

"Kallanish Index Services: Delivering Daily Gold Insights Across Asia"

Introduction

Kallanish Index Services (KIS) specialises in providing daily gold kilobar prices for Asian markets, collecting trading data from market participants to publish reference prices during Asia trading hours. KIS reference prices reveal variations in local demand, supply and logistics costs, offering granular insights into local market conditions, enabling those with interests in Asia to make more informed business decisions.

Initially focused on domestic premiums/discounts relative to LBMA gold benchmark prices in Singapore, Hong Kong and Thailand, KIS expanded its coverage in 2024 to include China, India, and Turkey.

India

Since KIS began reporting on India gold premiums in June 2024, domestic gold prices have traded at a discount to landed international prices for 123 out of 141 sessions, driven by soft demand as local prices tracked the rally in international gold. A 14% increase in gold tariffs over six months contributed to the rise in domestic prices, rising from ₹756/10g in June to ₹864/10g by December 13, peaking at ₹894/10g between October 30 and November 14.

The premium peaked at ₹1176.61/10g on July 23, 2024, after the gold import duty was reduced to 6% in the 2024-2025 Union Budget, spurring increased consumer buying after prior reluctance due to high prices. By December 20, Indian gold discounts deepened to ₹472.81/10g as the rupee hit a record low. Coupled with

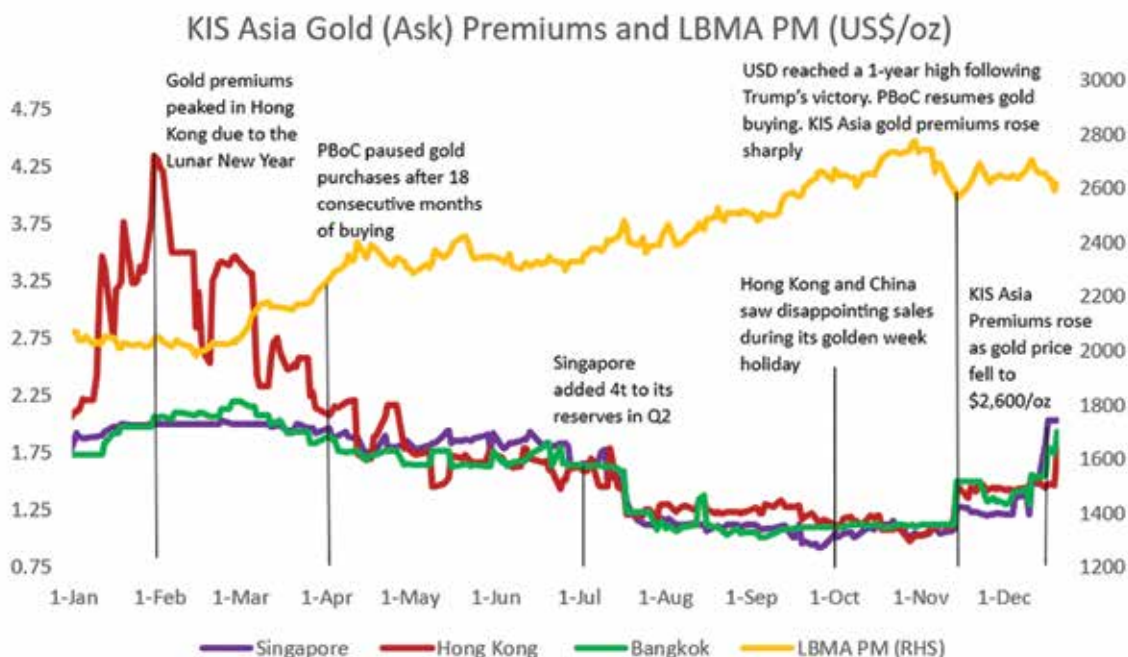
rising international gold prices this made local gold more expensive, further dampening demand.

Dubai

Dubai has grown into a major physical gold trading hub due to several policy initiatives, including the UAE-India CEPA agreement, which reduces India's import duty on Dubai gold to 5%, compared to 6% from other countries. This drove a surge in exports to India, reaching the 120 tonne annual limit during the first year and accelerating market growth.

Additionally, Dubai's exemption from Value Added Tax (VAT) on gold lowers local prices, enhancing its appeal. The introduction of the UAE Good Delivery Standard has further aligned local refineries with international standards, boosting the tradeability of Dubai gold.

KIS (Ask) Premiums for Freshly Minted Kilobars in Asia



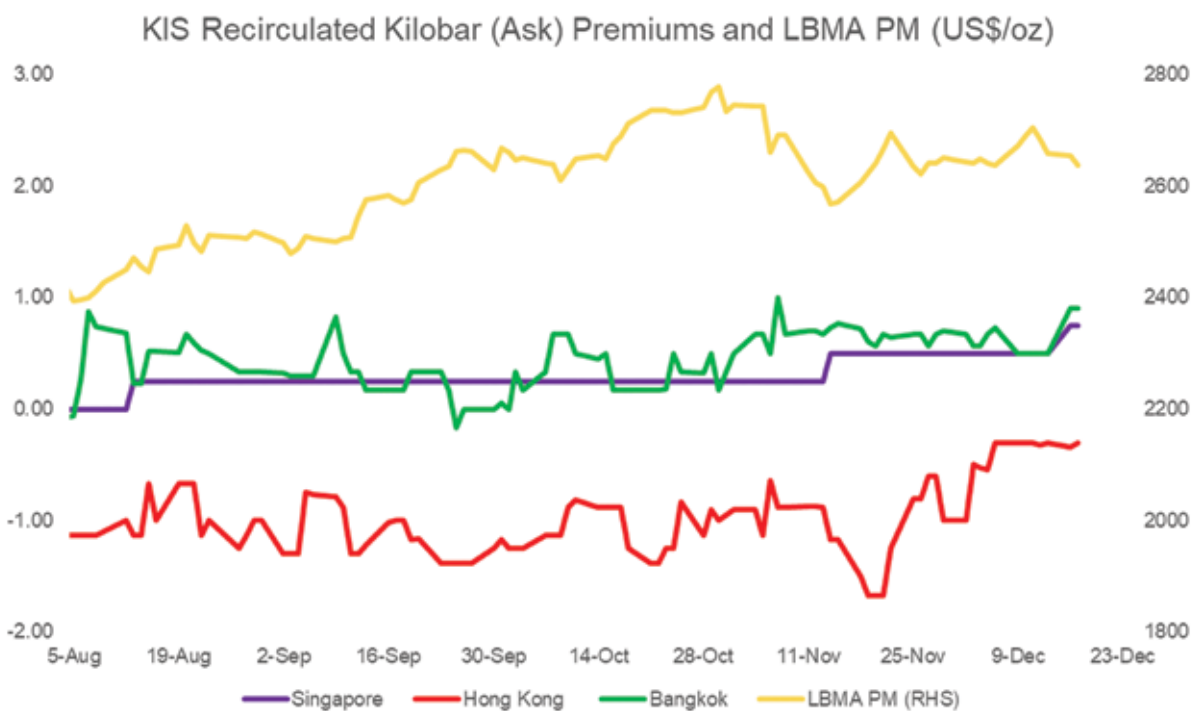
Physical kilobar premiums in Asia trended downwards for most of 2024 as gold prices embarked on a bullish rally in March, achieving 40 new all-time highs and increasing approximately 30% YTD. The record-breaking streak was driven by a combination of factors, including lower interest rates and expectations of further rate cuts, geopolitical tensions in Ukraine and Middle East, and robust central bank purchases, particularly from China and India. The customary seasonal dip in gold consumption in April was compounded by elevated gold prices, softening demand and driving premiums lower.

In response, the People's Bank of China (PBoC) paused gold purchases for its reserves in April after 18 consecutive months of buying, only resuming

acquisitions in November as prices retreated below \$2,600/oz.

A \$616/oz rise in average monthly gold prices over the year dampened demand for newly minted kilobars, contributing to steep declines in ask premiums from March to October. Over this 8-month period, ask premiums fell US\$0.90/oz (-45.6%) in Singapore, US\$1.47/oz (-56.9%) in Hong Kong and US\$0.87/oz (-43.9%) in Bangkok, underscoring the widespread impact of price sensitivity across key Asian markets. As gold prices pulled back in November, there was renewed buying interest in Asian markets, driving a significant recovery in premiums and reversing much of the year's declines.

KIS (Ask) Premiums for Recirculated Kilobars in Asia



Premiums for recirculated kilobars also provide valuable insights for demand. In Singapore, prices remained relatively stable, while Hong Kong and Bangkok saw rising premiums as gold prices fell, indicating increased buying. November marked a surge in Hong Kong premiums, coinciding with the PBoC's resumption of gold purchases.

Thailand showed robust Q3 demand, with consumption reaching 14.5 tonnes - the highest growth (+15%) among ASEAN countries. This was partly driven by

anticipation of the Thai digital wallet program, aimed at stimulating the economy through cash payments, and also by investor enthusiasm seeking to capitalise on price momentum amid rate cut expectations and gold's safe-haven appeal.

Looking ahead, the kilobar premium increases across these Asian markets which began in November are expected to continue through February, spurred by typical inventory buildup ahead of the Lunar New Year festivities.

