



GLOBAL RISKS - What should the Asian market worry about?

Dr. Paul Fisher, LBMA Chairman
Asia Pacific Precious Metals Conference, Singapore
Monday 4 June, 2018

THREE RISKS (AND OPPORTUNITIES!)

And the work of the LBMA

- International regulatory changes and their impact on the gold market
- Monetary and fiscal policy risks
- Climate change and the sustainable finance agenda
- the work of the LBMA in supporting the global market on your behalf



RISK1: Regulatory Changes

.. Their impact on the global precious metals market

- Capital and Liquidity changes were necessary to support global financial stability
- But impacting on trading conditions, especially OTC markets
e.g. Leverage Ratio and repo markets.
- Don't underestimate the impact of the Liquidity rules : LCR, NSFR
- NSFR has potential to disrupt global gold market since gold is treated as a commodity with requirement for 85% stable funding.
- LBMA working hard to get this changed in Europe. Not clear yet what will happen.
- Need more data to convince authorities – LBMA initiatives on trade reporting and vault holdings.
- Conduct agenda – LBMA leading the way on transparency, conduct, market integrity.

CONNECTING ASIA TO A GLOBAL OTC MARKET

Opportunities



GLOBAL PRECIOUS METALS CODE



**BLOCKCHAIN TECHNOLOGY &
KILOBARS**



GOOD DELIVERY STANDARDS



RESPONSIBLE SOURCING

RISK 2: Monetary and Fiscal Policy

... and how it could all go wrong ...

- Raising interest rates and 'normalizing' central bank balance sheets in developed countries
- US fiscal policy – stimulus at peak of cycle??
- EU – Brexit, Italy
- Asia – exchange rate targeting may mean importing western monetary policies and hence instabilities?
- Asian political tensions ...
- But maybe this is all good for gold?

RISK 3: Climate and Sustainability

... and the work of the LBMA

- Biggest existential threat to global – and Asian - economies and markets?
- Risks are: Physical, Transition (Economic and Policy) and Legal. China amongst world leaders on policy.
- Forget the politics – this is about business opportunities and risks – precious metals have a role to play on both.
- LBMA – responsible sourcing guidance to include more on environment. WGC also working on topic - energy efficiency, nano-technologies etc.



LBMA OUTREACH

Key Points

LBMA EVENTS SCHEDULE 2018

- **LPPM Platinum Week Cocktail Reception:** 13 September, NYC
- **Precious Metals Conference:** 28-30 October, Boston Park Plaza, USA
- **Biennial Dinner:** 5 December, Guildhall, London
- **IPMI,** June, San Antonio
- **China Gold Congress,** July, Beijing
- **India International Gold Convention,** August, Kochi

COMMUNICATIONS ENHANCEMENTS

- LBMA Annual Review & OTC Market Guide
- Transparency: trade reporting, publication of Board minutes, effectiveness review outcome
- Core information Translation Mandarin, Spanish, Japanese & Russian
- LBMA Intro Films: Who We Are, Market Overview, GDL and Responsible Sourcing



全球
贵金属
的权威

2018

A DATE FOR YOUR DIARIES!

LBMA Precious Metals Conference

 Boston Park Plaza, Boston

 28-30 October 2018





PAUL.FISHER@LBMA.ORG.UK
www.lbma.org.uk