

Asia Pacific Precious Metals Conference 2024: Highlights

Session- I: ASEAN Precious Metals Market Update



Chair: Mr Albert Cheng, CEO, SBMA

Speakers: Ms Souphaphone Sounannavong, Interim CEO, Pacific Bullion Import-Export Co Ltd - Laos-, Mr Huynh Trung Khanh, Vice Chairman, Vietnam Gold Traders Association - Vietnam-, Mr Ermin Siow, Advisor, Federation of Goldsmiths and Jewellers Association Malaysia (FGJAM) - Malaysia, Mr Nuttapong (Golf) Hirunyasiri, Managing Director, MTS Gold Group - Thailand

Mr Albert Cheng

Reflecting on the journey since the panel's inauguration in 2017, Mr Albert highlighted its consistent impact and significance. "This event is unmatched by any other, providing a unique opportunity for industry leaders to engage face-to-face."



Mr Albert Cheng

EXCHANGE TRADED BULLION CONTRACTS - FAIR AND TRANSPARENT MEANS OF INVESTMENT



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- Better Cash flow management and margin protection
- Inventory hedging amid volatile prices



Mr Huynh Trung Khanh

Vice Chairman, Vietnam Gold Traders Association – Vietnam

"In 2023, Vietnam's gold market saw a total demand of 55 tonnes, with retail investment at 40.4 tonnes and jewellery consumption at 15.1 tonnes according to data

from the WGC and Metal Focus. Vietnam led Asian markets in physical gold demand, followed by Indonesia at 45.3 tonnes and Thailand at 42.1 tonnes"

For the first half of 2024, Vietnam's gold demand would reach 33 tonnes, a 10% year-on-year increase. He projected the demand for 2024 to be 65-70 tonnes, driven by high retail investment demand due to decreased savings interest rates, a frozen real estate market, currency devaluation, and high inflation rates. In May 2024, domestic gold prices hit an all-time high, prompting the State Bank of Vietnam (SBV) to organize gold bar auction sessions, releasing nearly 50,000 gold tael bars to the market. "Gold bars have become a major investment channel in Vietnam, Since April 2024, the SBV has organized nine auction sessions, providing 48,500 SJC tael bars to retail consumers. From June 3, 2024, the SBV also supplied SJC tael bars at lowered premiums to major banks and SJC Gold Co for direct sales to the public. "The SBV is now selling 2 tonnes of gold per week through auctions. Additionally, the Vietnam Gold Traders Association (VGTA), with support from the WGC, is working with the SBV on policy changes, including revising Decree 24, liberalizing gold production and sales, and establishing a national gold exchange.

Mr Ermin Siow

Advisor, Federation of Goldsmiths and Jewellers Association Malaysia (FGJAM) – Malaysia
Providing a comprehensive update on Malaysia's gold market dynamics at APPMC 2024 the speech highlighted the stable demand for gold over the past four years, with total consumption remaining just below 20 tonnes, encompassing both jewellery and physical gold investments.

Mr Siow addressed key industry issues, including the pending implementation of the High-Value Goods Tax (HVGT) and the upcoming rollout of e-invoicing, which may initially affect consumer demand but are expected to benefit retailers in the long run. He also outlined significant opportunities such as the flexible EPF withdrawals introduced in May 2024, potentially unlocking billions in consumer spending, and the anticipated pay rise for civil servants by December 2024, which could further stimulate economic activity and boost the retail sector. The speech highlighted Malaysia's ongoing resilience and strategic initiatives in navigating regulatory challenges and leveraging opportunities for growth in the gold market.



Mr Ermin Siow



Mr Nuttapong (Golf) Hirunyasiri

Mr Nuttapong (Golf) Hirunyasiri, Managing Director, MTS Gold Group – Thailand provided a comprehensive overview of Thailand's gold market dynamics from 2020 to 2024. He highlighted significant trends such as the fluctuation of gold prices driven by global and domestic factors, including inflation hedging and currency strength.

Mr Hirunyasiri noted the record-high Thai gold prices in recent years, reaching 42,000 baht per unit in April 2024. He also outlined Thailand's robust investment infrastructure, including numerous wholesale and retail shops, multiple gold funds, and substantial annual physical transactions. Emphasizing sustainability and innovation. Industry's shift towards responsible practices and the adoption of digital technologies for gold trading, underscoring Thailand's leadership in Southeast Asia featured as a part of the speech.



Ms Souphaphone Sounnavong

Ms Souphaphone Sounnavong, Interim CEO, Pacific Bullion Import-Export Co Ltd - Laos- highlighted the company's focus on strategic investments to transform Laos' economy, emphasizing sectors like trading and distribution of consumer goods, manufacturing lighting and electronics, logistics, fuel trading, and integrated infrastructure. She discussed the gold market in Laos, noting its position as the third-largest gold producer in Southeast Asia, with annual production of 9-12 tonnes.

The growing demand for gold due to economic and currency instability presents significant opportunities, although challenges such as inadequate infrastructure and limited access to investment products persist. Ms Sounnavong outlined a vision to establish the Bullion Bank of Laos, implement Dore bar certification, and position Laos as a regional hub for gold, aiming to bridge the gap between Lao and international markets and drive domestic financial innovation.

Would ASEAN gold market become a bigger market than India and Indonesia in the next 5 years ?

Well the number of people residing in India especially are far more compared to that of the ASEAN region hence it would be difficult to outgrow the markets in India. But the ASEAN gold market can collaborate with the markets in India and Indonesia through Singapore.

Will it be more advantageous for further market development if the tax structure on gold product movement is harmonized in ASEAN?

Yes
There are 10 countries in ASEAN and all the 10 countries have the same regime on gold product flow some country like Singapore free movement and Malaysia has a free movement but some countries are restricted.

Session-5: Update from Middle East and India Gold Markets



Chair: Mr Amar Singh, Head of Metals - Asia Pacific and Middle East, StoneX

Speakers: Mr Sudheesh Nambiath, Manager - Precious Metals, DMCC

Mr Monal Thakkar, Managing Director, Ashoka Global SG Pte Ltd, **Mr Mohammad Ayyob**, General Manager, SAM Precious Metals, **Mr Neville Patel**, Senior Vice President, HDFC Bank

Mr Ashok Gautam, MD & CEO, IIBX IFSC Limited

Mr Amar Singh, Head of Metals - Asia Pacific and Middle East, StoneX – We all know the yellow metal is highly valued in India, India being one of the largest consumers of gold we cannot keep India out of any conversation. Coming to the UAE, especially Dubai which has transformed into a precious metals hub. It can be described as a platform for business but not a consumption market as India is.

India has gone through a major transformation in terms of business, free trade zones and policy developments, this results to the market being more organised.



Mr Amar Singh



Mr Sudheesh Nambiath

Mr Sudheesh Nambiath, Manager - Precious Metals, DMCC – In the last 20 years, the precious metals trade from the UAE has grown from \$5billion to almost \$100 billion within a given year. UAE can now be considered as a focal point between the mining and the consuming countries. In the year 2023, the export from the UAE market has increased to various countries like China and Switzerland. The change in the compliance and government structure and implementation of new rules has facilitated the growth. The emphasis on AML and trust that is created amongst the value chain participants shows the growth of UAE in these past few years.

DMCC is a market facilitator, most of the precious metals trade is done through the members of DMCC. Due to the easy access of metal from various sources, Coming to the traceability of the metals, there are various invoices and certificates which can be traced back to the importer which makes it open and honest trade. The governance and compliance at UAE is becoming stringent as we speak and this will reflect in the future.

Mr Mohammad Ayyob, General Manager, SAM Precious Metals - In the recent years, we have seen enormous developments. As of July 2021, new rules and stringent regulations are set in place for the market participants to ensure responsible sourcing, money laundering and other regulations. As of now, there is ethical business all around the UAE, which is a step in the right direction and this is just the beginning for the UAE market to grow even further in the times to come.

As we are a UAE good delivery refiner, we have acted upon all the guidelines set to make us compete and trade in the overseas market. These guidelines are set in place for the benefit of the whole value chain which is making it a point to include traceability and responsible sourcing.



Mr Mohammad Ayyob

Mr Amar Singh – What are your thoughts on a partnership between DMCC and the SBMA?

Mr Sudheesh Nambiath – There are a lot of commonalities between the markets of UAE and Singapore being a hub to all its surrounding countries. There is a shortage of free stock in the UAE which can be fulfilled by the jewellery scrap or mined gold coming from the south East Asian countries and in turn can be exported to large consuming markets through the UAE.

This can be a route that should be beneficial for both UAE and Singapore.

Mr Amar Singh – Can SBMA members be brought into the IIBX channel?

Mr Ashok Gautam - Yes, SBMA members can be a qualified seller in the exchange and be a part of it. This would help them expand their business to the Indian Territory and open up new trade facilities.



Mr Neville Patel

Mr Neville Patel, Senior Vice President, HDFC Bank – The Indian banks play a key and a larger role than before. Earlier we used to see a consignment basis where the banks were permitted to import gold to India but now the banks are allowed to participate on the exchange through IIBX. Indian banks will also play a role in the derivatives market where participants are allowed to hedge their metal in GIFT on the OTC platform. The CEPA agreement between India and UAE is going to be an excellent corridor that facilitates trade and partnership between the two countries. Businesses will be built keeping this agreement in mind and domestic banks will want to facilitate both buying and selling of metal through this partnership.



Mr Ashok Gautam

Mr Ashok Gautam, MD & CEO, IIBX IFSC Limited – The IIBX initiated its business in 2022 and has moved leaps and bounds since. All the government entities including regulators and market participants have contributed in the welfare of the exchange. In the first quarter of 2024, IIBX has touched 5 tons of gold traded in the exchange. It's been 6 months since we started silver trading on the exchange and we are about to hit the mark of 1 million kg of trading since its inception. We are the only exchange in the world that settles the BDR in 30 minutes. The funds are also settled three times a day. The silver grain contract is one of our popular contracts. There are different products being developed around the BDR's which are repo products, loan and lease products which we are looking forward to.



Mr Monal Thakkar

Mr Monal Thakkar, Managing Director, Ashoka Global SG Pte Ltd –

As Mr Sudheesh and Ayyob mentioned the scale at which UAE has developed as a hub is phenomenal. The UAE has helped in developing markets like India, Europe and Asia. In short, there is a long way to go for UAE but the market is certainly moving in the right direction.



Session-6.1: Fireside Chat 1: Technology and Innovations in Gold



Chair (Moderator): Mr Martin Huxley, Executive Director, Global Bullion Solutions
Speakers: Mr Rich Teo, Co-Founder, Paxos Trust Co LLC
Mr Gregor Gregersen, Founder, Silver Bullion



Mr Martin Huxley

Mr Martin Huxley: The realm of technology within the gold sector is expansive, encompassing exploration, mining, processing, traceability, marketing, and more. However, our current focus is on technology as it pertains to investing and trading in physical gold. Perhaps I'll turn to Gregor next to delve into advancements, innovations, and any notable challenges observed over the past 12-24 months

Mr Gregor Gregersen: There are four main areas where I see technological progress in the gold sector. Firstly, companies like Xendras are advancing in tracking gold bars from their origin through various locations over their lifetime. Another type of tracking is Proof of Reserve (POR), used by vaults to prove the presence of claimed bars. We specialize in these tracking technologies. Secondly, there's the technology of collateralizing gold, enabling secure borrowing against stored gold. Lastly, there's tokenization, a hot topic in gold technology today, albeit with varying interpretations. Rich from Paxos, known for the most traded gold token, offers valuable insights. We also had our own gold token, 'Cash,' through a separate venture, learning valuable lessons over five years of development.



Mr Gregor Gregersen



Mr Rich Teo

Mr Rich Teo: Paxos operates as a blockchain and crypto infrastructure provider, serving various asset classes globally. Our flagship, 'Cash,' is prominent among these, along with web securities and trading services for major fintech firms worldwide. Pax Gold, initiated around 2017-18, focuses on the tokenization of gold, a seemingly straightforward concept of representing gold on the block chain. However, challenges included navigating complex legal implications and ensuring the continuous redeemability of tokenized gold. Another hurdle was aggregating fractionalized gold globally into redeemable bullion, regulated by NYDFS despite being redeemable in London. Unlike other assets, gold lacks interest, making it less popular and profitable to hold. Despite these complexities, we have continued to innovate and refine our gold token since its launch several years ago.

Mr Martin Huxley: Can you detail the Pax Dollar's circulation of 25 billion dollars?

Mr Rich Teo: Among our dollar products, several were made for our use and large institutions like PayPal. The most successful was BUSD for Binance, peaking at around 24 billion.

Mr Martin Huxley: Pax Gold reached about 400 million dollars. What are your views on investor sentiment towards these tokens, and why is one more successful? Is it greater interest or

drawbacks in marketing gold?

Mr Rich Teo: Dollar tokens dominate crypto markets as the base currency. However, there's hope gold could become a more appealing base currency for those seeking a hedge against inflation. Gold-based currencies face liquidity challenges compared to dollar assets. Gold doesn't trade 24/7, unlike crypto, causing market dislocation. Institutional adoption of tokenized gold for instant settlement is limited due to reluctance to hold assets on blockchain platforms. These challenges hinder market alignment.

Mr Martin Huxley: How does regulation impact innovation in blockchain?

Mr Gregor Gregerson: Creating publicly traded tokens highlights blockchain's value in transactions among distributed parties. However, AML compliance poses challenges. Regulators require knowledge of parties involved, but blockchains anonymize this info. This makes regulatory compliance difficult. For instance, concerns about gold tokens reaching unauthorized destinations like Iran complicate matters. Regulatory support varies by jurisdiction, posing significant hurdles for investment in token systems due to unpredictable regulatory landscapes.

Mr Rich Teo: Lack of regulation has been the biggest obstacle to blockchain innovation. We were the first to get a NYDFS license in New York and have obtained licenses worldwide, including in Singapore. Last year, the MAS chairman announced our compliance with single-currency stable coins, granting us pre-approval for stable coin issuance in Singapore. Regulators globally, including Hong Kong and the Middle East, are embracing technology. If this trend continues, it will encourage traditional industries to integrate blockchain technology. Gold tokens are similar to single-currency stable coins: hold reserves in trust, ensure regulatory compliance, and issue tokens accordingly. Stable coin regulations could extend to various assets. Singapore leads in achieving compliance, though it's challenging. Advancements in technology will facilitate compliance, fostering broader adoption of new technologies, including gold.

Mr Martin Huxley: Regulation is needed for trust and integrity. With many players and exchanges in the global gold market, how does the industry engage with regulators?

Mr Rich Teo: Countries embracing blockchain tokenization with unified regulators overcome significant hurdles. The absence of a global gold regulator poses

challenges. With a single regulatory body, the primary obstacle is agreeing on standardized regulations. The industry must set standards to facilitate gold tokens moving across borders and maintaining fungibility.

Mr Gregor Gregerson: For publicly traded tokenization, acceptance on all exchanges is necessary. Gold exchanges in Asia, Singapore, Hong Kong, and Dubai could benefit from a standard for tokenized gold. Traceability is another upcoming area, allowing trusted systems for tracking gold bars, presenting interesting possibilities.

Mr Martin Huxley: What is the potential for tokenized precious metals in Asia? Will institutions adopt it or continue using paper gold?

Mr Rich Teo: Asia has significant potential for tokenized precious metals. There is interest in trading gold 24/7 and streamlining the process from mining to jewelry production. Institutional adoption faces reluctance to hold assets in tokenized form on blockchain. Trust in technology and regulatory framework are barriers. Once addressed, greater adoption is expected.

Mr Martin Huxley: What initiatives would make Singapore a major global trading center for tokenized gold?

Mr Rich Teo: Singapore's approach to crypto regulation is intriguing. Strict on speculative trading, but supportive of infrastructure facilitating global asset movement. Encouraging and licensing companies to tokenize precious metals could improve trading efficiency, establishing Singapore as a leader in tokenized precious metals over the next decade.

Mr Gregor Gregerson: We have shifted focus from tokenization to physical infrastructure, providing robust systems for tracking physical assets and ensuring security. This approach is more sustainable and less risky given current regulatory and market conditions.



Session-7: Precious Metals Price Outlook: Round Table Discussion



Chair: Ms Nicky Shiels, Head-Research & Metals Strategy, MKS PAMP
Speakers: Ms Rhona O'Connell, Head of Market Analysis, EMEA and Asia Region, StoneX Financial Ltd, **Mr Bart Melek**, Global Head of Commodity Market Strategy, TD Securities, **Mr Nikos Kavalis**, Managing Director, Metals Focus, **Mr Nicholas Frappell**, Global Head of Institutional Markets, ABC Refinery

Ms Nicky Shiels

Head-Research & Metals Strategy, MKS PAMP

We sit at this conference during unprecedented times where gold had its highest percentage fall since covid-19 which has been the hot topic for many at this conference. One of the speakers from JP Morgan continues to see that there will be a US exceptionalism and growth which will continue.



Ms Nicky Shiels



Mr Bart Melek

Coming to Mr Bart, what is the macro view at TD securities regarding the fed rate cuts, do you think the higher for longer will continue and how will this pair with the gold price?

Mr Bart Melek, Regarding the call for the fed which is not speculative anymore. At this point just after the payrolls we speculate that the cut cycle is set to start from September onwards which makes it three cuts for the year. We see a decline in the fed funds rate to about 250 basis points that will take us into the year 2025. Well the USD is still pretty exceptional and we know there are talks about the dollar on the brink of a collapse, however this can be a lower grind rather than a collapse, over the next decade. We can see an erosion of purchasing power but it cannot be steep collapse.



Ms Rhona O'Connell

Ms Nicky Shiels - Ms Rhona, what is your view on the demand of central banks buying in the times to come?

Ms Rhona O'Connell, The short term answer to this takes us back to Friday which was related to Thursdays prevailing prices, by the time the states opened the sentiment already pervaded the market which resulted in fall which we witnessed. There were also concerns relating to the central bank activity. If we look at the international monetary fund's there are no changes recorded for several months but then there is a sudden change within a given month which is considered as a pattern. The large acquisitions by the official sector can be seen as a hint given to the rest of us which shows the kind of political instability and banking risks.



Mr Nicholas Frappell

Ms Nicky Shiels – Mr Nicholas, can you tell us about the flows in Australia especially the secondary scrap and producer selling?

Mr Nicholas Frappell, Global Head of Institutional Markets, ABC Refinery – In regards to producer selling and hedging which is still out of fashion in Australia, one important thing which we noticed during the run-up of gold prices we saw very few secondary material was coming out of the Asian markets. Coming to the USD exceptionalism which we are going with accordance to we can see other central banks pivot and cut rates faster than the fed to position themselves in a better way.



Mr Nikos Kavalis

Ms Nicky Shiels – What do you think of Silver in general and the industrial demand in the coming times with solar peaking?

Mr Nikos Kavalis – The demand for silver continues to remain very strong hence we are bullish on silver, there is stock in the market as of now but the bearish scenario is limited. For the next few years we see a traditional bull market for silver.

Ms Rhona O’Connell – Absolutely, the demand factors and the long-term outlook for silver is very promising for the future. One advice for the investors would be not to finesse it in terms of entry, can be bought and held for the future.

Mr Nicholas Frappell – Well yes, it sounds very intriguing and I agree with the other panellists, but there is no sign of a deficit in the forward markets, in the coming time if we see a tightening in the forward market it can be a clear indication of a deficit in the market.

Ms Nicky Shiels – Can the US election which are scheduled for November be a reason for retail investors from the west to look at gold as a lucrative option for investment?

Ms Rhona O’Connell – More than half of world’s population is entering into the elections this year, well we cannot segregate to one location but yes there can be increased participation especially in gold.

Mr Nikos Kavalis – When it comes to the western investment there must be some kind of context involved. There will be weakness or drought before a once in a lifetime buying, there are profits going through the roof and booking these profits can be healthy. Overall, there is a positive sentiment all across the globe for the retail investors.

Ms Nicky Shiels - As we all know almost all the analysts got their analysis on gold and especially the USD wrong, what are your views on the above?

Mr Bart Melek – Yes, most of the analysts got it wrong but there can be slight cool-down in the US economy in the times to come. But forecasting the future can be a difficult job, just a few months earlier the fed wanted to cut at least 6 times in this year alone but that outlook has changed and moved to 1 rate cut in these months. The growth in china can be a disappointment and it would not be as expected.

