industry participating in panels that covered hot topics such as bitcoin and gold, industry regulation, the latest technology and products, as well as updates on domestic markets across the region. During the conference, Dr Adi Budiarto, a senior Indonesian official from the Ministry of Finance, announced the country's plans to open up its bullion banking sector – a development I'm eagerly looking forward to, given the country's large and growing market – and called for further consultation with SBMA members.

The keynote speakers – World Gold Council CEO David Tait and London Bullion Market Association CEO Ruth Crowell – discussed mainstreaming the role and relevance of gold in the financial market, and LBMA

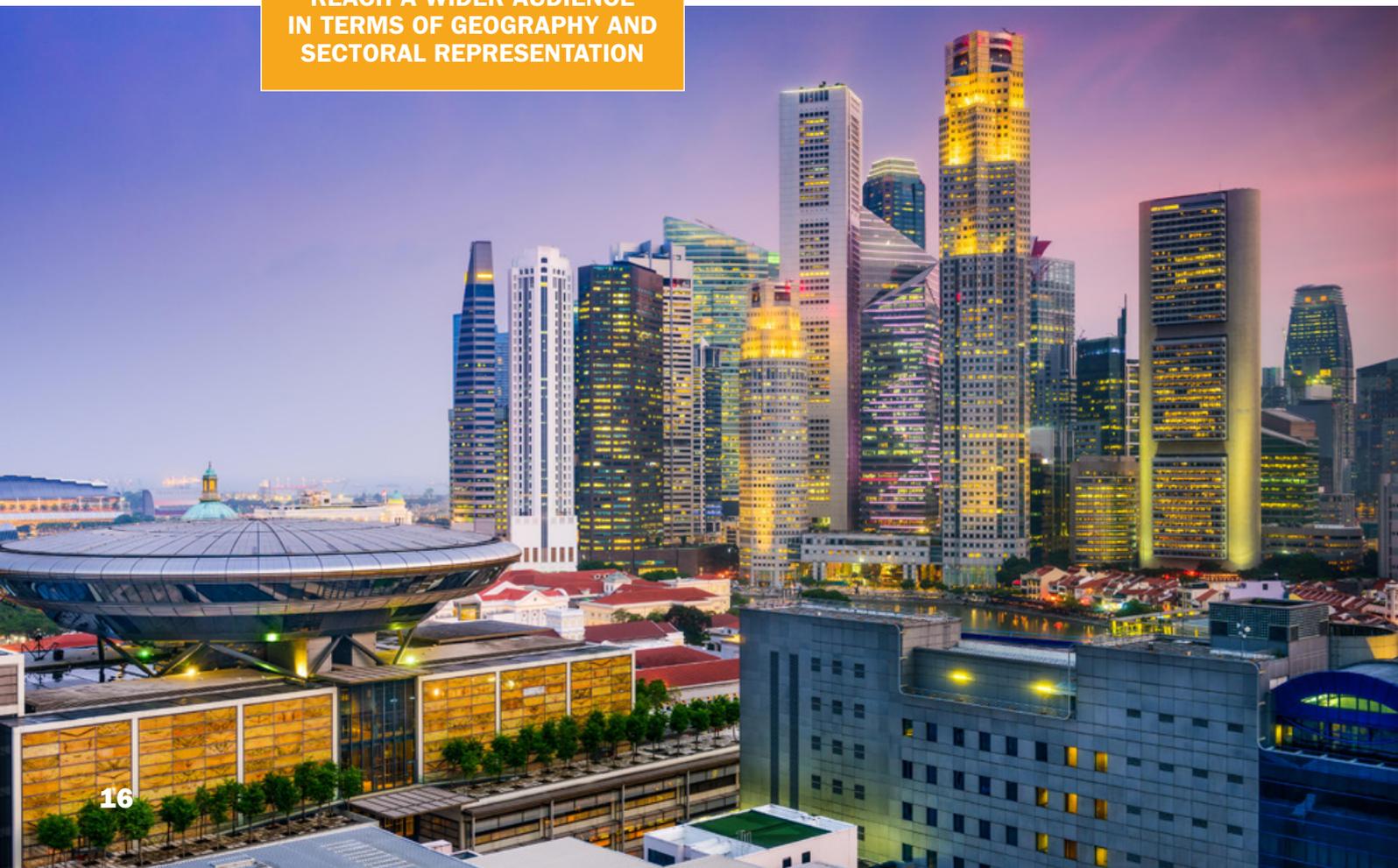
**The mandate of SBMA is to provide and facilitate the connectivity between the ASEAN MARKETS AND THE GLOBAL MARKETPLACE**



initiatives related to advancing global standards in terms of responsible sourcing, bar integrity and Basel III, respectively. Tait noted that gold would play an increasingly fundamental role in portfolios as markets recover post Covid-19, and Crowell highlighted that responsible gold mining can support sustained socio-economic development and contribute towards the United Nations' Sustainable Development Goals.

The success of our virtual APPMC is further evidence that the industry players are keen to be reconnected with each other, and to share and be updated about industry knowledge, market developments, etc. The mandate of SBMA is to provide and facilitate the connectivity between the ASEAN markets and the global marketplace. We will once again be working on a curated agenda that is relevant for our industry for our next APPMC. Until then, stay safe and we hope to see all of you again in Singapore in 2022.

**THE CONFERENCE'S VIRTUAL FORMAT ENABLED IT TO REACH A WIDER AUDIENCE IN TERMS OF GEOGRAPHY AND SECTORAL REPRESENTATION**



# LATEST DEVELOPMENTS IN THE SINGAPORE BULLION MARKET

## • Exports higher than imports in the first half of 2021

The export of gold bullion from ASEAN via Singapore was up by 5.2% in tonnes and 2.0% in value, while imports were down by 10.4% in tonnes and 6.2% in value. This was in line with the global flow of physical metals in the first half of 2021 in comparison to same period last year when Covid-19 was heavily impacting the East Asian economies.

## • New Gold Futures Contract launched

Asia Pacific Exchange (APEX) in Singapore launched its Gold Perpetual Futures Contract on 6 August 2021. Investors can participate in the contract through APEX's Clearing Members, which include SBMA member Phillip Futures. APEX is designed for jewellers and private individuals who prefer a smaller contract size.

### Key features of the Gold Perpetual Futures Contract:

1. Perpetual feature to allow the rollover of positions indefinitely, suitable for participants who require mid-term and long-term exposure
2. Small contract size (100g/lot) for precise hedging
3. Low exchange fees: \$0.20 per contract
4. Low margin rate: \$200 per contract
5. Global trading hours covering Asian, European and North American hours: 19.5 hours a day.

## • Cross-listed SPDR Gold Shares (GLD) Dual Currency Trading introduced in Singapore

At SGX, an SBMA member, investors can trade a dual currency SPDR Gold Shares ETF – in Singapore and US dollars – as of 30 June 2021. Since the unit holdings executed via Singapore and US dollar counters are in a consolidated pool at the depository, investors can buy one in currency counter and sell in the other currency counter. The SPDR Gold Shares ETF has averaged daily turnover close to \$4

million since the end of 2019, which compares to average daily turnover of \$1.7 million for the three years pre-COVID.

## • Singapore to have the biggest silver bullion vault in Asia – The Reserve

Silver Bullion, an SBMA member, believes that the demand for investment-grade bullion stored in Singapore will continue to escalate throughout this decade, and is

preparing the infrastructure to fulfil and help accelerate this demand. It has acquired a new storage facility – called “The Reserve” – which can store up to 15,000 tonnes (about 482 million troy ounces), equivalent to approximately 60% of annual world production of silver.

The high floor load capacity, which is about 30 times that of a normal floor, enables cost-effective storage. The new facility's fixed cost per tonnes of silver stored will thus be 50 times lower compared to the old facility. The new facility will also feature 15 standalone UL rated class II gold vaults and specialty vaults that will be made available for third parties to lease.

## • Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act

Since early 2019, the Ministry of Law has consulted with the SBMA in relation to the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing). The legislation was subsequently came into law in April 2019 (“PSPM Act”).

The purpose of the “PSPM Act” is to combat money laundering and terrorism financing (“ML/TF”) in the precious stones and precious metals industries.

# APPMC DAY 1 HIGHLIGHTS

## Three Goals for the Gold Sector

“Make physical gold accessible, aim at absolute transparency across the gold supply chain and make gold fungible across platforms.” – Mr David Tait, CEO, WGC

## LBMA Invites Consultations

“LBMA invites consultations from market participants on the Responsible Gold Guidance Version 9 and Global Precious Metals Code 2021.” – Ms. Ruth Crowell, CEO, LBMA

## New Opportunity in India

“The International Bullion Exchange, to be formed by a consortium of five institutions – NSE, BSE, MCX, CDSL and NSDL – would provide a unique opportunity for global bullion banks, refiners and other market participants to participate and grow the India bullion market.” – Mr. Manoj Kumar, ED, IFSCA

## Indonesia Embarks on Bullion Banking Journey

“Indonesia is embarking on its journey to streamline the gold sector. We expect to have full-fledged bullion banking facilities by 2024.” – Dr Adi Budiarmo, Ministry of Finance, Indonesia

## ASEAN Jewellery Market Update

“Online business would become integral to customer acquisition and growth in the future of the Malaysia gold jewellery sector.” – Mr. Ermin Siow, Advisor, Federation of Goldsmiths and Jewellers Association, Malaysia

“Organised players are in a better position to manage the crisis. PNJ would like to consolidate and grow its presence across Vietnam, before venturing out.” – Mr. Le Tri Throng, PNJ Group

## Precious Metals – Demand, Supply and Price Outlook

“The future direction of gold would be directed by real interest rates.” – Mr. John Reade, Chief Market Strategist, WGC

“Platinum is relatively inexpensive to gold and palladium. With growing consensus on fuel cells as climate-friendly tech for mobility, Pt demand is likely to increase and, hence, its attractiveness as an investment.” – Mr. Trevor Raymond, Director of Research, World Platinum Investment Council

“Silver has a huge upside potential due to growing industrial demand, while at the same time, investors' reluctance to commit capex on new mining projects. However, it may not immediately reflect on prices.” – Mr. Bart Melek, Head of Commodity Strategy, TD Securities

For further details including downloading presentations, videos and photos from the Conference please visit **ASIA PACIFIC Precious Metals Conference**

As well as registering as a registered dealer, with effect from 1 January 2021, regulated dealers are required to submit mandatory semi-annual returns related to their business and transactions. This allows the Ministry of Law to better regulate and supervise the regulated dealers, and to facilitate the collection of reliable and timely information from them. This will also benefit regulated dealers as it will strengthen safeguards and better protect the precious stones and precious metals dealers (“PSMD”) sector against ML/TF risks.

The SBMA supports the Ministry of Law in this initiative by informing our members of the latest updates/requirements and also help to encourage our members to participate in periodic online training on submission guidelines conducted by the Ministry of Law.

# APPMC

## DAY 2 HIGHLIGHTS

### SGEI Special Session on China

"In the 'Gold Road' project, SGEI has launched business models such as 'Gold Leasing + Jewellery Processing' and 'Standard Gold Ingot Processing and Re-export'. Market participants from Thailand and Singapore have made full use of China's high-quality design capabilities in jewellery and the convenient investment and financing channels of SGE." – Ms. Zhao Fanghua, Shanghai Gold Exchange International

"Chow Tai Fook (CTF) has opened its stores in six ASEAN countries. We can leverage our experience in China to grow these markets.

Fast growth and government programmes such as RCEP would be enablers of growth in ASEAN markets. CTF feels growth in gold jewellery would continue for a long time in China." – Mr. Kent Wong Sui-Kee, Chow Tai Fook

"China imports two-thirds of its gold consumption from Hong Kong. Bank of China (BoC) based in Hong Kong facilitates a lot of it. T+D is the most vibrant and liquid contract in SGE. Exemption of storage fees and other fees is a great enabler to participate in SGEI. BoC fully supports the interconnection of China and ASEAN gold markets. BoC is committed to facilitating free movement of gold along the Belt and Road countries." – Mr. Liang Weiye, Terron, Bank of China

### Economic Outlook – EM Asia

"Two macro trends that would influence EM Asia are: (1) the possibility of a low interest rate regime for a long time and (2) the growing influence of CNY. A low interest regime might prompt change in investment behaviour, including portfolio diversification. Trade integration and currency integration would make EM Asia a de facto CNY block." – Mr. Sin Beng Ong, J P Morgan

### Digital Technology on Gold Session

"GoldZip, a gold-backed token from CGSE, planned for launch in Q3 2021, will soon be available in Singapore. Gold-backed tokens are treated as payment tokens in Singapore by the regulator, which is the right thing to do. So, we want to launch GoldZip in Singapore." – Mr. Barry Ip, CGSE

"Carbon-neutral gold is a new market waiting to happen with the digitisation of gold. It is a new asset, and institutional investors adopting ESG would seek such products soon." – Mr. Jon Deane, Trovix

"Gold tokens such as Cache Gold can potentially reduce carbon footprint by avoiding needless transport. Gold tokens make the market truly decentralised." – Mr. Karim Raffa, Cache Gold

"Transparency of provenance tracking through Bullion Integrity Ledger addresses several unique challenges of the value chain participants. Digitisation increases overall efficiencies for all participants." – Mr. Urs Roosli, Axedras

### Debate: Gold Versus Cryptos

"Currently, the market cap of cryptos is \$1.67 trillion. Investment Gold is roughly three to four times that. Bloomberg Galaxy Crypto Index (BGCI) tracks the movement of the top 12 cryptos, of which Bitcoin and Ethereum are the dominant ones." – Ms. Rhona O'Connell, StoneX

"Cryptos are highly volatile, correlated with growth and 'new economy' equities, and work well in a rising yield environment, and with 'risk-on' and 'reflationary' assets." – Mr. Nicholas Frappell, ABC Refinery

"Like physical gold and silver, cryptos are a finite and decentralised asset, but are purely digital." – Mr. Gregor Gregersen, Silver Bullion

"The rise of cryptos has not affected the demand for gold, nor has it diminished gold's appeal among retail." – Mr. Adrian Ash, Bullion Vault

"Bitcoin and gold tend to be 'complementary' (with the exception that both don't perform in deflationary conditions). So, it makes sense to consider both in portfolios." – Mr. Charles Morrison, Byte Tree Asset Management



**Albert Cheng, CEO, Singapore Bullion Market Association, International Advisor, Shanghai Gold Exchange. Albert Cheng joined the World Gold Council (WGC) in March 1993 as Regional Manager, becoming**

**Managing Director, Far East in 2003.** He retired at the end of March 2015 and has been appointed as Advisor to World Gold Council since then. In addition, he was appointed to the panel of the 18 International Advisors to the Shanghai Gold Exchange in 2019 again, a position he has held since its inception in 2002.

Albert's marketing career began with Dentsu Young & Rubicam, Hong Kong in the early 80's, moved on to gold marketing in July, 1985 when he joined the Royal Canadian Mint as Regional Manager for HK/Southeast Asia. He was appointed honorary CEO of Singapore Bullion Market Association in November 2015 after retirement.

## ABOUT SBMA

Singapore Bullion Market Association (SBMA) is a non-profit organisation formed in December 1993. It currently has 46 corporate members from the precious metals industry represented by key stakeholders, which include bullion banks, exchanges, refineries, bullion merchants and secured logistics support companies. SBMA now plays a pivotal role in the development of Singapore as one of the most global centres of connectivity for precious metals.

The association participates in a range of activities, including engagement with industry, authorities and other stakeholders, as well as research, marketing and advertising, but our focus is to create and facilitate collaboration among our members.

SBMA's membership is open to any body corporate, firm or organisation carrying on business in the bullion industry that has businesses directly or indirectly relating to the precious metals industry. There are four categories of membership. For more information, please write to: [info@sbma.org.sg](mailto:info@sbma.org.sg)

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## Crucible

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