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CONFERENCE

3-5 June 2018

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VIETNAM GOLD MARKET 2018
UPDATE
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3-5 JUNE 2018

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Gold Market Recent Updates.

- Vietnam physical gold demand still strong, among the top 3 gold markets in South East Asia, with a total off-take of 54 tonnes in 2017 (In which Retail Investment is at 37.5 tonnes and Jewellery Consumption at 16.5 tonnes)
- Total demand of gold in 18Q1 have reached 18 tonnes, marking an increase of 7% year-on-year, in spite of the gold price hike.

Gold Market Recent Updates.

- On Gold Management Policy, the State Bank of Vietnam (SBV) has announced that it will completely liberalize the gold jewellery sector (no more licensing on jewellery manufacturing and trading) and will also re-authorize the import of gold raw material as per the need and demand of the key jewellery manufacturers.

Future changes in Gold Management Policy.

- Apart from the liberalization of the gold jewellery sector, the SBV is drafting a new Gold Management Policy which will provide the base for a future Gold Monetization Scheme (GMS) and its derivatives Gold Metal Loan (GML) or Gold Sovereign Bond (GSB).
- Learning from previous negative experiences during the period 2009-2011 when any commercial bank can mobilize physical gold deposits and set up its own gold trading floor with high risk level of margin trading. This time the SBV will be very cautious in setting up the regulations for the coming GMS, GML and GSB.

Gold Monetization Scheme (GMS)

The objectives of the GMS are :

- To mobilize the physical gold hoarded by the VN public
- To provide an alternative source of gold supply for the local gold industry under the Gold Metal Loan scheme
- To boost gold recycling and reduce Vietnam's reliance on foreign gold imports.

Gold Monetization Scheme (GMS)

- Under this scheme, local gold bars (SJC tael bars) will be collected by local commercial banks and channeled to the SBV to conduct a gold SWAP with international bullion banks for US Dollars to be used by the government for different purposes.
- The equivalent amount of physical gold hedged will be returned to the depositors after a specific fixed term with interest rates. A portion of the gold in deposit will be used as reserved stock and also as gold loans to jewellery manufacturers licensed by the SBV This scheme is called GMS-linked Gold Metal Loan.

Gold Standardization.

- By GFMS and Metals Focus statistics , in the past decade (2007 – 2017) , the cumulative amount of gold demand in Vietnam has reached 890 tonnes , of which 727 tonnes are under forms of tael bars and chi rings.
- The majority of these gold tael bars are Saigon Jewellery Company (SJC) Golden Dragon bars of 999.9 gold purity and officially recognized by the SBV as Vietnam's national gold bar brand.

Gold Standardization.

- Also by SBV official estimates, at least 500 tonnes of the SJC gold tael bars are still held by the public, therefore they can be used as good delivery bars for the above mentioned GMS and GML schemes.