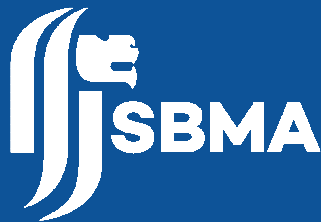


ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018

PARKROYAL on Beach Road, Singapore

The Asian Physical Market



Gordon L. Cheung
Deputy Chief Executive
Singapore Bullion Market Association

3-5 JUNE 2018

PARKROYAL on Beach Road, Singapore



SINGAPORE MARKET



- Presently: a gold trading hub and distribution centre in South East Asia region
- Underway: connect the supply chain to the Greater China and India region
- Well developed legal system
- Latest credit rating for Singapore:

S&P's	AAA	Stable outlook
Moody's	Aaa	Stable outlook
Fitch	AAA	Stable outlook



SINGAPORE MARKET



ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

- Bullion Logistics & Vaulting facilities (at **Freeport** in Changi Intl Airport and other locations) managed by international forwarding agents
- Refining – Metalor Technologies
- **Removal of consumption tax GST** on Investment-grade Precious Metals (IPM) in 2012. Gold transactions rose by 94% within a year. (*World Gold Council*)
- **Approved Refinery and Consolidator Scheme (ARCS)**
A government initiative which exempts PM refiners from GST on the importation of materials that is processed into IPM or from which IPM is extracted





THAILAND MARKET



- Gold trading hub of Indochina region
- Sources of gold from Switzerland, Australia, Japan, Singapore and Hong Kong ; 99.99% kilobars
- Reference price in Thai Baht published daily by Gold Traders Association for both 96.5% and 99.99%
- Major exporter of recycled gold (>100 tonnes/year) :
 - 99.99% LBMA bars
 - 99.99% purity domestic bars (approved by Gold Traders Association)
 - 96.5% Thai Baht bars (approved by Gold Traders Association)



THAILAND MARKET



ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

- Thai Futures Exchange members :
 - YLG Bullion & Futures
 - Hua Seng Heng Gold Futures
 - MTS Gold Futures
 - TC Ausiris Futures





VIETNAM MARKET



ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

- Geared to re-open soon pending central bank's (SBV) agenda
- Highly gold concentric country as Vietnamese like to hold gold and US Dollar to store value even physical is offered at extremely high premium over international gold price
- Vietnamese market used to be highly speculative
- High Recycled gold market (>50 Tons/year) consist of:
 - 99.99% LBMA bars
 - Saigon Jewelry Holding Company (SJC) Bars
 - Retail Jewelry between 90% to 95% purity
 - 3 levels of assaying from retail to custom will have to be done under purview of SBV requirements before exportation is allowed





MYANMAR MARKET



ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

- A net exporter of gold since 1990s
- Gold mining companies require financing
- Mining companies are currently exploring to set up gold exchange platform similar to Shanghai Gold Exchange
- Myanmar authority lacks expertise in monitoring gold market
- Joint venture with refineries in Myanmar through financing in order to capture local physical market



3-5 JUNE 2018



INDONESIA MARKET



- PT Antam, the only LBMA refinery in Indonesia produces 100gm bars for domestic market
- High Recycled gold market (about 100 tonnes/year) :
 - Meltdown jewellery between 90-92% purity
 - 96% purity gold from domestic market
- Opportunities for gold offtakes from major mining companies, backed by letter of credit as per Indonesia government requirement
- Activities on e-Platforms are highly speculative.
- Over 500 tonnes per year



INDONESIA MARKET



ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

- Recent developments in Indonesia - Tax Amnesty policy may impel repatriation of money by High Net Worth individuals back to Indonesia and re-invest in stipulated list of investments such as gold
- Possibility of Indonesia government to permit domestic banks offering gold products to High Net Worth individuals and jewellery manufacturers





INDIA MARKET



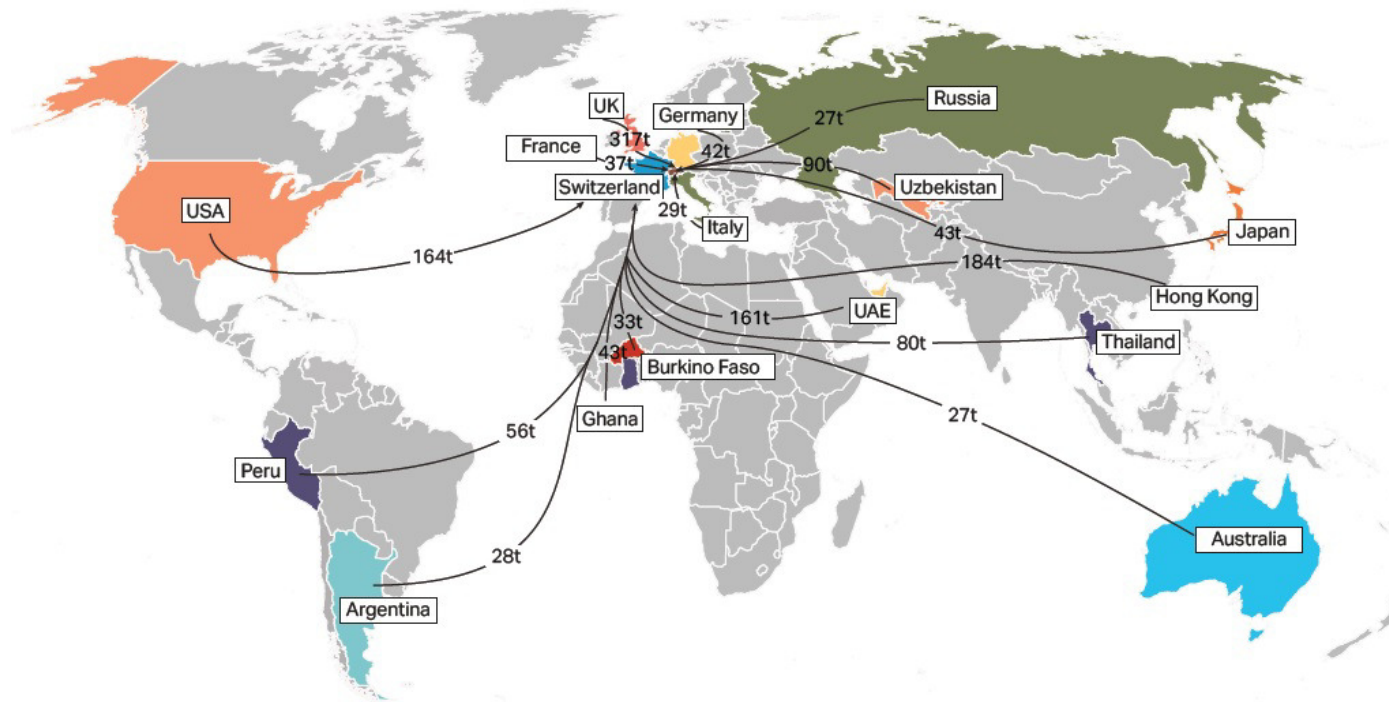
ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

3-5 June 2018
PARKROYAL on Beach Road, Singapore

- Annual import – 900 tonnes; 200 tonnes in dore only by approved refineries
- Cast gold only; minted gold not allowed
- Domestic scrap – 130 tonnes
- 99.5% fineness Swiss bars most wanted (80%plus)
- 10% duty; 3% GST
- 16 banks are allowed to import gold and silver; on consignment basis
- Reference price published by Indian Bullion & Jewelry Association (IBJA)

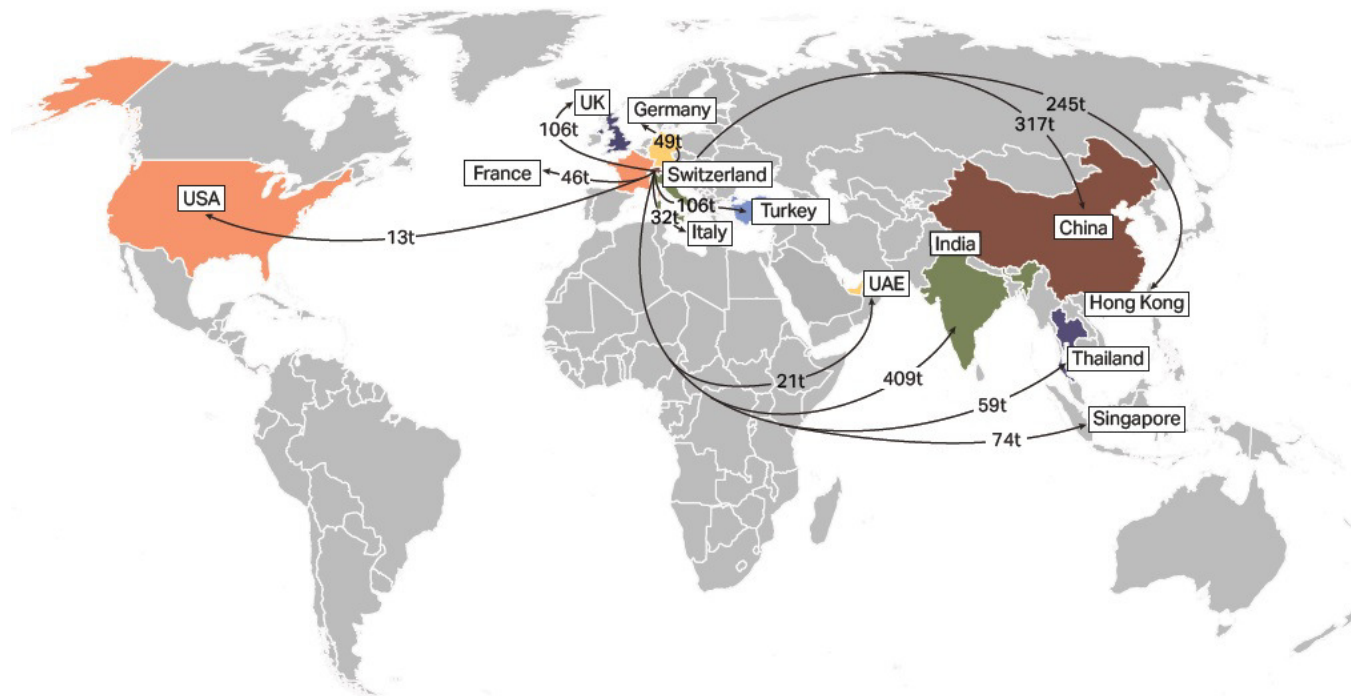


Swiss Bullion Imports in 2017



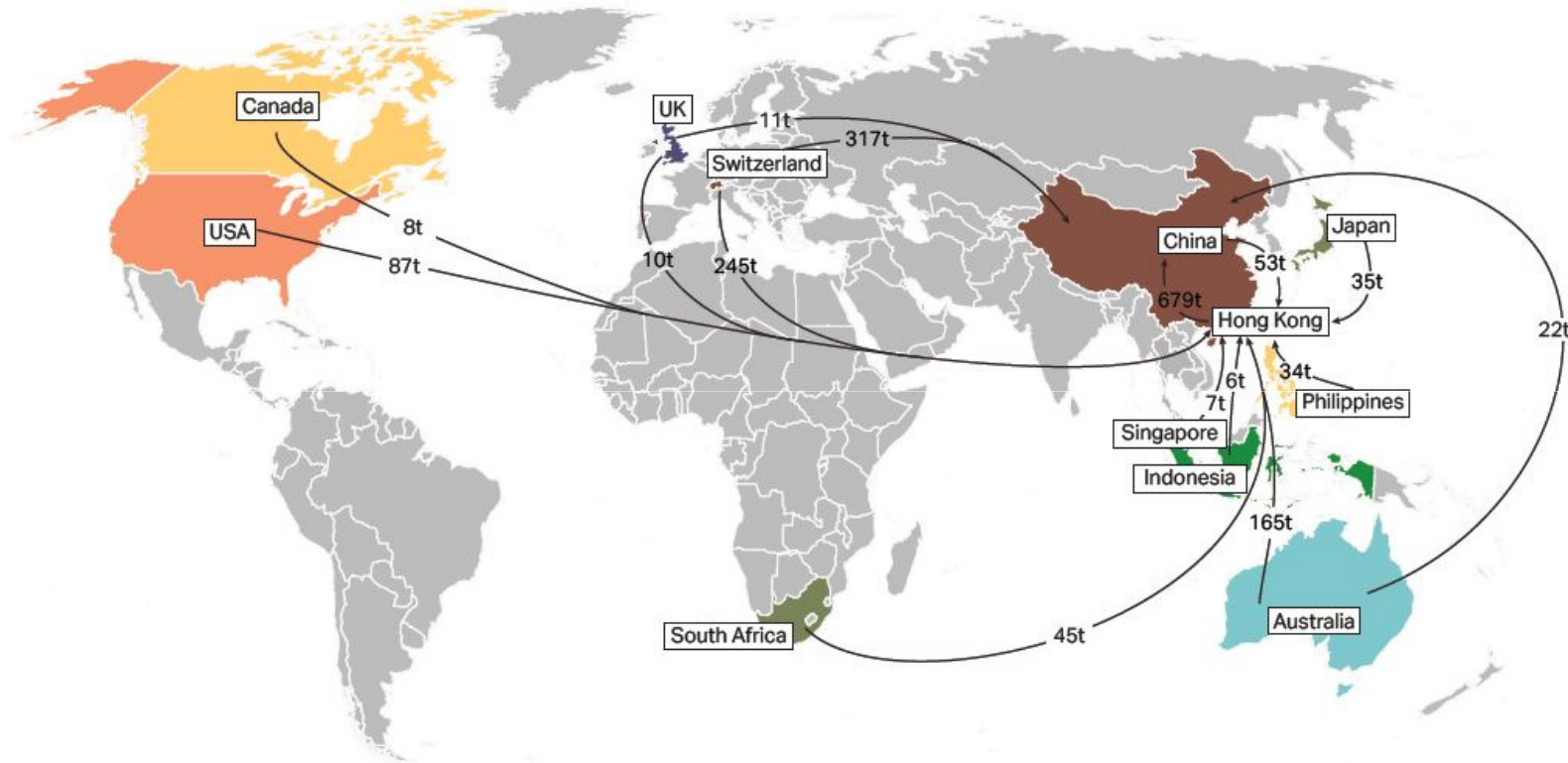
Metals Focus Gold Focus 2018

Swiss Bullion Exports in 2017



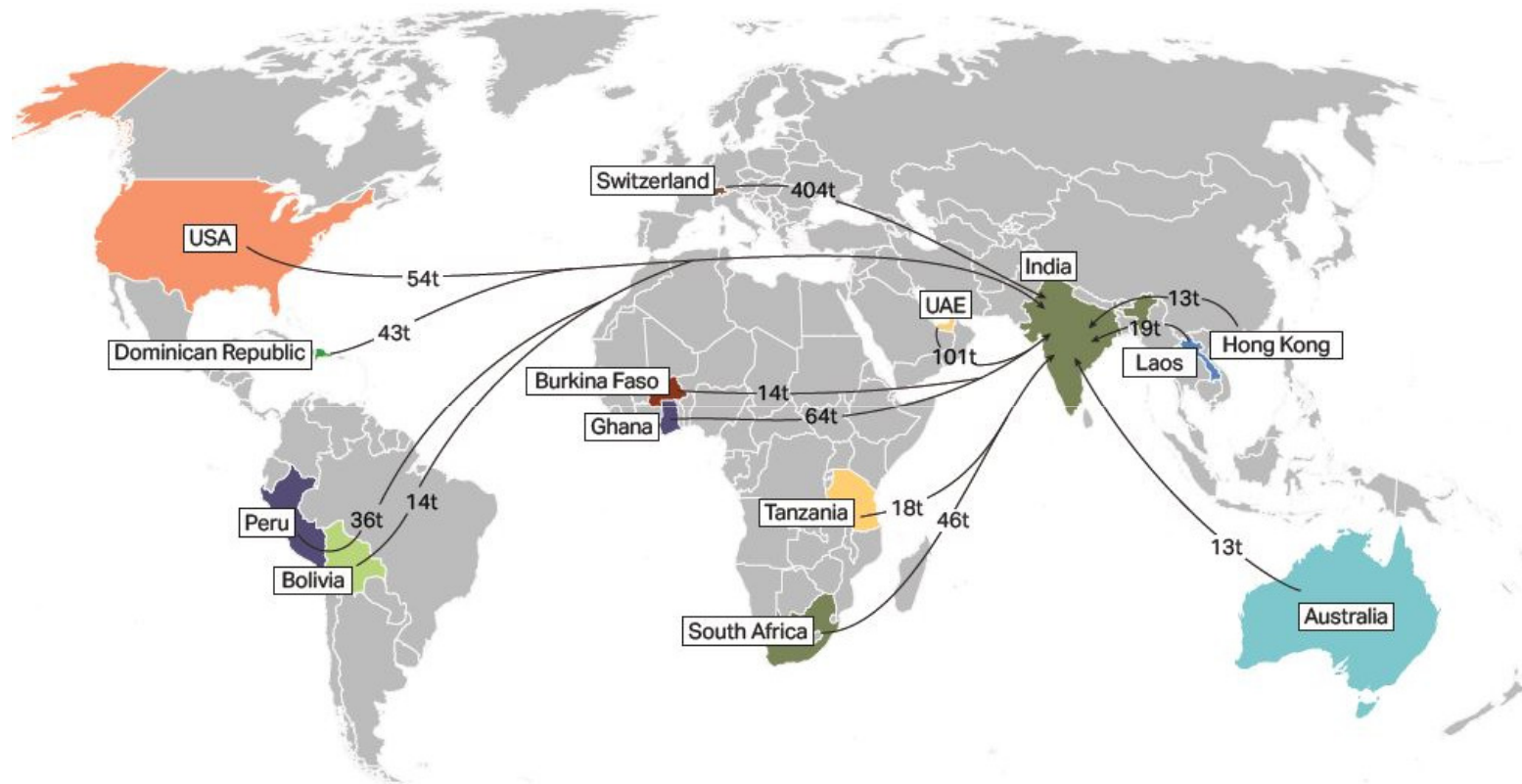
Metals Focus Gold Focus 2018

Gold Bullion Imports to China / HK 2017



Metals Focus Gold Focus 2018

Gold Bullion Official Imports to India 2017



Metals Focus Gold Focus 2018

RECYCLED GOLD

- Recycled gold = Scrap + Disinvestment + Individual residual
- Recycled gold in Y2017 in East Asia according to Metals Focus is 304 tonnes
- To provide advance payment on recycled gold prior to final assay results will help in capturing flow in this sector.

	2012	2013	2014	2015	2016	2017	YoY
China	140.0	98.0	117.6	107.0	146.3	142.6	-2%
Thailand	28.0	27.0	27.5	21.0	40.2	31.0	-23%
Indonesia	30.0	25.0	22.5	15.9	43.2	24.0	-44%
Japan	48.6	35.0	38.7	31.4	22.6	22.1	-2%
Others	103.7	76.7	71.4	65.0	104.8	85.0	-19%
Subtotal	350.3	261.7	277.7	240.2	357.0	304.7	-15%

STANDARDS

	Unit	Fineness	Market		Unit	Fineness	Market
Cambodia	Chi Damlung	99.99%	Exchange OTC	Myanmar	Kattha	99%	Exchange OTC
China	RMB/gm	99.99%	SGE	Malaysia	MYR/gm	99.5%	Cash settled
Hong Kong	HKD/tael	99.99% 99.95%	CGSE OTC	Singapore	USD/gm	99.99%	OTC
India	Rupee/10 gm	99.5%	MCX OTC	Thailand	Thai Gold Baht	99.99% 96.5%	TFE OTC
Indonesia	IDR/gm	99.99	JFX ICDX	Vietnam	VND/tael	99.9%	OTC

OTC KILOBAR MARKET ISSUES

Physical plays a predominant role in the Asian Precious Metals market. A large number of OTC transactions ends up in delivery of kilobars or other forms of physical.

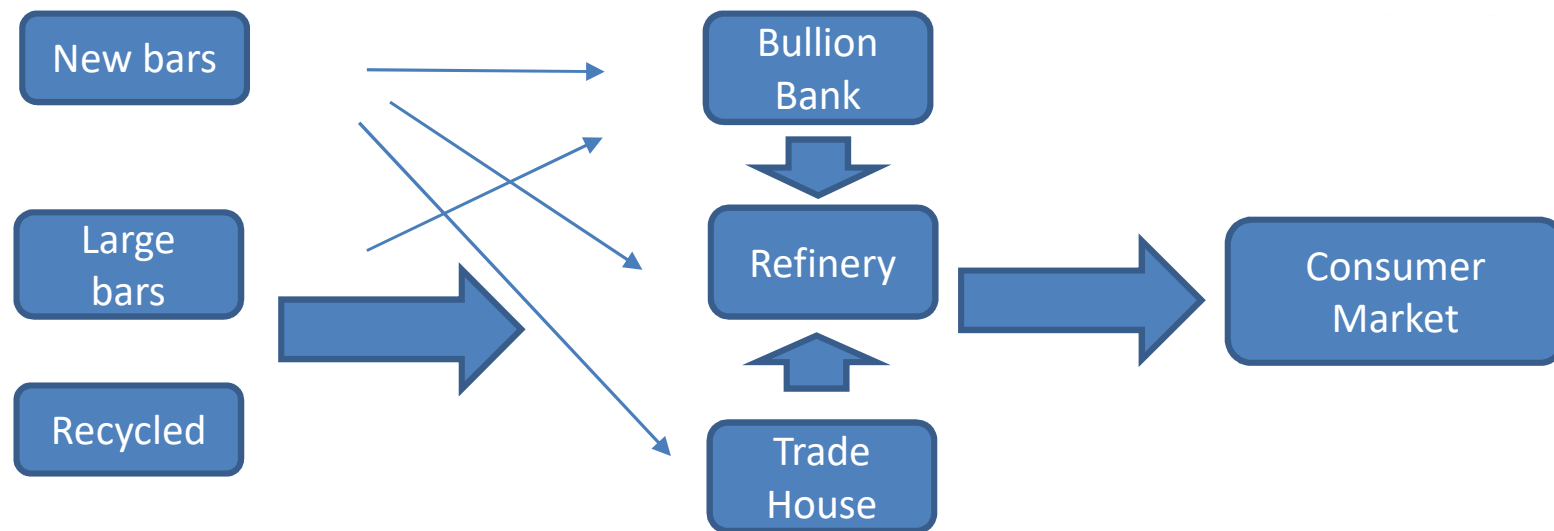
✓ Issues 1 : Brand preference behaviour

→ Lopsided market → Premium discrepancies → Stifle liquidity during peak seasons

LBMA accredited brands:

China	9	Australia	2
Japan	11	Korea	1
ASEAN	3	India	1
Taiwan	1	Switzerland	5
Hong Kong	2	North America	6

SUPPLY CHAIN



OTC KILOBAR MARKET ISSUES

- ✓ **Issue 2: Cost efficiency (One-to-one negotiation)**
 - multiple calls to aggregate size
 - wait until Europe comes in to place order and confirm
 - takes a couple of days to deliver
 - high shipping cost from west to east
 - Payment in account before metal release

OTC KILOBAR MARKET ISSUES

- Potential solutions:
 - Set up a full supply chain in Singapore or other cities with sound infrastructure,
 - Large bar & recycled metals suppliers + refinery, bullion banks and trading houses + Consumers; clearing and storing facilities.
 - Set up an Asian standard of metals applicable to markets in the Greater China, ASEAN markets and India
 - Accept fungibility of different brands of kilobars since quite a no. of brands are of high grade qualities
- Let us move on to the next session, the *Kilobar Roundtable*, for our esteemed panellists to address the above issues.

DISCLAIMER

© 2018 Singapore Bullion Market Association

Information, views or opinions expressed in this publication are intended to be a guide of a general nature and is not intended to be legal or other professional advice. If you have a specific issue to address, you should seek advice from the relevant professionals. We disclaim all responsibility for any loss, injury, claim, liability, expense or damage of any kind resulting from, arising out of or in any way related to any errors in, omissions from or reliance on any part of the information, views or opinions expressed in this publication.

THANK YOU