

The gold market in the next 10 years and implications for Asia Pacific countries

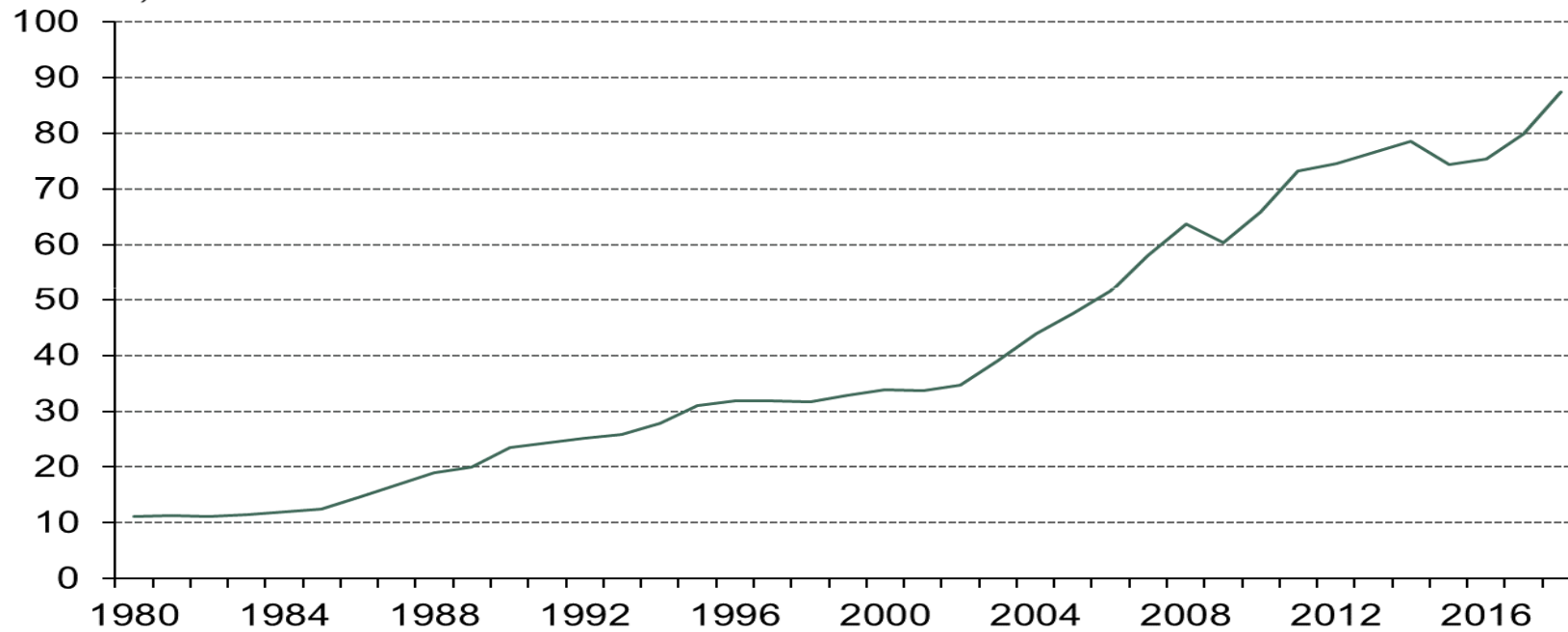
Alistair Hewitt
Director, Market Intelligence
June 2018

1. Asia Pacific countries will become richer

The world is richer than its ever been

Global GDP at current prices

US dollars, tn

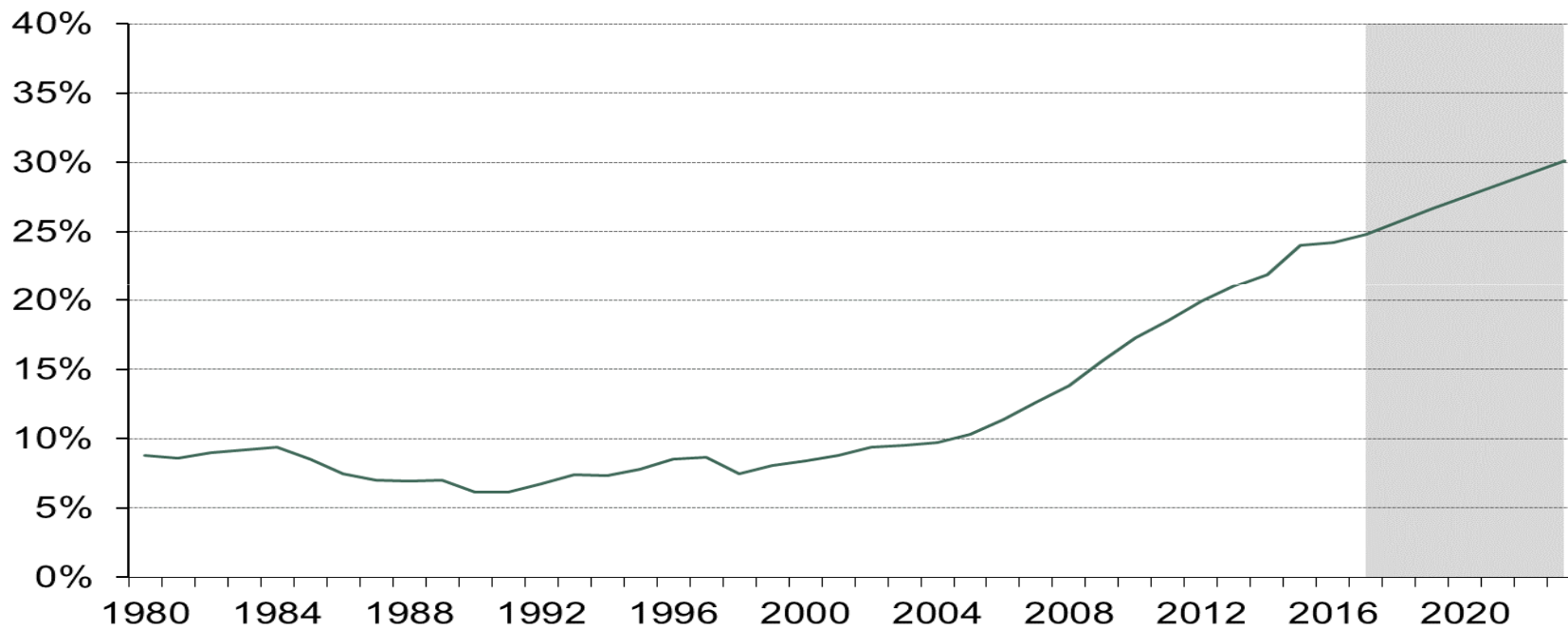


Source: International Monetary Fund

Asia is gaining a bigger share of the pie

Asia's share of global GDP

Share of global GDP

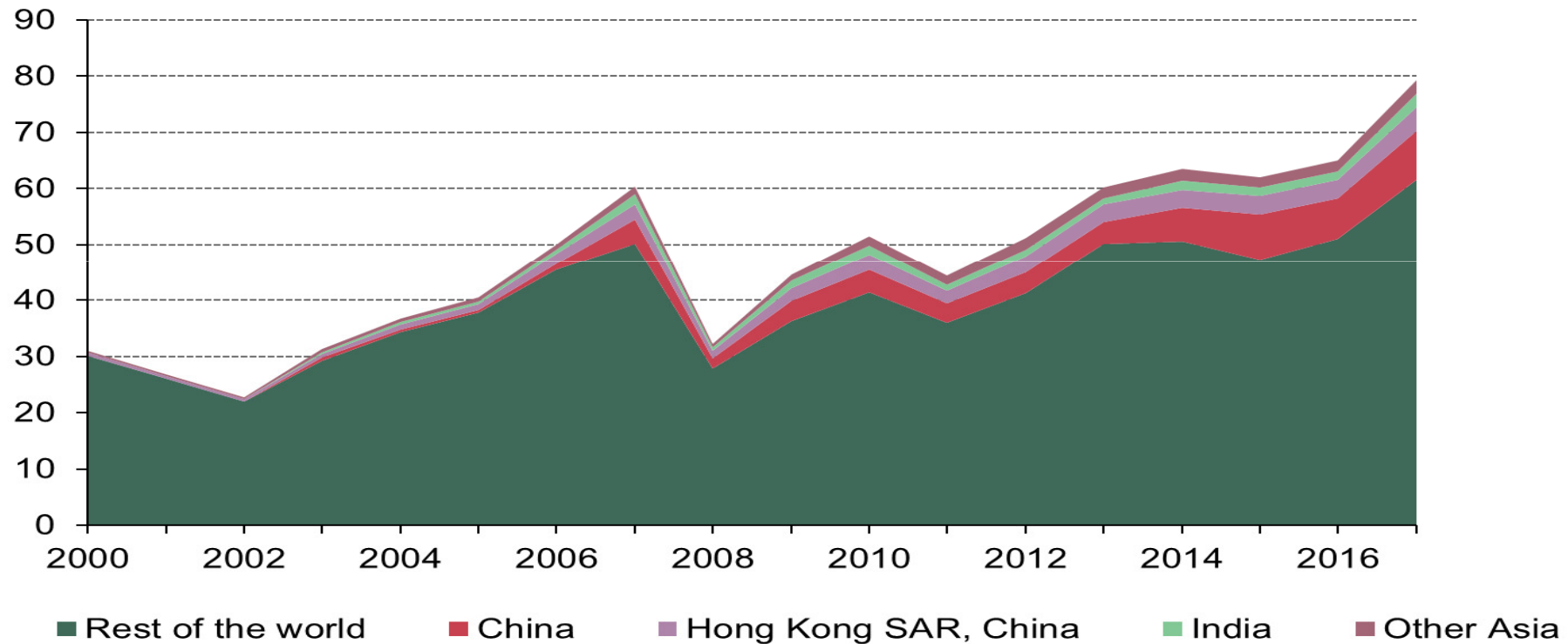


Source: International Monetary Fund

Asian capital markets are developing rapidly

Market capitalisation of domestic companies

\$, trillions



Source: World Bank

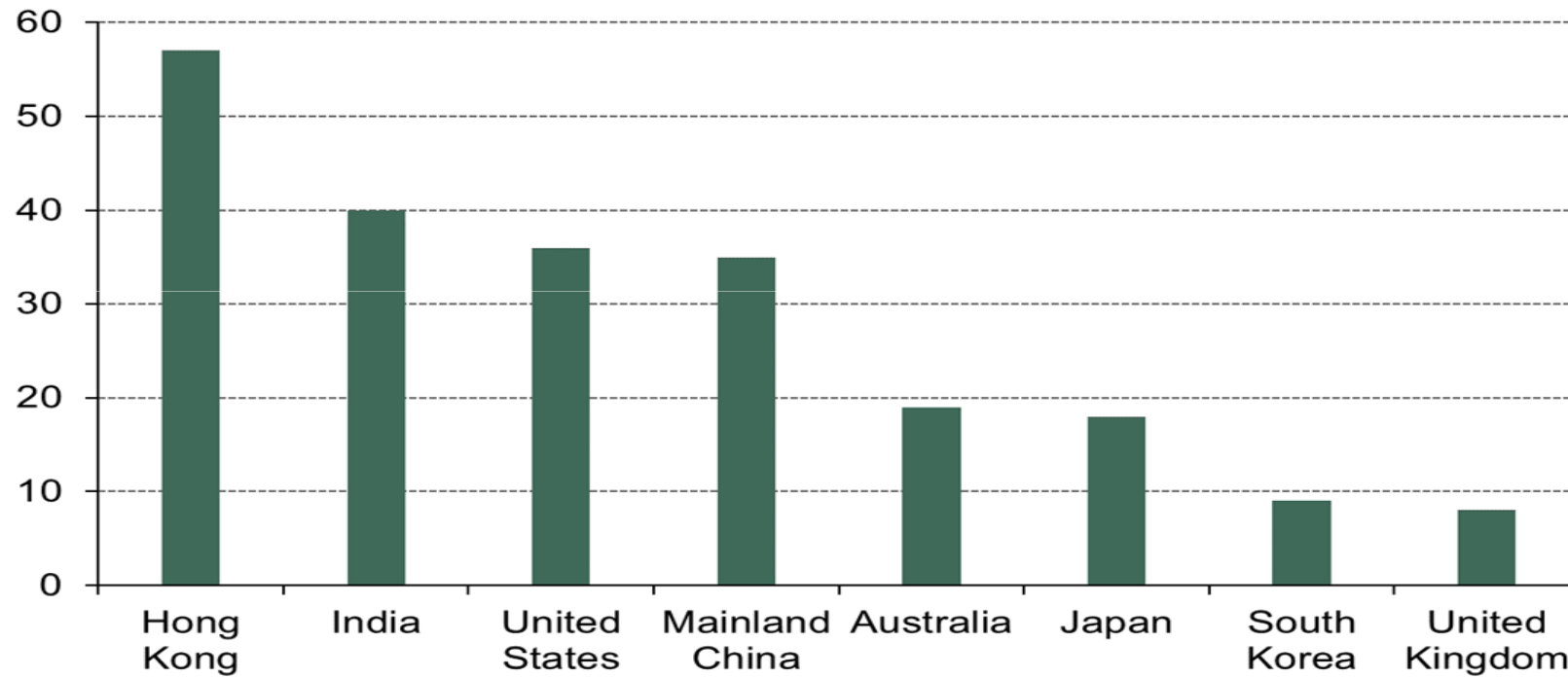
Note: Other Asia includes Malaysia, Indonesia, Thailand, Singapore, and Vietnam

World Gold Council | Asian Pacific gold market in the next 10 years | June 2018

Frenetic IPO activity in Q1 2018

Number of initial public offerings in Q1 2018

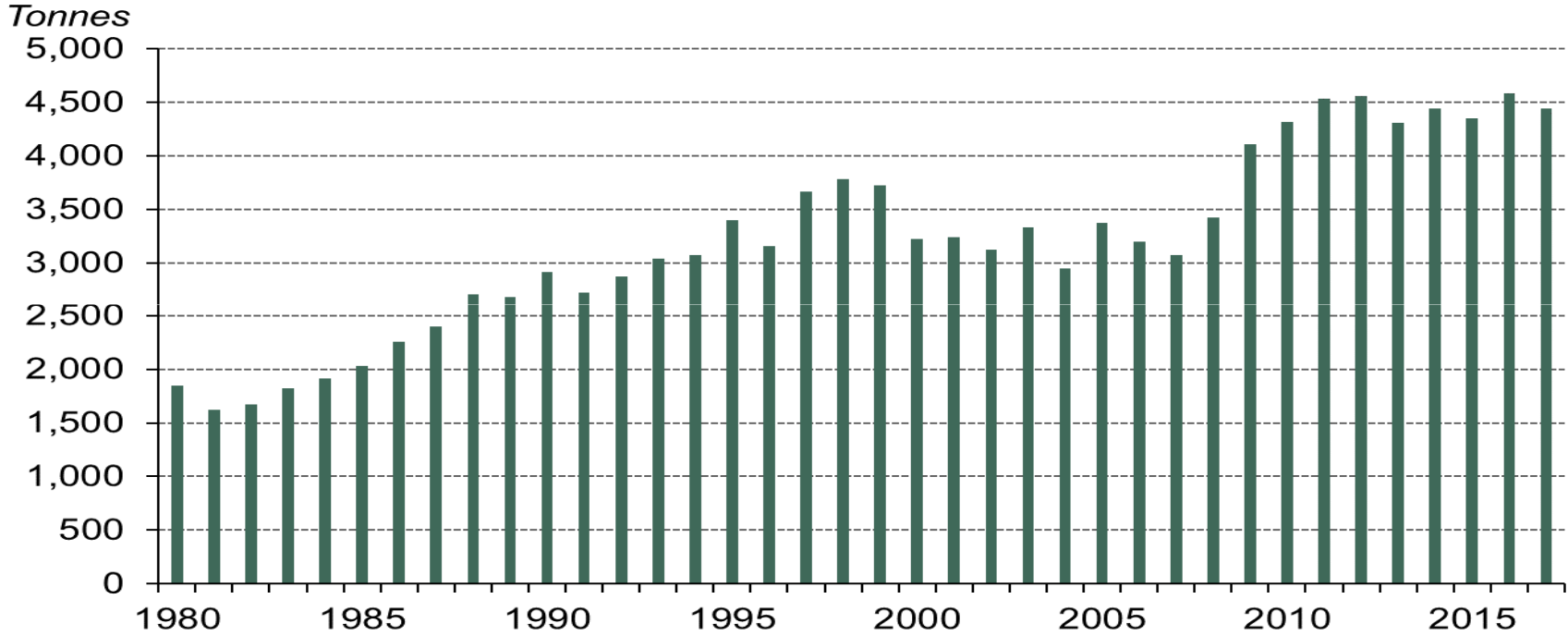
Number of deals



Source: Dealogic; EY

Gold demand increases over time

Annual gold demand



Source: Metals Focus; Thomson Reuters GFMS; World Gold Council

Asia Pacific countries will become richer

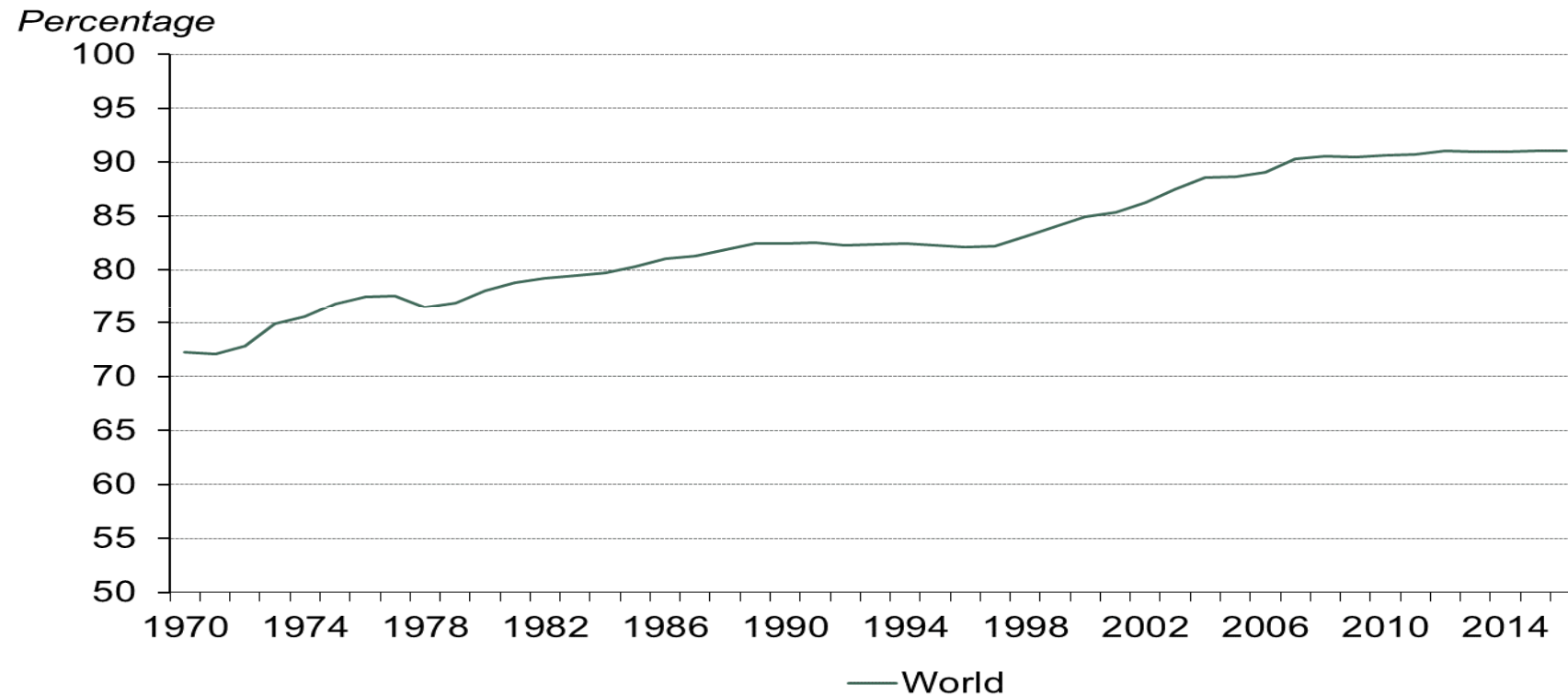
- **GDP per capita will continue to rise**
- **Capital markets will grow; millions will be lifted out of poverty**
- **This will support gold demand**

2. Consumers are changing



People are better educated

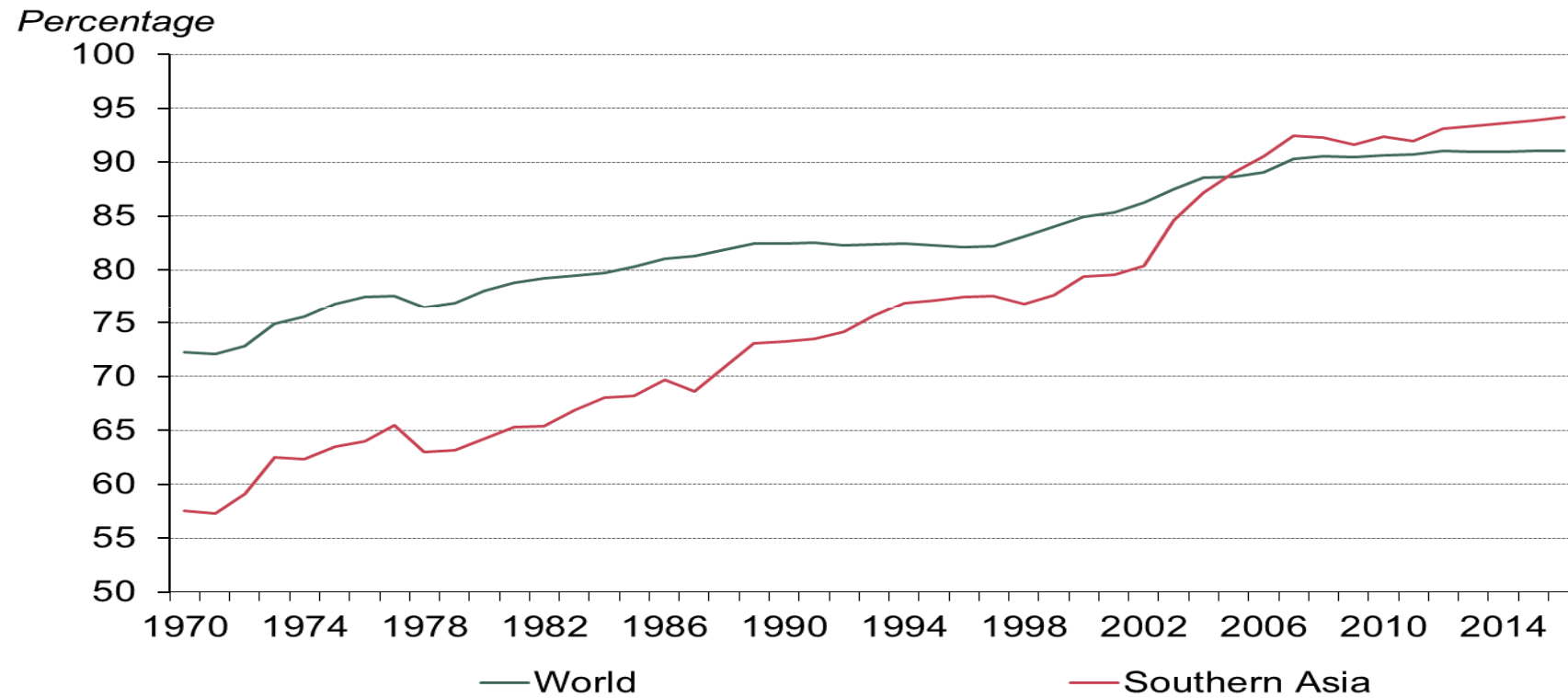
Percentage of school age children in formal education



Source: UNESCO

Southern Asia has seen a dramatic improvement

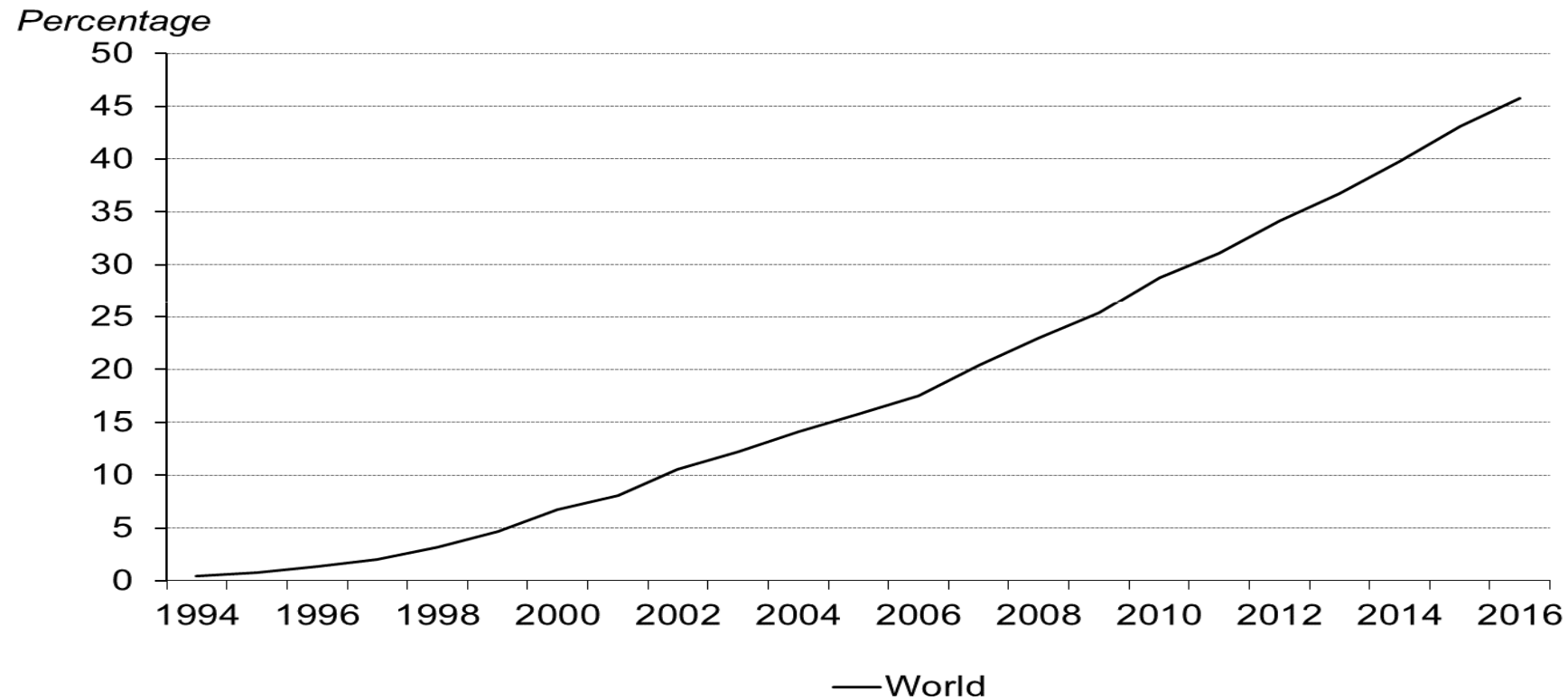
Percentage of school age children in formal education



Source: UNESCO

Internet access is spreading

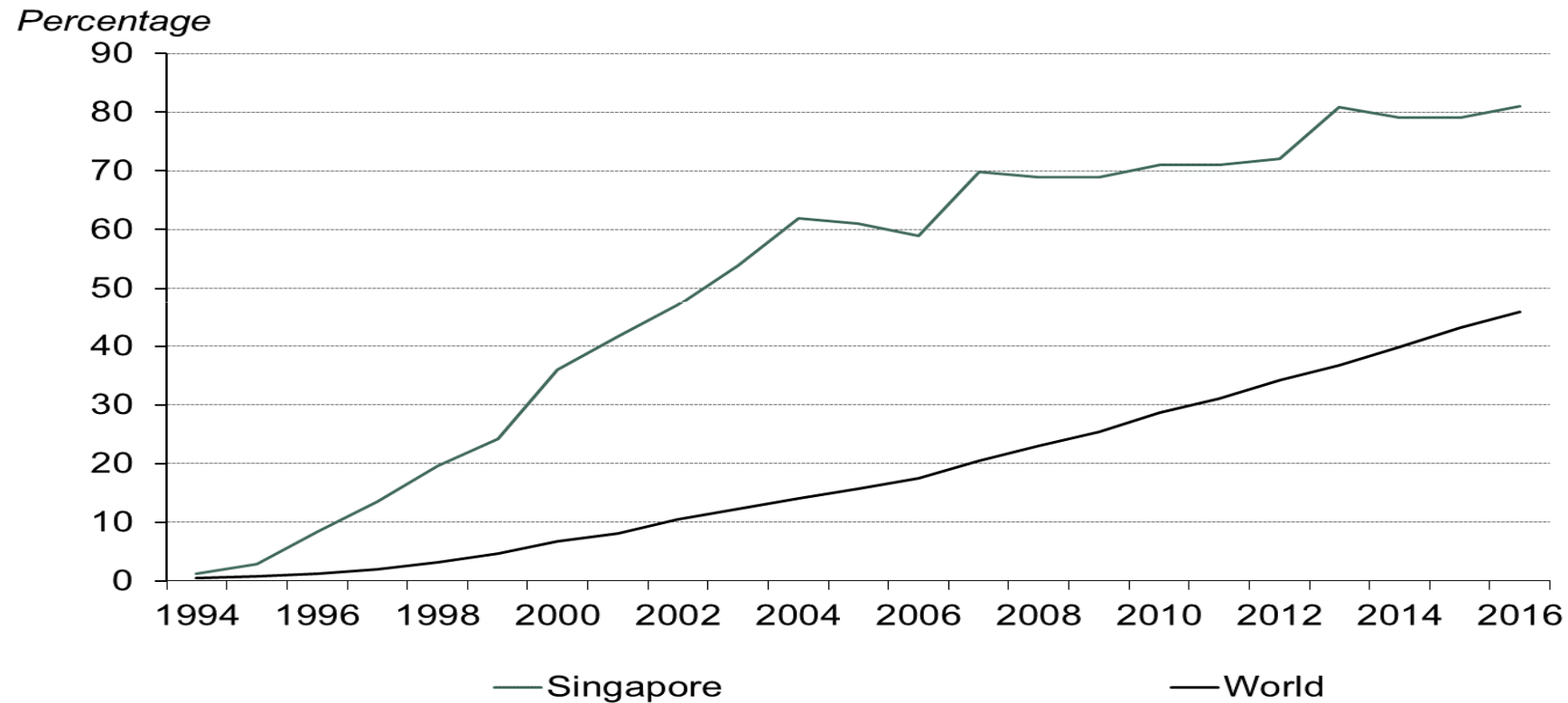
Percentage of individuals using the internet



Source: The World Bank; International Telecommunications Union

Singapore is ahead of the pack

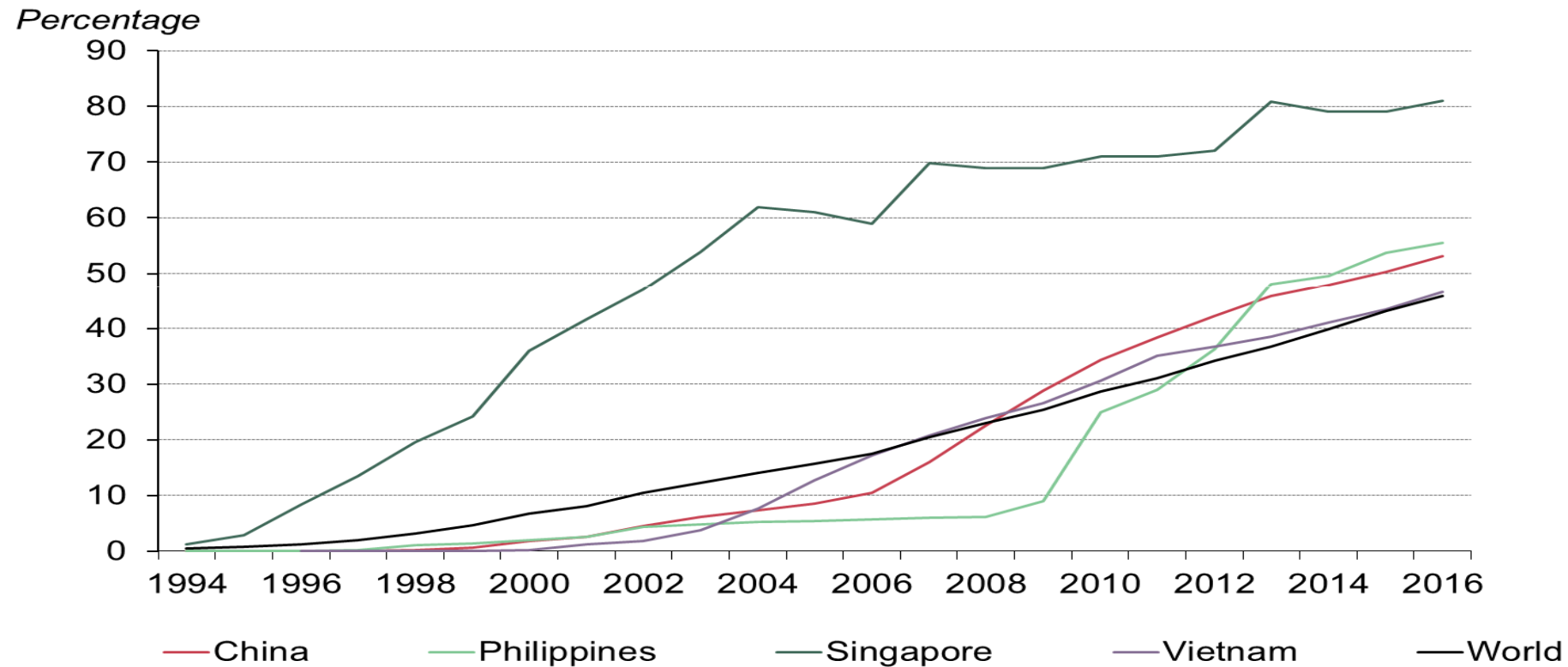
Percentage of individuals using the internet



Source: The World Bank; International Telecommunications Union

China and others in line with global trends

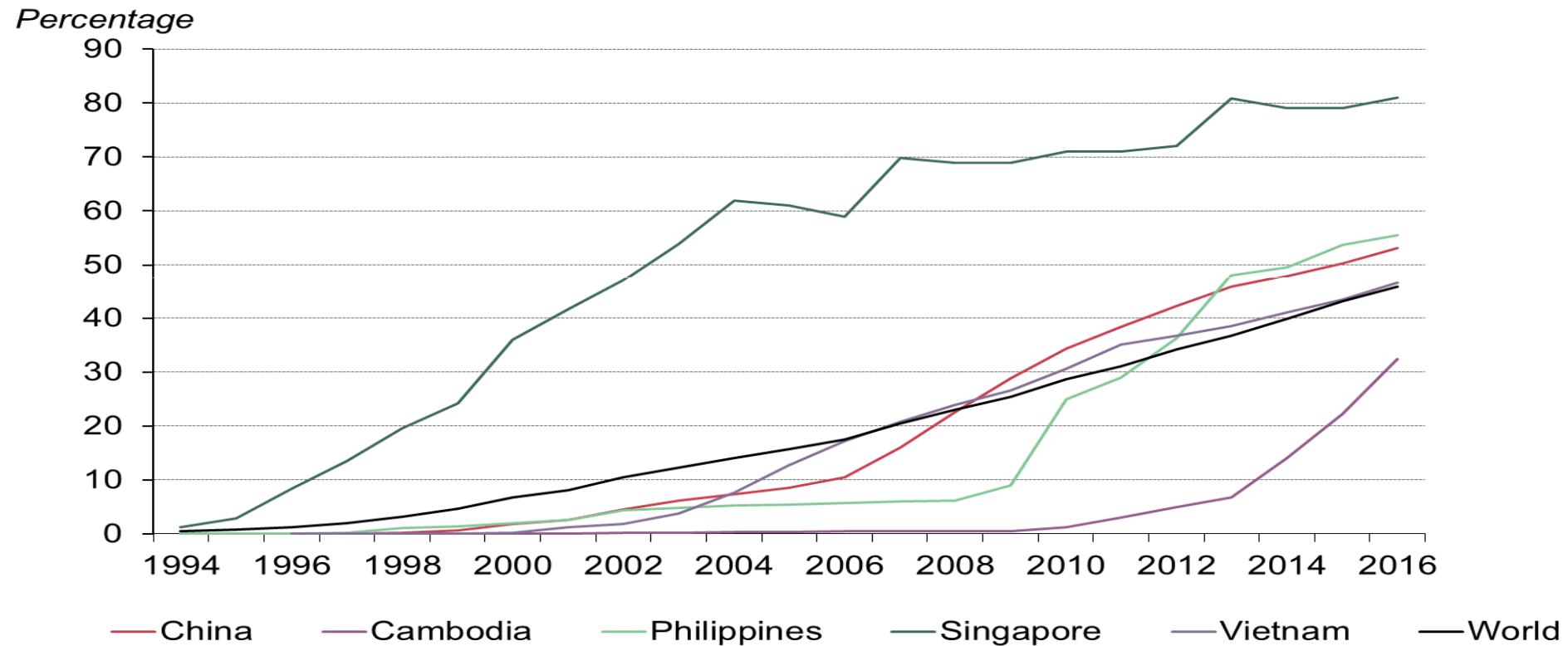
Percentage of individuals using the internet



Source: The World Bank; International Telecommunications Union

Cambodia has seen a sharp uptick in recent years

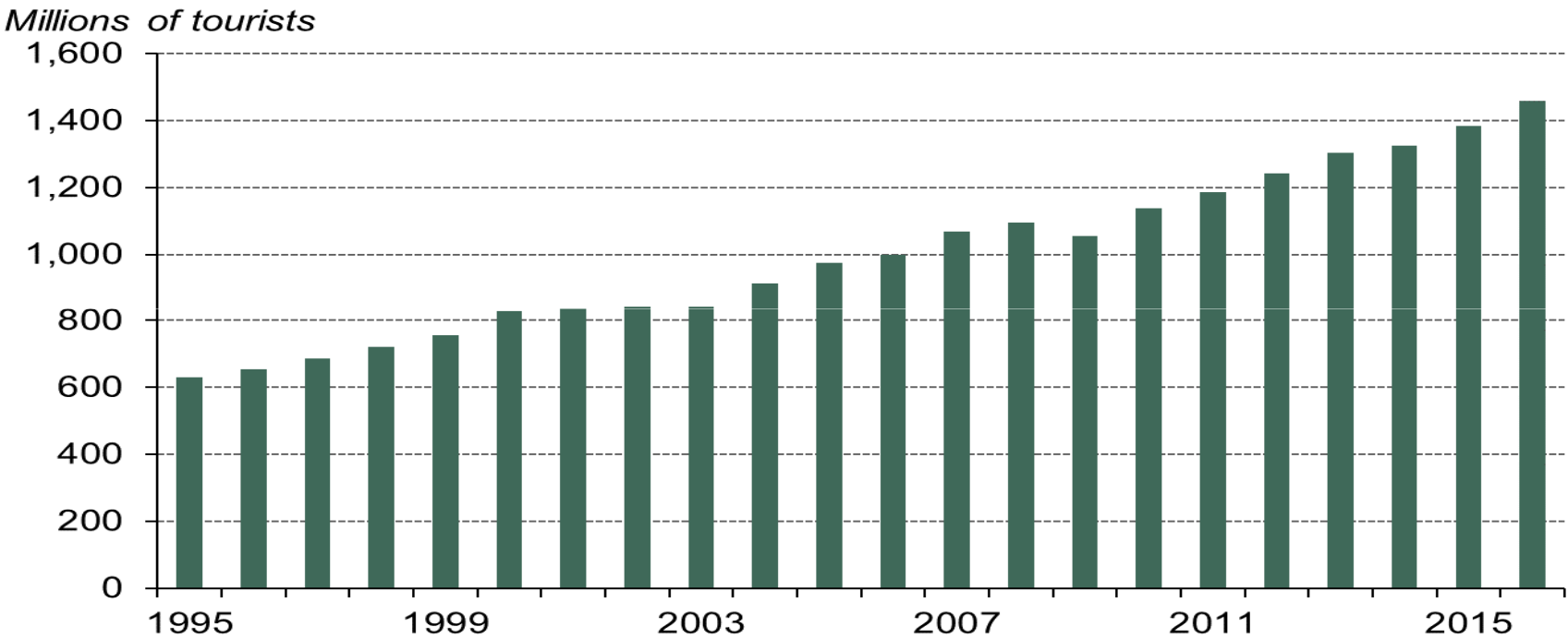
Percentage of individuals using the internet



Source: The World Bank; International Telecommunications Union

People are travelling more than ever

International tourism, number of departures

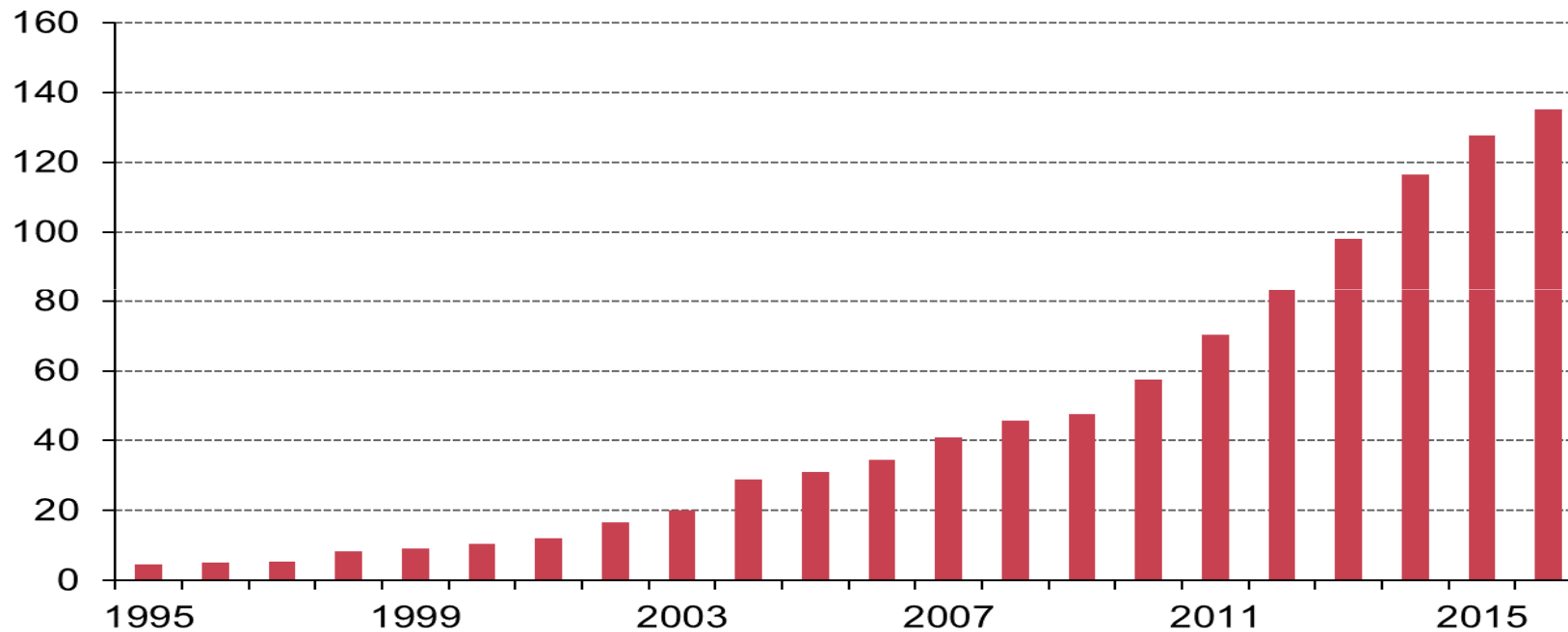


Source: World Tourism Organization

Including China which has seen rapid growth

China tourism, number of departures

Millions of tourists



Source: World Tourism Organization

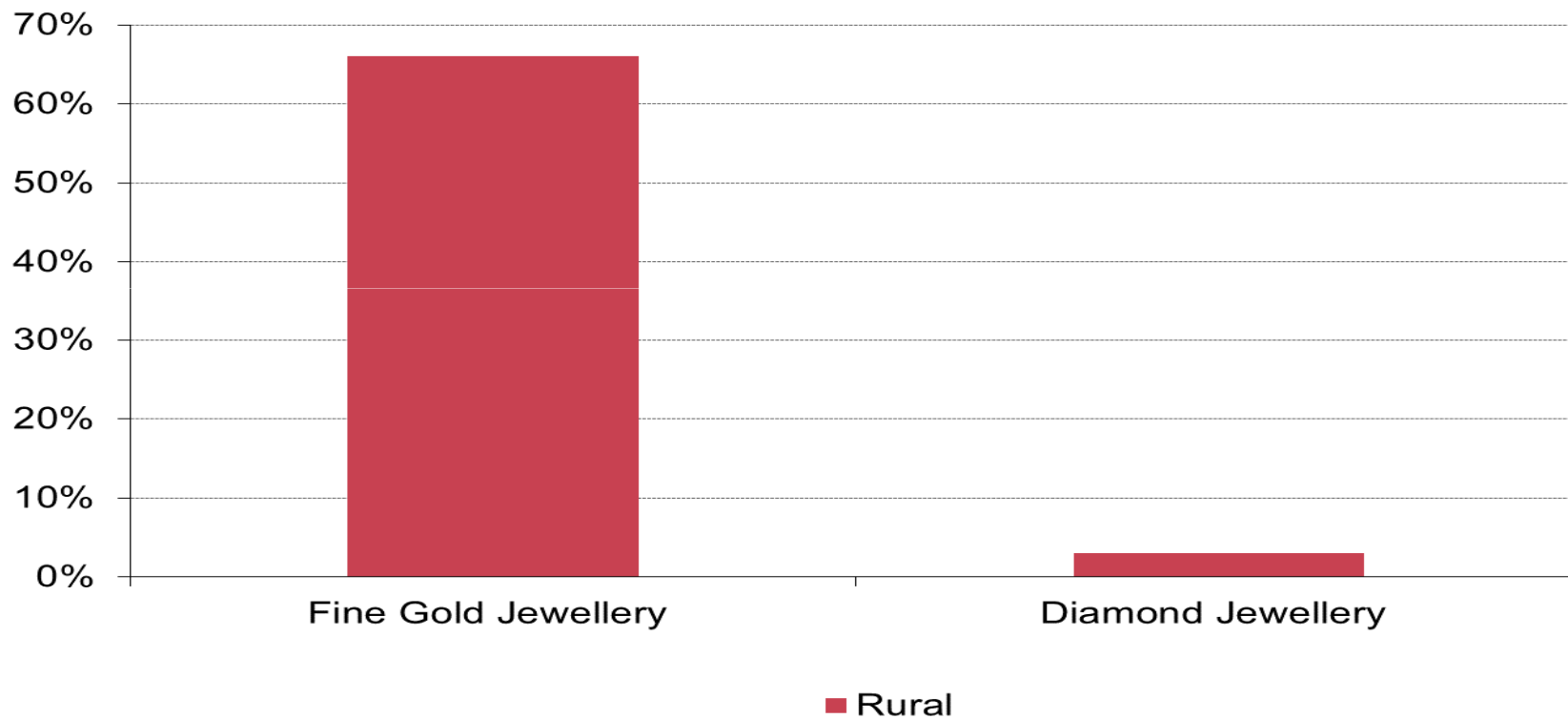
And the world is becoming more urban



Shutterstock

Gold jewellery dominates rural India

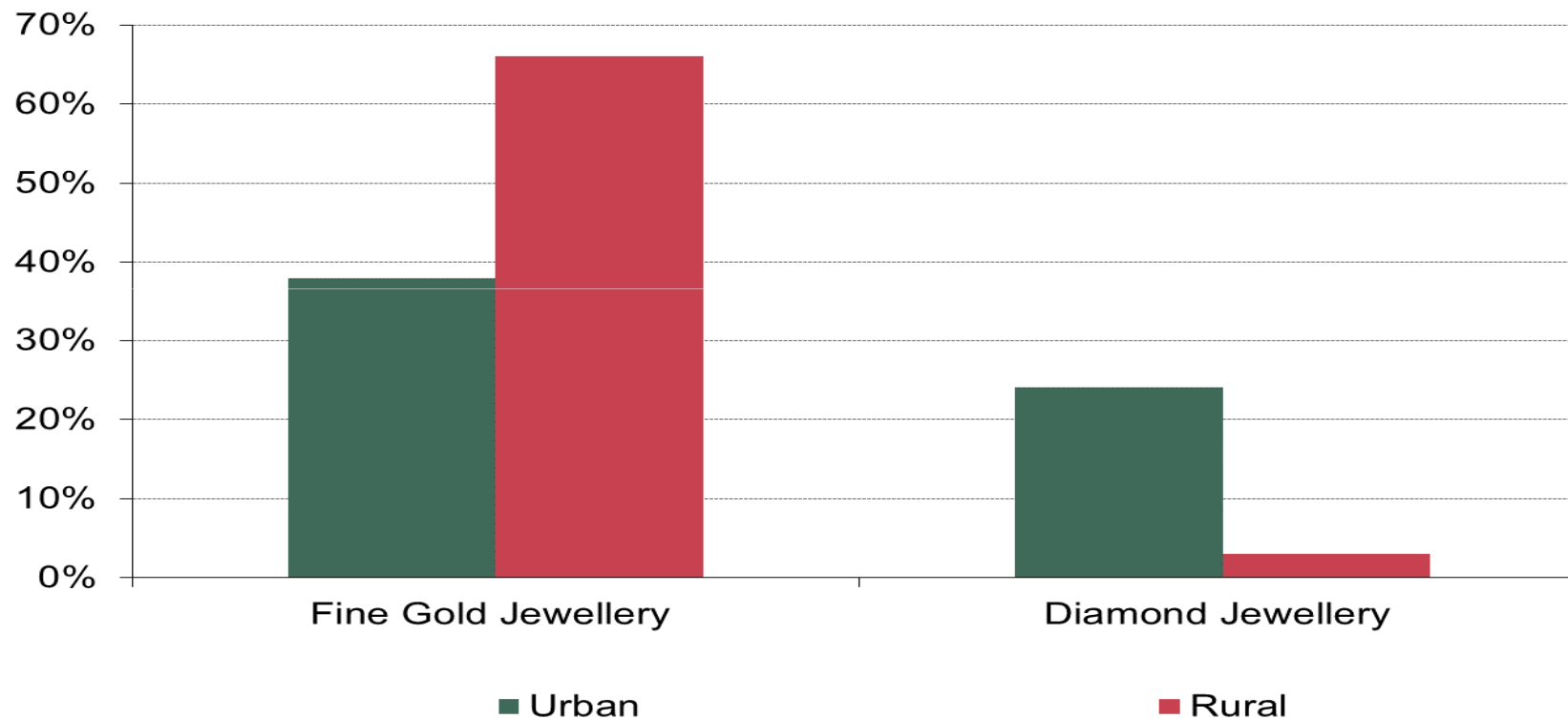
What would you buy if you were given Rs50,000?



Source: World Gold Council

But the gold faces more competition in urban India

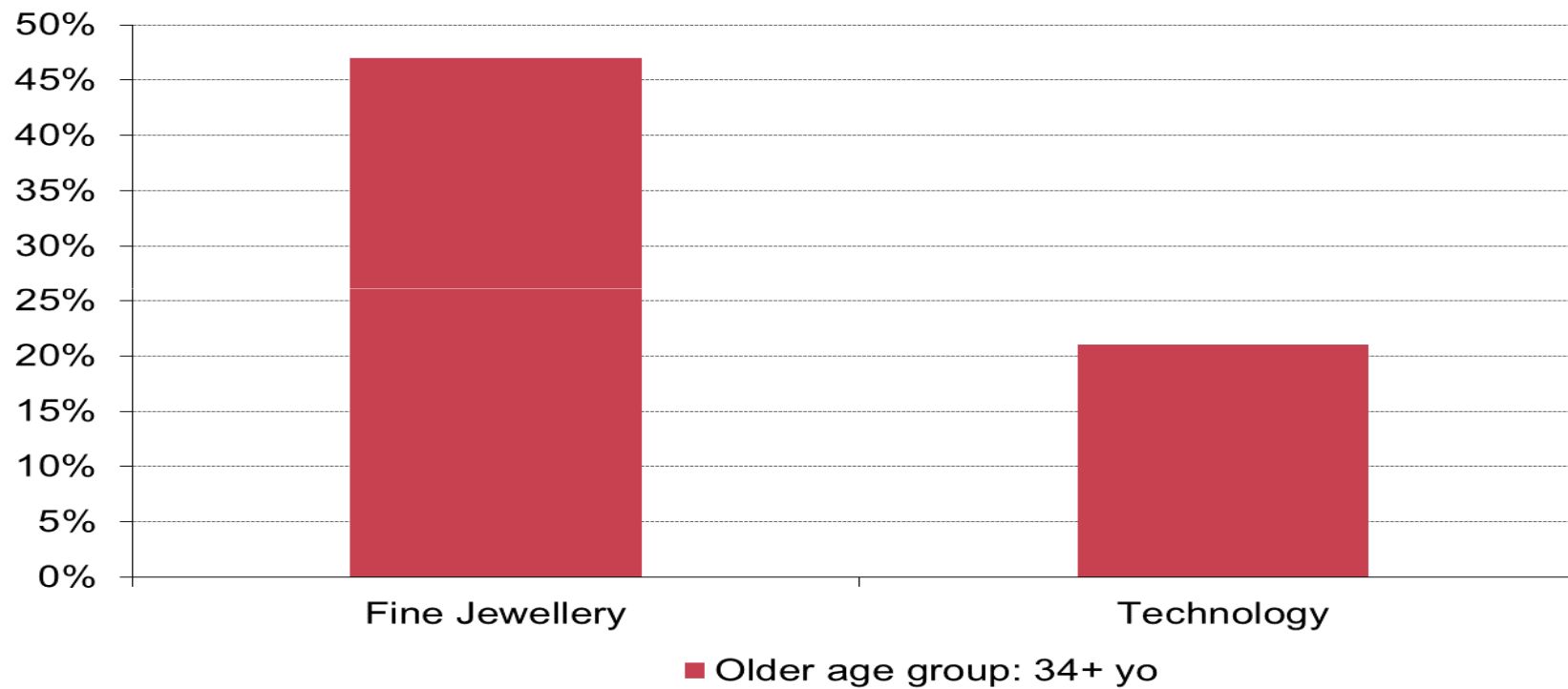
What would you buy if you were given Rs50,000?



Source: World Gold Council

Jewellery's competitive set is fierce in China

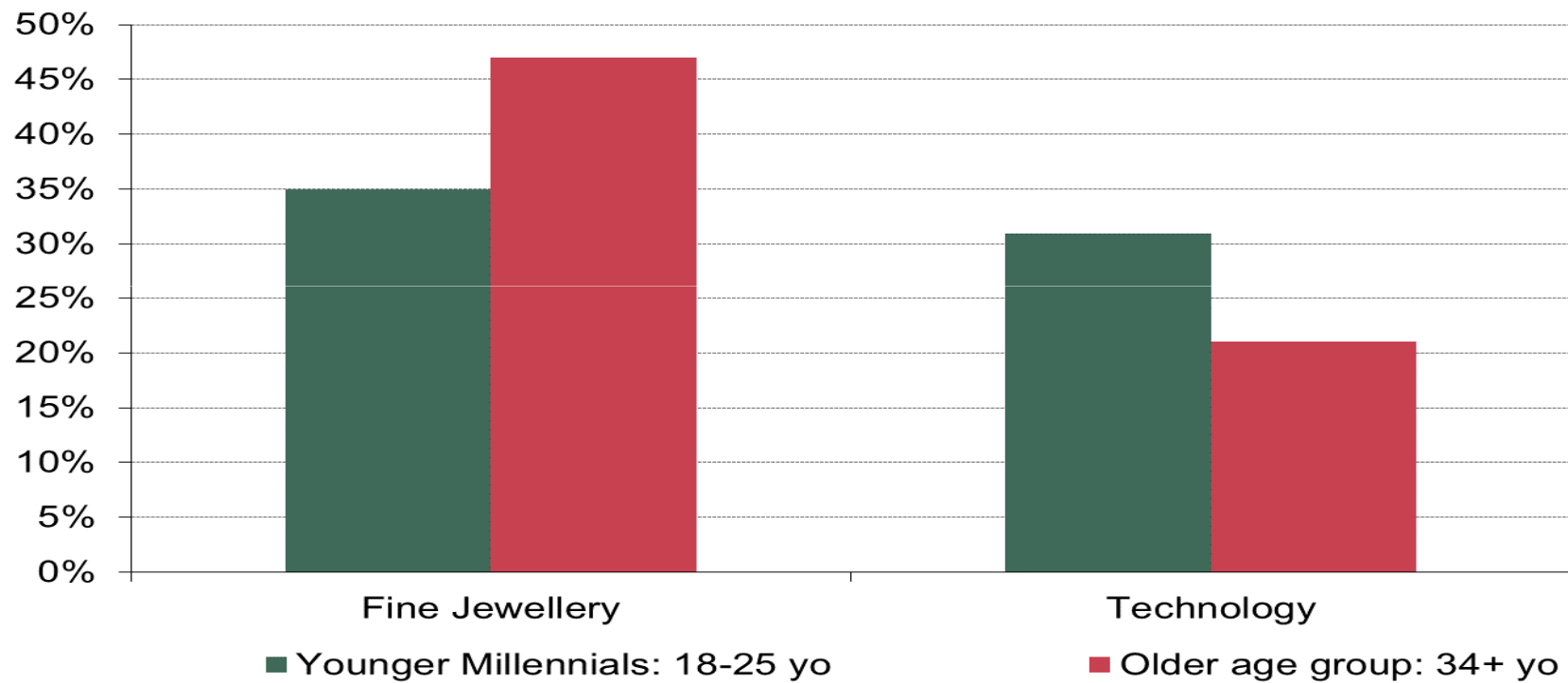
What would you buy if you were given RMB5,000?



Source: World Gold Council

Especially for younger consumers

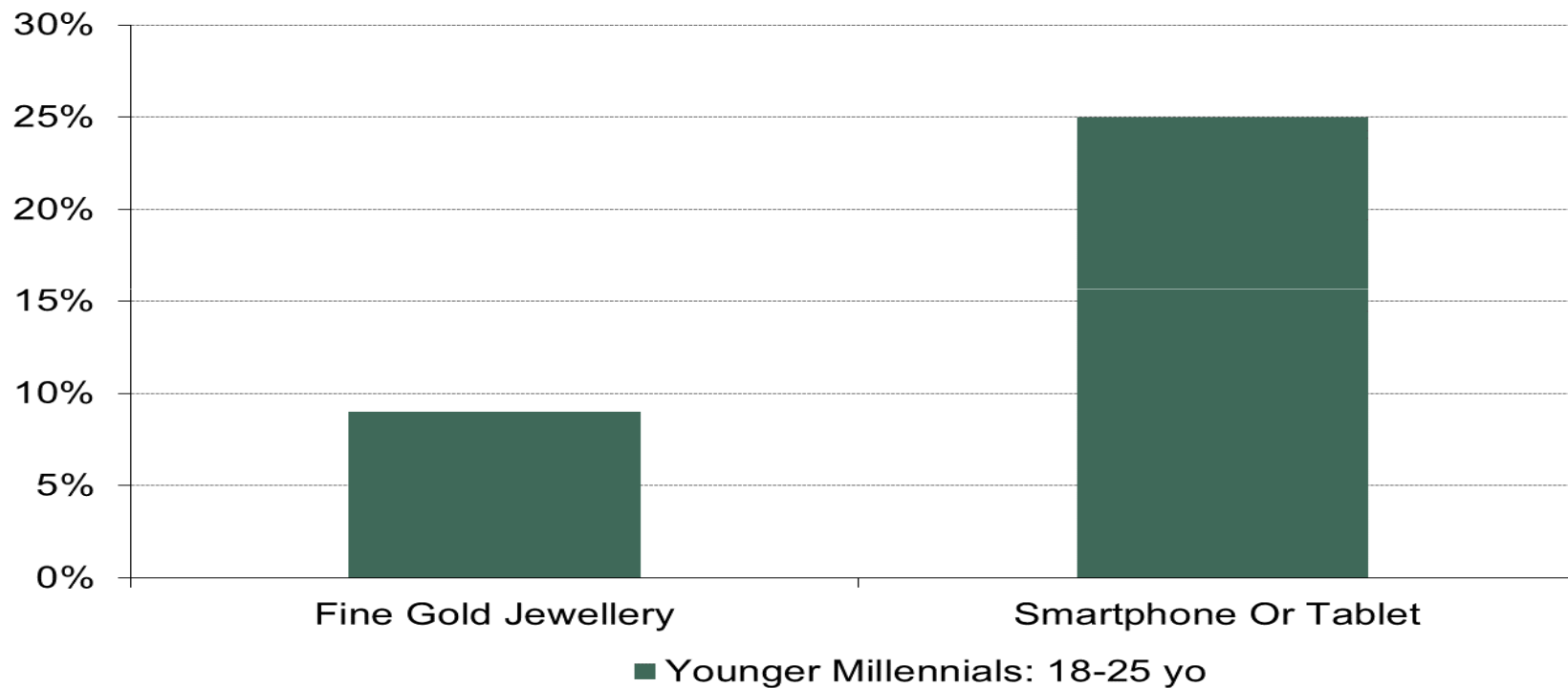
What would you buy if you were given RMB5,000?



Source: World Gold Council

Technology more appealing than gold for millennials

What would you buy if you were given RMB5,000?



Source: World Gold Council

China's generational differences

We asked consumer to indicate how strongly you agree or disagree with the following statements

	<30yrs	>30yrs
Gold will never lose its value over the longer term	50%	60%
There is something magical about gold	53%	64%
Gold can bring you good luck	51%	64%
Buying gold is a realisation of childhood dreams	38%	50%

Percentages represent those who strongly agree or somewhat agree with the statement

Consumers are changing

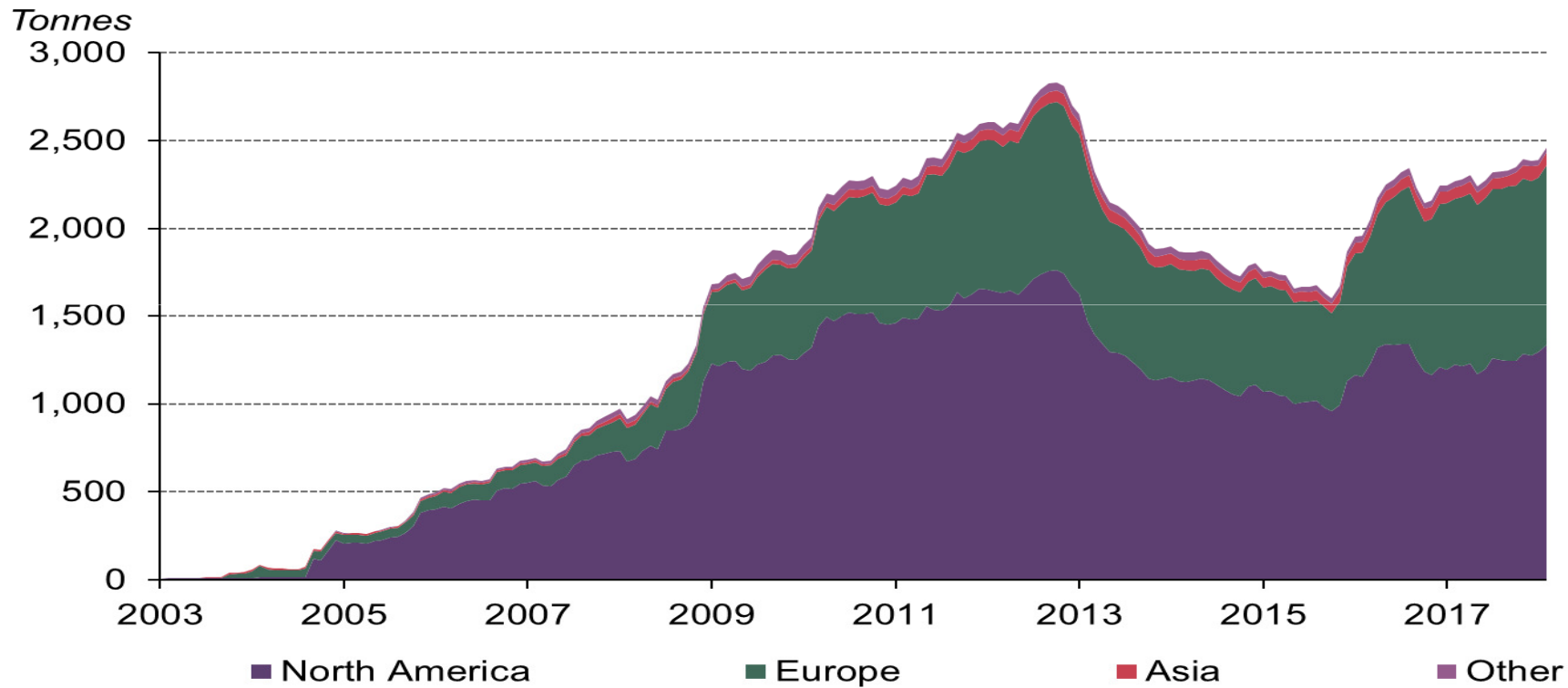
- Ideas spread quickly
- Generational shift in views; different attitudes towards gold
- Consumer facing gold-businesses need to adapt and evolve

3. New markets could open up



ETFs made gold more accessible

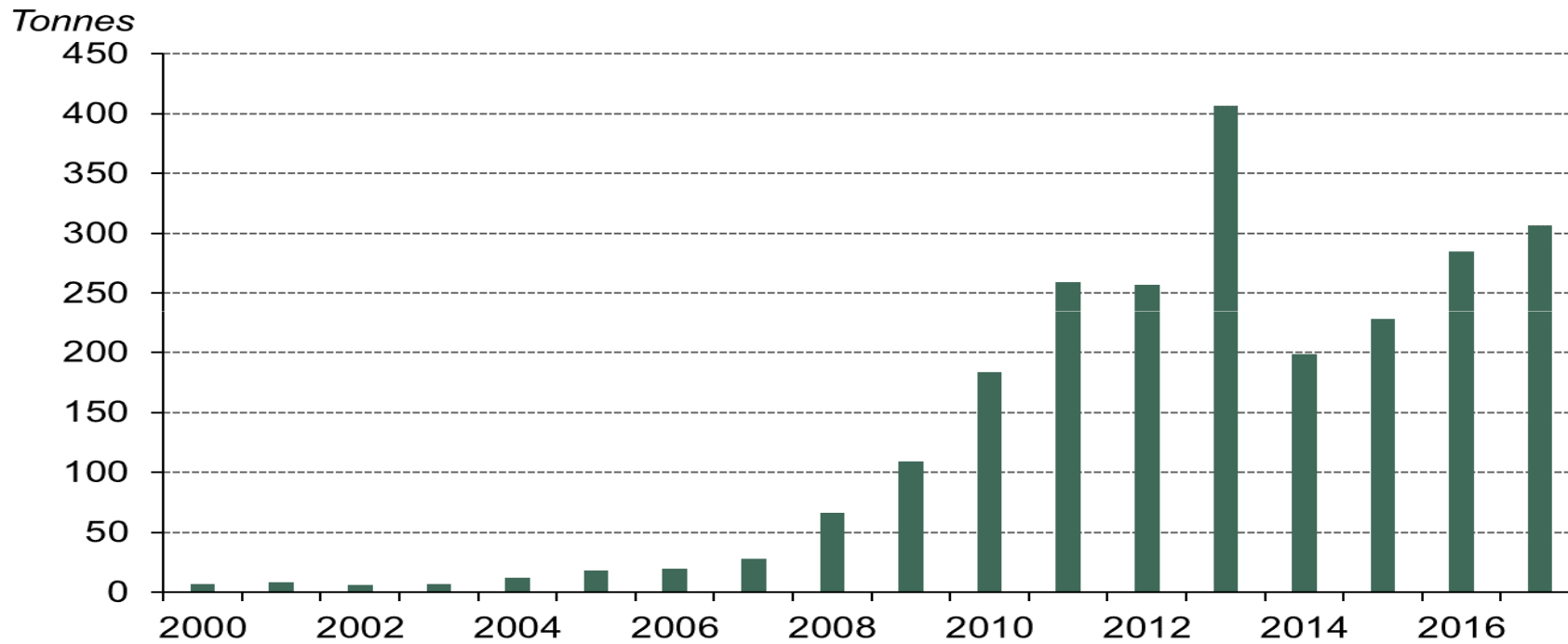
Gold-backed exchange-traded assets under management



Source: World Gold Council

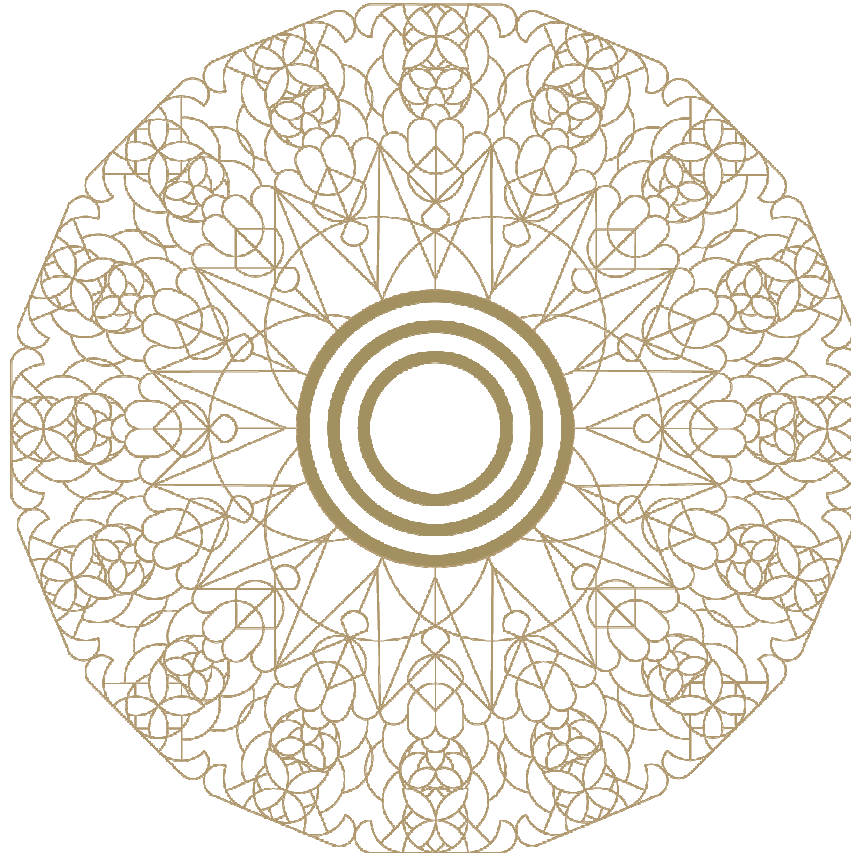
China's bar and coin market boomed

China's annual bar and coin demand

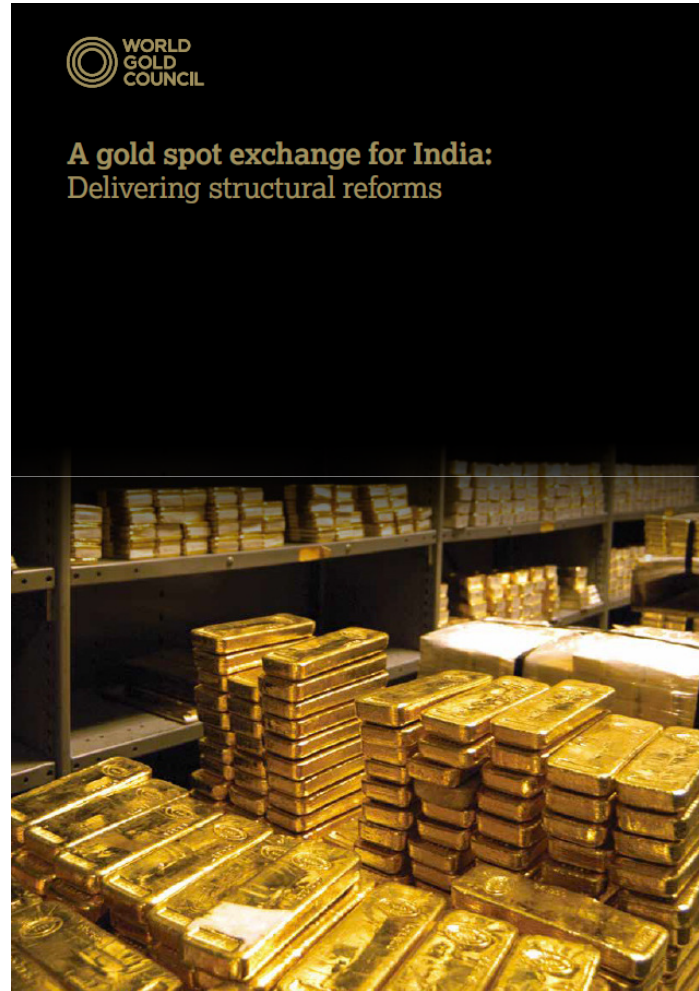


Source: Metals Focus; Thomson Reuters GFMS; World Gold Council

Shari'ah standard on gold has been set



An Indian gold spot exchange



4. Markets could open up and become more efficient

- **New markets will open up**
- **Trading will become more efficient**

Technology will disrupt the market



Gold-fintech is a rapidly developing landscape

pro aurum
Edelmetalle. Münzen. Barren.

 **digix**


GOLDMINT

 **PAXOS**

WeGold 微黄金

 **ONEGRAM**


euroclear

 **BullionVault**

 **TRADEWIND**

 **HelloGold™**
GOLDX

 **The Royal Mint**  **CME**

 **SAFEGOLD**

 **Coin™**

 **GoldRepublic.**


GOLD CORE

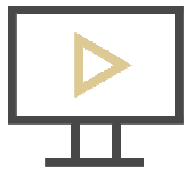
 **GBI**
Own What's Real.®


TRUSTCHAIN™

GLINT

Goldmoney®

We think of four gold-fintech concepts



**Online
Vaulted
Gold**



**Crypto Gold
Tradeable Token**



**Crypto Gold
Payments &
Collateral**



**Crypto Gold
Trading**

Regulations vary – and will change



Technology will disrupt the market

- **The gold-fintech landscape is evolving quickly**
- **No one really knows how it will play out**
- **But it is likely it will be a catalyst for change in the gold market**

5. Global financial landscape will change

China and global financial markets



Shutterstock

Summary

In 10 years time....

- 1. People in Asia Pacific region will be richer...**
- 2. ...but their tastes will have changed.**
- 3. New markets will have opened up...**
- 4. ...but technology will have changed their structure.**
- 5. China may have re-shaped the global gold market.**

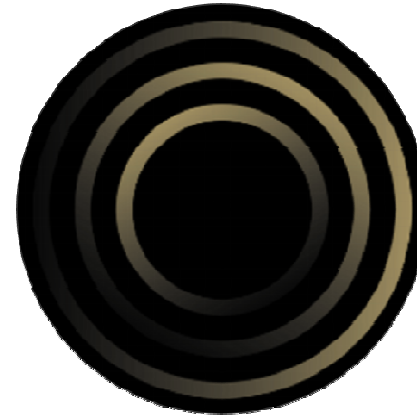
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