



SBMA Webinar Series – 2022 Asia Pacific Precious Metals Update

**KL Yap, Chairman SBMA
24 February 2022**



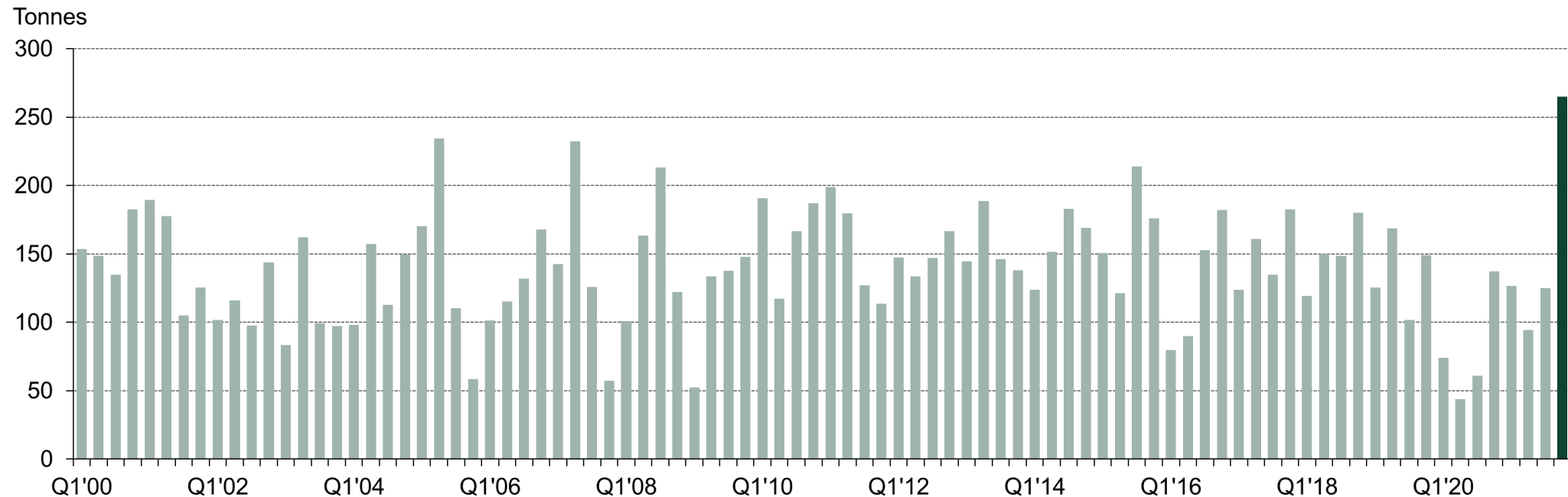
Gold Demand Trends Q4 & Full Year 2021

January 2022



Release of pent-up demand in India led to a quarterly record for jewellery in Q4

Indian jewellery demand*



*Data as of 31 December 2021. For an explanation of jewellery demand, please see the Notes and definitions download: www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q4-2021

Source: Metals Focus, Refinitiv GFMS, World Gold Council

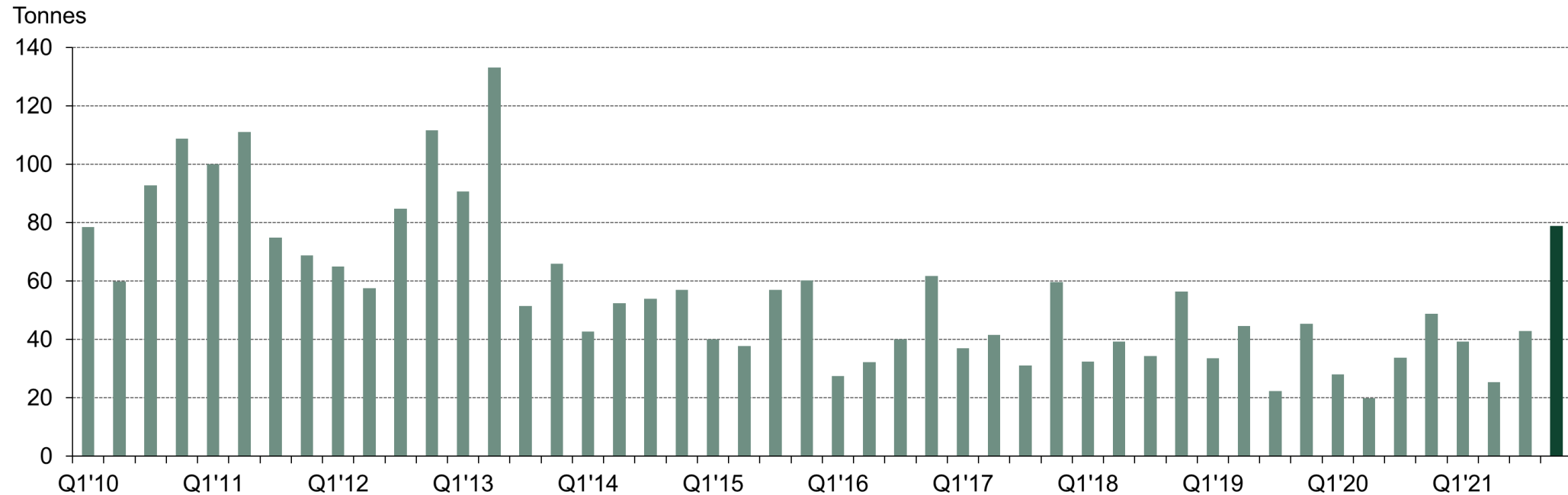
See [Gold Demand Trends: Q4 & FY 2021](#) for more details.



World Gold

Festival purchases boosted bar and coin demand to an eight-year quarterly high in Q4

Indian bar and coin demand*



*Data as of 31 December 2021. For an explanation of bar and coin demand, please see the Notes and definitions download: <http://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-definitions>

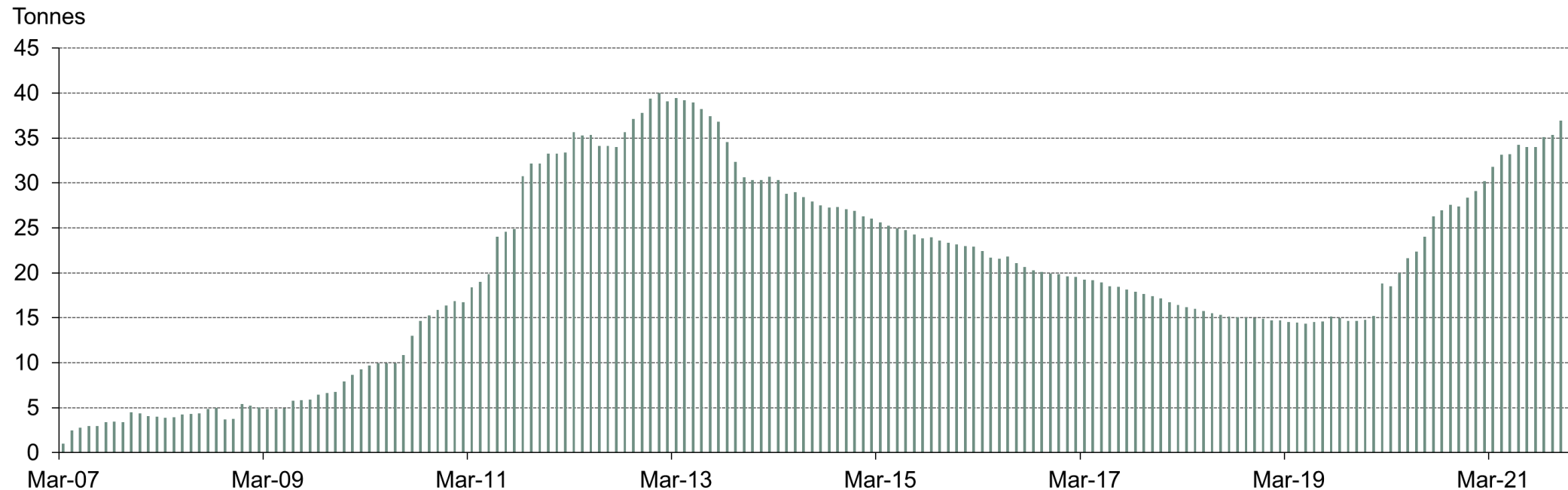
Source: Metals Focus, Refinitiv GFMS, World Gold Council

See [Gold Demand Trends: Q4 & FY 2021](#) for more details.



Indian gold ETFs saw 9t of inflows in 2021, taking total holdings to 38t

Indian gold ETF holdings*



*Data as of 31 December 2021. For a listing of the Exchange Traded Funds and similar products, please see the Notes and definitions download: <http://www.gold.org/goldhub/research/gold-demand-trends-2021/notes-and-definitions>

Source: Bloomberg, Company Filings, ICE Benchmark Administration, World Gold Council

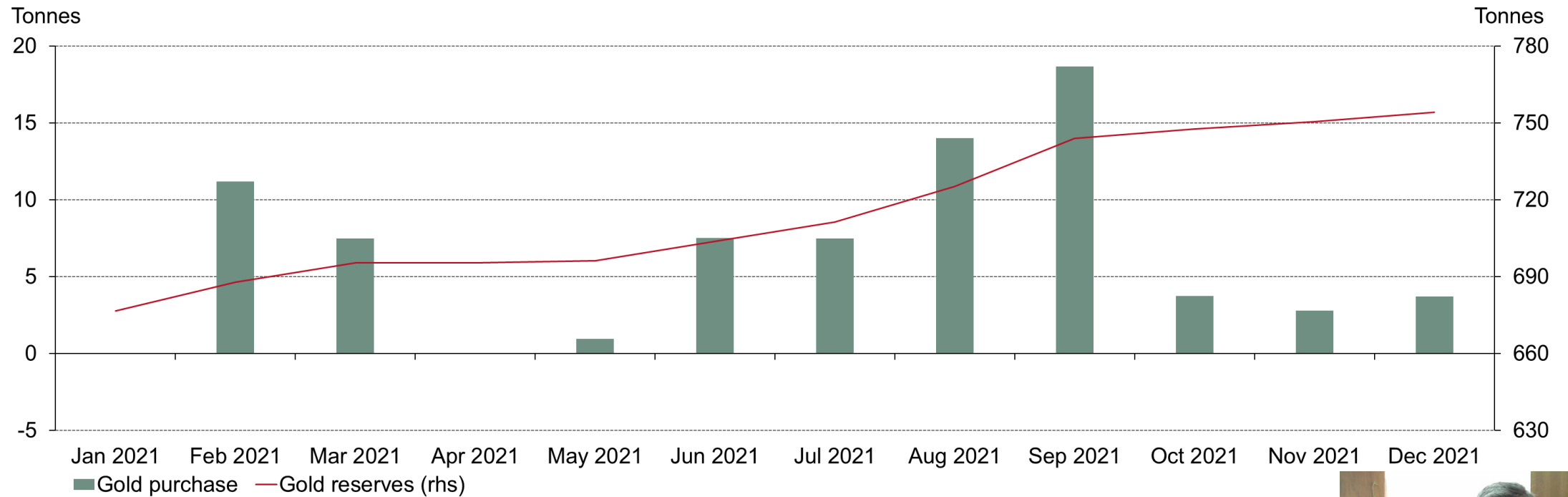
See [Gold Demand Trends: Q4 & FY 2021](#) for more details.

World Gold



India added 77t to its gold reserves in 2021, the annual largest increase since 2009

Reserve Bank of India (RBI) monthly net purchases and level of gold reserves*



*Data as of 31 December 2021. For an explanation of central bank demand, please see the Notes and definitions download: <http://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends/definitions>

Source: IMF IFS, Reserve Bank of India, World Gold Council

See [Gold Demand Trends: Q4 & FY 2021](#) for more details.





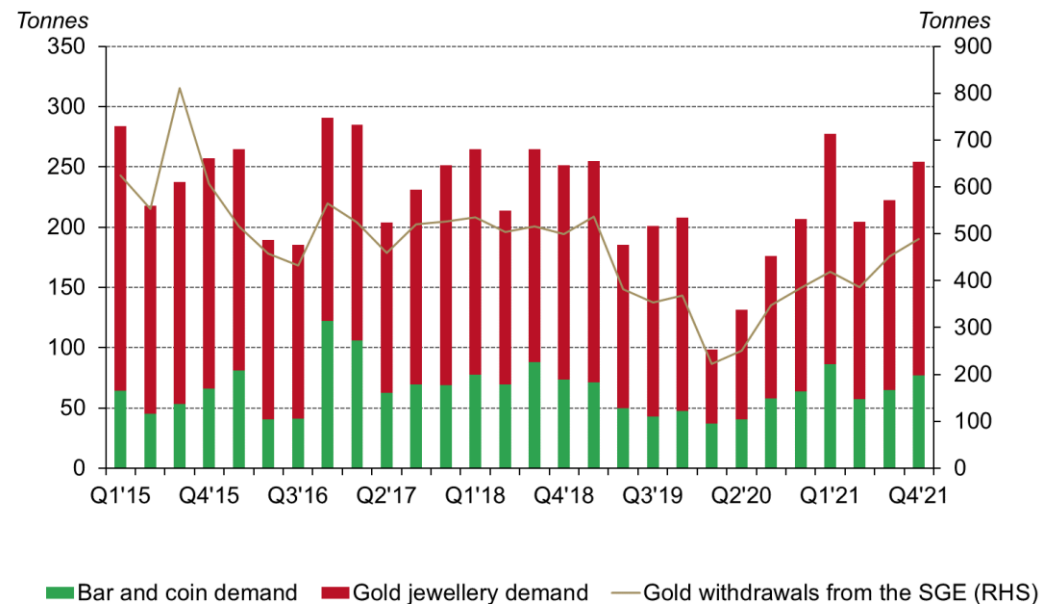
China's Gold Market in 2022

World Gold Council | February 2022

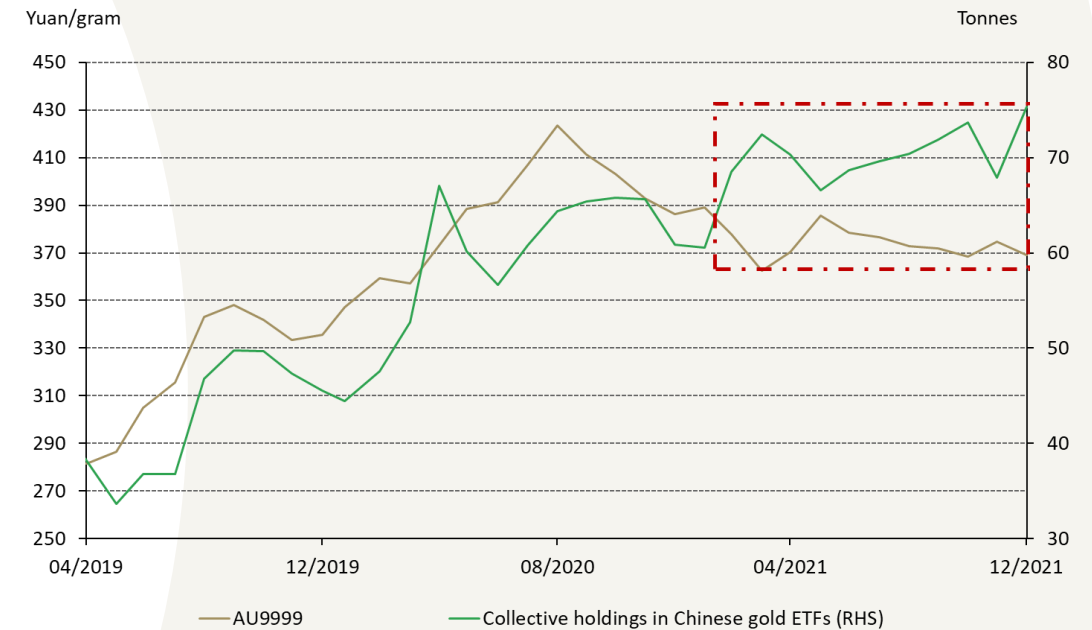
2021 Review

China's Gold Demand in 2021: Strong YOY Growth

Jewellery, bar, and coin demand rebounded strongly



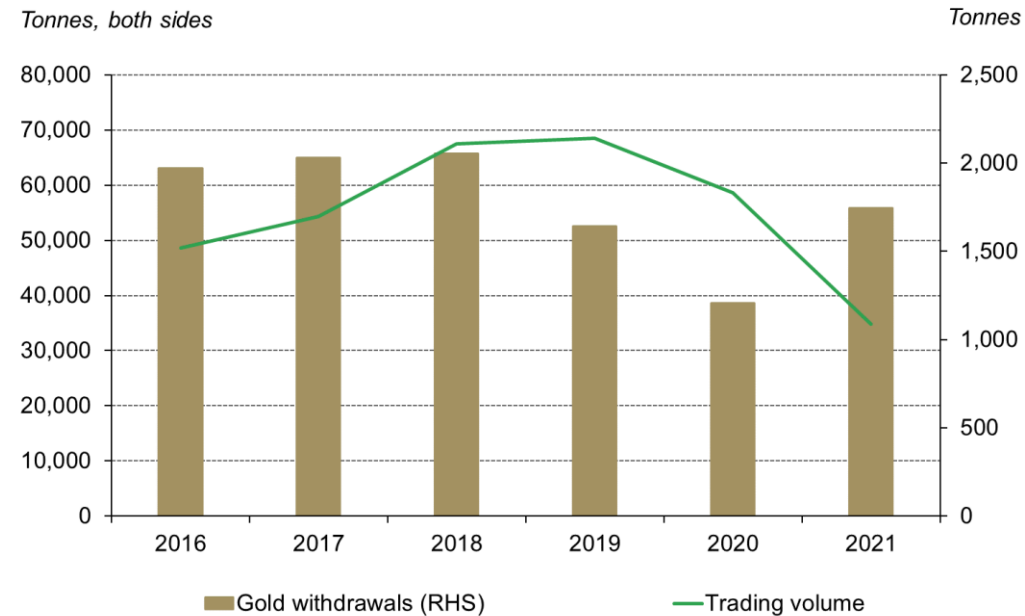
ETF holdings reached a record high



Source: National Bureau of Statistics, World Gold Council

Physical Gold Demand Strong Despite Lower Trading Volumes

Annual SGE gold trading volumes and withdrawals



- Strong physical gold demand (golden)
- Trading volumes trending down (green)

Source: Shanghai Gold Exchange, World Gold Council

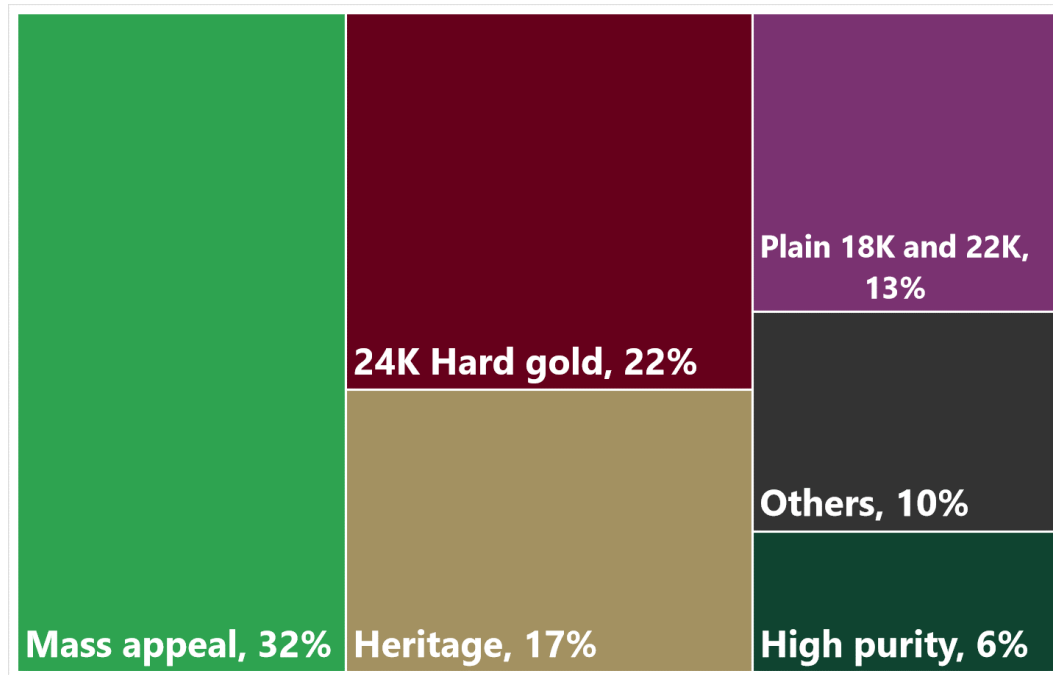
Key Trends to Watch in 2022



China's Gold Jewellery Market in 2022

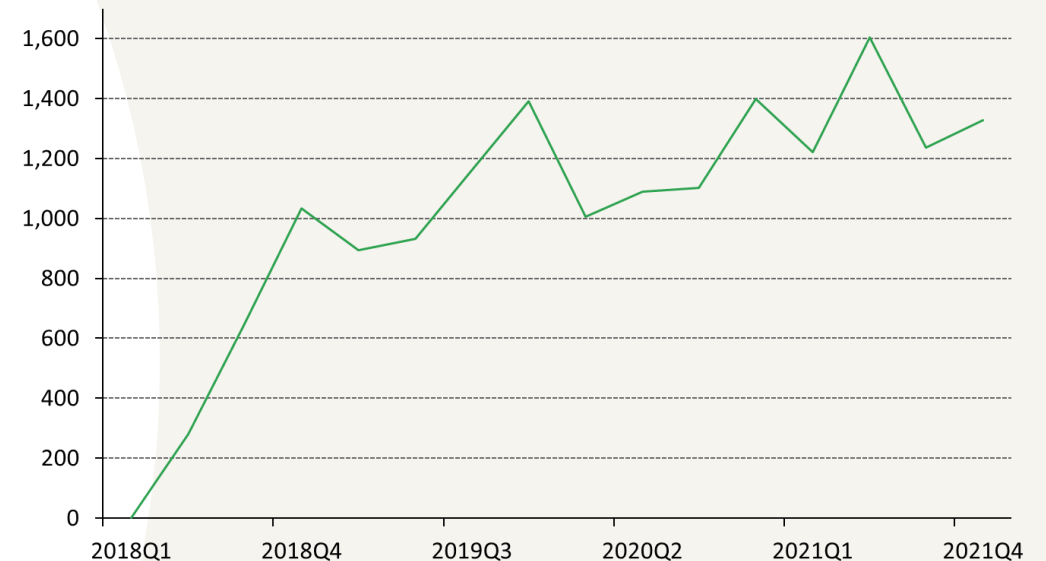
Heritage Gold Continues to Grab the Young's Attention

Heritage Gold : the third in retailers' inventory



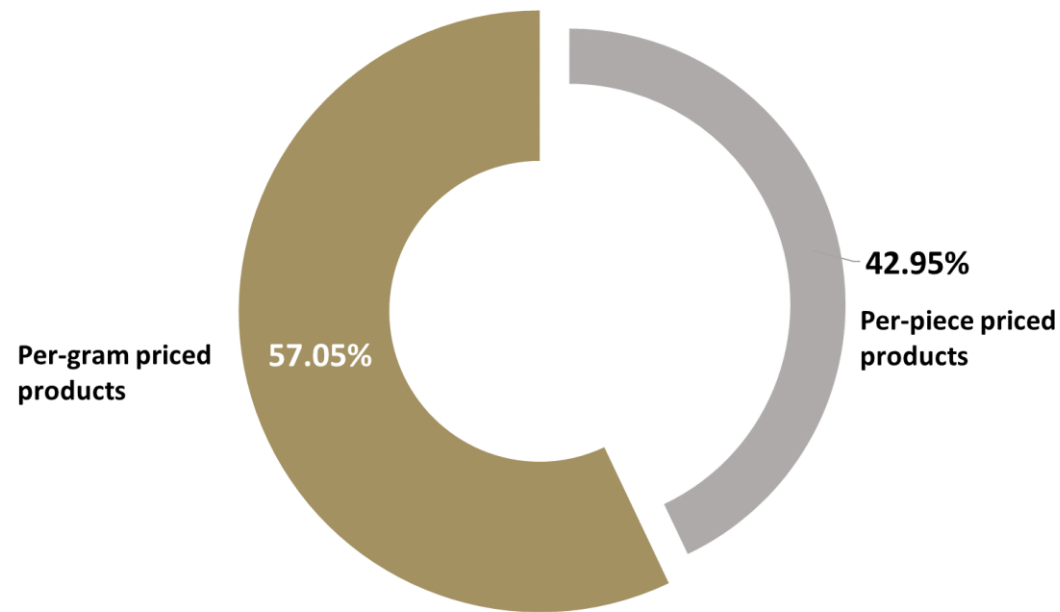
The “Guochao” Baidu search index remain elevated

Baidu Search Index



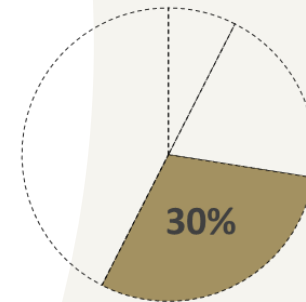
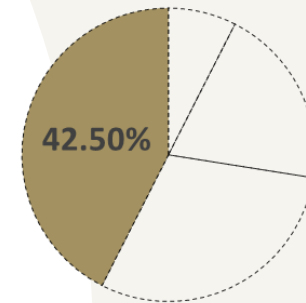
Source: Baidu, World Gold Council

The Return of “Per-gram Pricing” Further Boosts Transparency



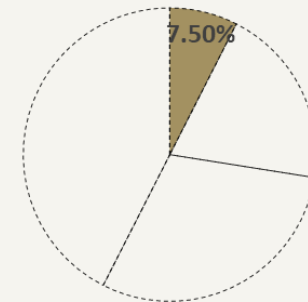
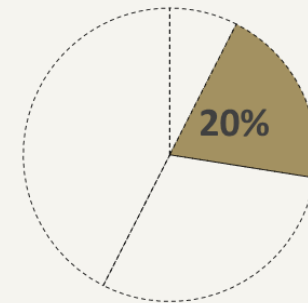
Source: World Gold Council

More per-gram priced products



Remain unchanged

More per-piece priced products



Wait and see

Heavier-weighted Products are Welcomed

Young consumers' attitude might be changing

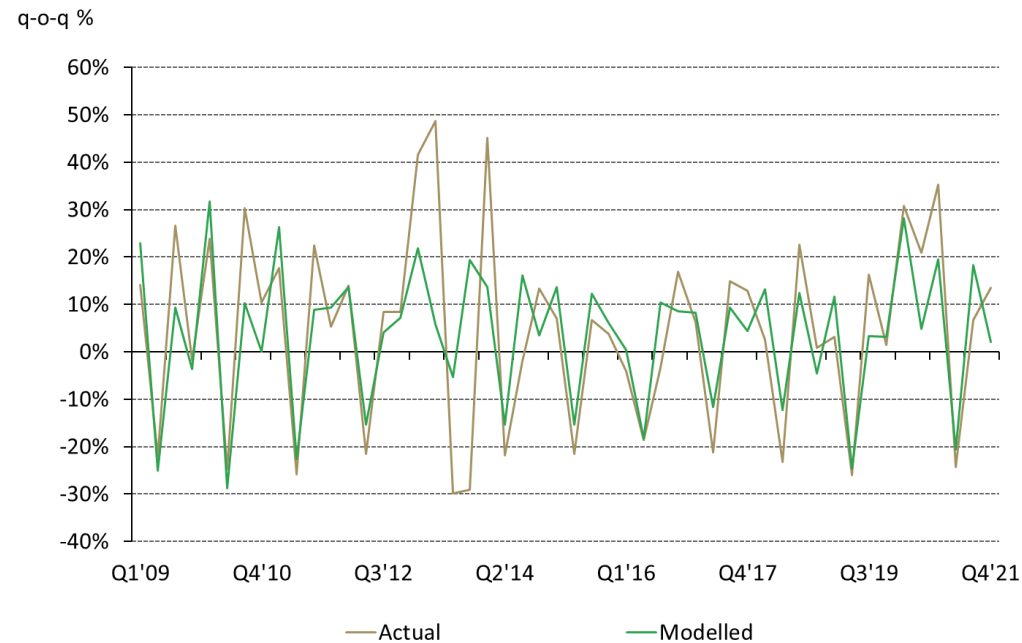
- Intricate design
- Transparent pricing
- Focusing on the financial value
- Heritage Gold's popularity among the young as "Guochao" intensifies

Retailers are incentivized to promote

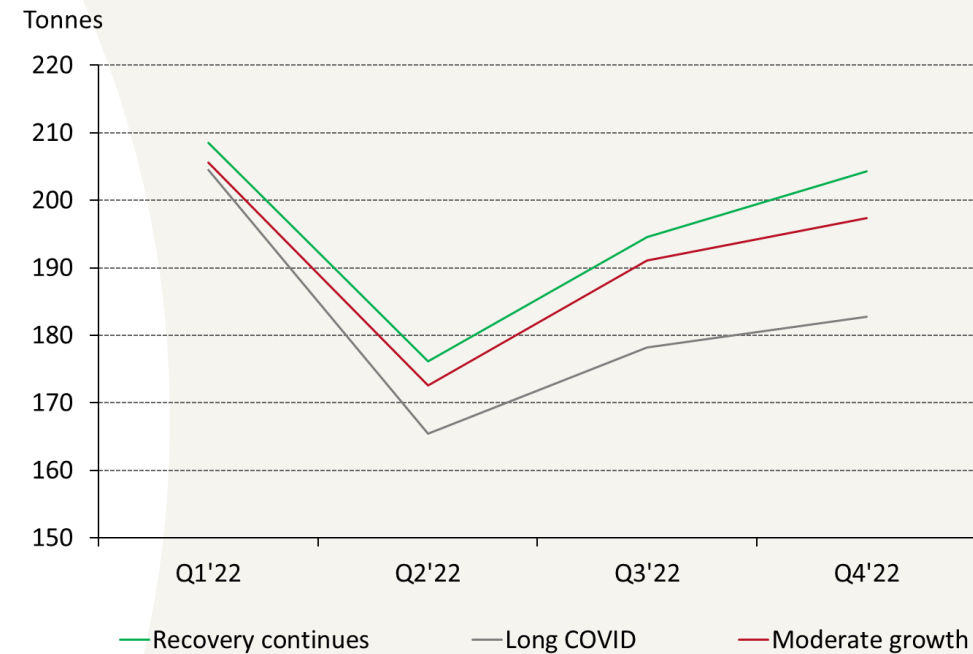
- Adopting "per-gram" pricing
- Heavier products + better design = higher margin
- Promote transparency

2022 Chinese Gold Jewellery Demand Outlook

The model: Out of sample directional accuracy: 100%



Chinese gold jewellery demand 2022



**Annual
growth**

• +16%

• +8%

• +14%

Source: Shanghai Gold Exchange, Metals Focus, World Gold Council

Strong Gold Demand during CNY Holiday





China's Gold Investment Market in 2022

Gold-driven Insurance Asset Management Fund

Risk-return characteristics

- Cashflow from large bond position
- Better risk-return profile than gold ETF

Performance benchmark

60% China Bond Aggregate Index

+ 10% CSI300 Index

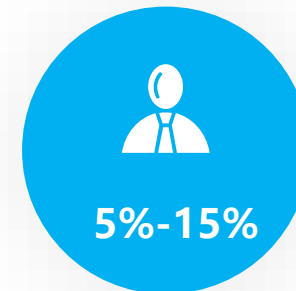
+ 30% Shanghai Gold Exchange: Au 9999



Gold ETF



Bond



Stocks

Gold's Role in the Chinese FoF Market – Continued

According to the latest available information, 25 Chinese FoFs have made gold allocation

	Funds	Gold ETF Allocation (%)
1	Bosera Jinfu'an 1-year holding period	9.26%
2	GTJA Allianz Anxiang Stable Targeted 1-year holding period	6.96%
3	Changxin Wenjin	5.44%
4	CCB Principal Fuze Yutai	2.71%
5	Aegon-Industrial Selected Aggressive 3-month holding period	1.54%
6	Minsheng Royal Excellent Allocation 6-month holding period	1.49%
7	GF Pension Targeted 2040 3-year holding period	1.40%
8	Hwabao WP Stable Pension 1-year holding period	1.36%
9	Manulif-Teda All-round Selected Mix	1.30%
10	Minsheng Royal Kangning Balanced Target 3-year holding period	1.02%
	

As of Q2 2021 when their holding information is last available.
Source: Public information

Gold's Role in the Chinese FoF Market

Gold in FoF managers' eyes

“Gold can be a dynamic tool to adjust for the portfolio’s exposure to various factors”

“The non-linear correlation between gold and other traditional assets are very valuable”

“The real rate’s long-term downward trend is not likely to reverse, this should bode well for gold”

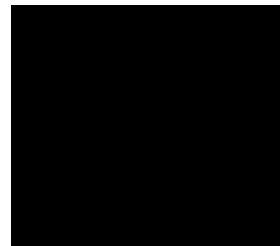
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Source: World Gold Council

Retail Gold Investment Drivers in 2022

Lower opportunity cost

Increasing wealth management
awareness of the young



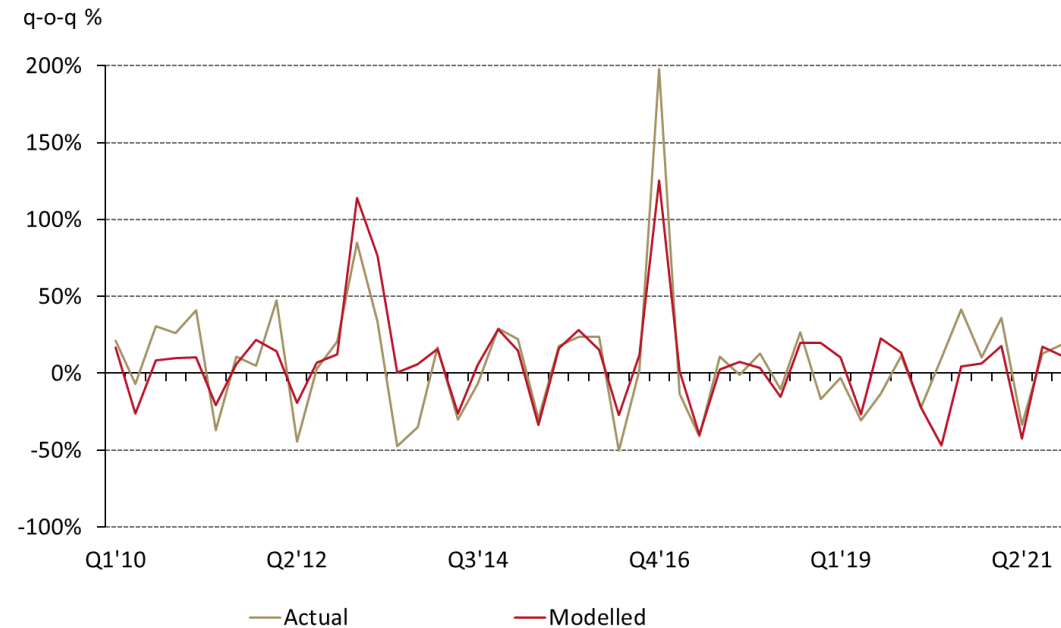
Climbing inflationary pressure

Commercial bank efforts

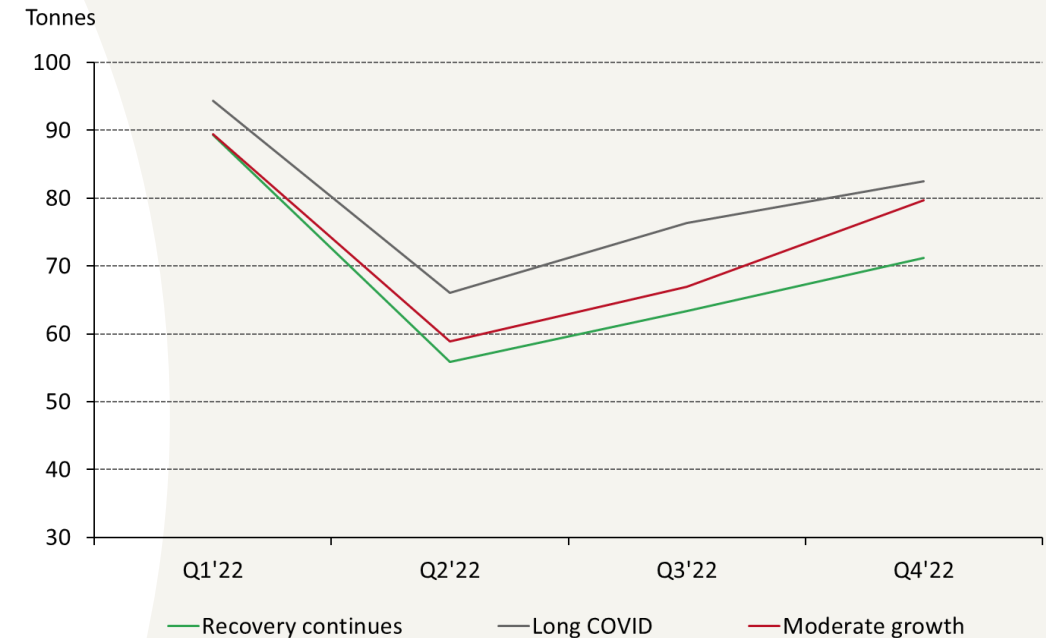
Various uncertainties

2022 Chinese Retail Investment Demand Outlook

The model - total sample directional accuracy: 80%+



Chinese gold bar and coin demand 2022



**Annual
growth**

• -2%

• +12%

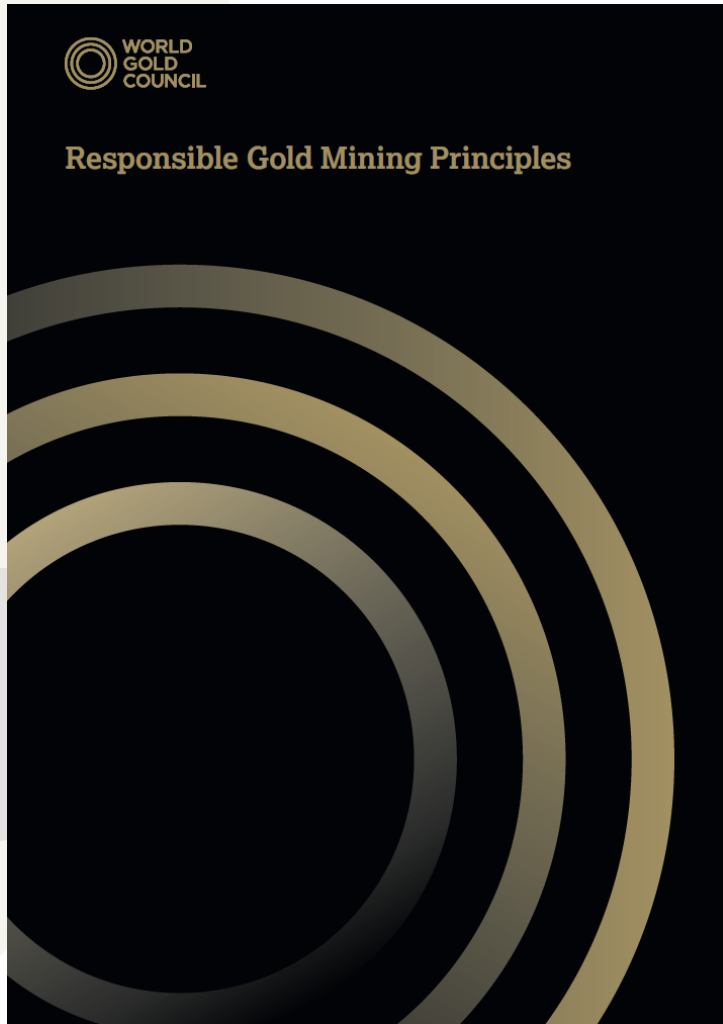
• +3%

Source: Shanghai Gold Exchange, Metals Focus, World Gold Council

China's Gold Industry: Heading to a Sustainable Future



Responsible Gold Mining Principals in China



The CSR Report on Chinese Gold Industry's Actions in Response to COVID

World Gold Council * Shanghai Gold Exchange * China Gold Association



Maximizing Impact: the 14th Golden Kirin Forum

World Gold Council with Sina Finance

01 The Main Forum



02 The ESG Summit



03 Green Gold Mining Forum



120 million+ reads on Weibo, 4.99 million+ livestreaming viewership

Summary

China's physical gold demand witnessed a strong 2021

2022 outlooks for gold jewellery demand: Positive Growth

In 2022, gold's role in institutional investors' portfolios might strengthen

Retail investment demand for gold could stay well above its pre-pandemic level

Increase our marketing efforts and budget on gold investment and jewellery

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Thank you!



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SBMA 2022 WEBINAR SERIES: ASIA PACIFIC PRECIOUS METALS MARKET UPDATE - PLATINUM

Paul Wilson
CEO World Platinum Investment Council

24th February 2022

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AGENDA: THE INVESTMENT CASE FOR PLATINUM AND OUTLOOK FOR 2022

1. WPIC: Who we are & What we do
2. Supply and demand in 2021 and 2022
3. The investment case for platinum
4. Massive demand in China



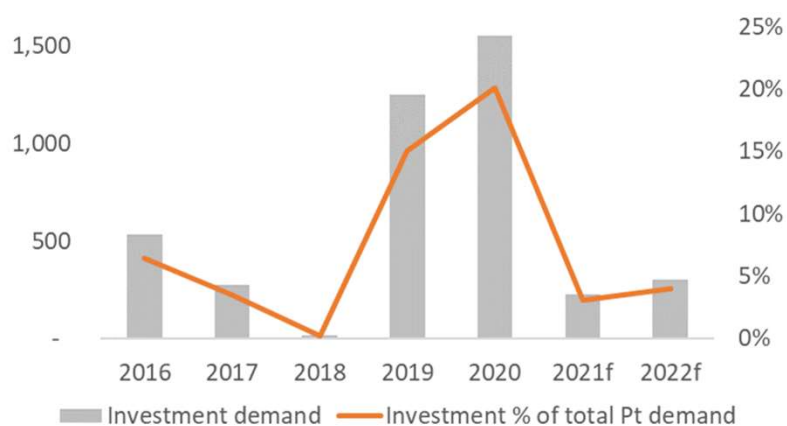
1 WPIC: WHO WE ARE & WHAT WE DO

WPIC vision and mission

To be the driving force that increases and sustains platinum investment demand above 10% of global platinum demand annually

To stimulate investor demand for physical platinum through actionable insights, helping investors make informed decisions, and targeted development, helping develop more cost-effective investment products

Pt investment and % of total Pt demand

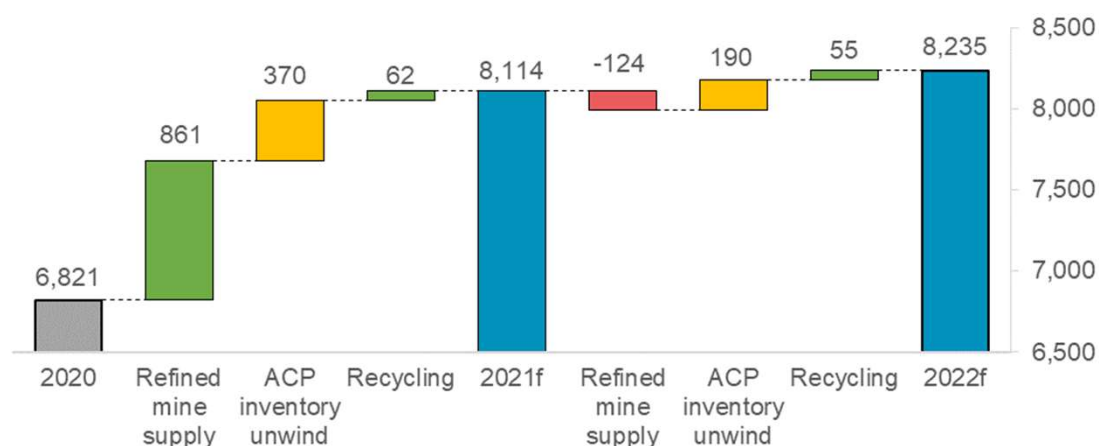


- World Platinum Investment Council established in 2014
- Sustained growth of product partners and new investors actively considering platinum investment
- In 2021 our new product partners and new products; China launching the platinum Panda last minted in 2005; ABC Bullion expanded its platinum series
- We are expanding our footprint into new terrains via local partners such as SBMA



3 SUPPLY AND DEMAND IN 2021 AND 2022 – SUPPLY AND AUTOMOTIVE DEMAND RECOVER

Annual total supply and changes 2020 to 2022F (koz)



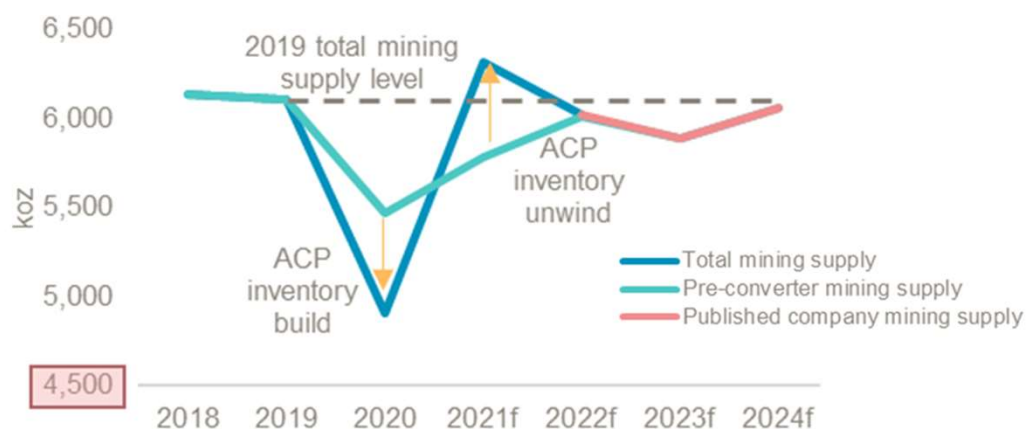
Annual total demand and changes 2020 to 2022F (koz)



- Complex impact on global platinum market from COVID pandemic, aggravated by process plant outages in 2020
- Supply recovered and boosted by semi-finished stock from 2020
- Demand growth potential high from strong industrial growth and tightening emissions limits
- Despite 17 m less light vehicles produced in 2020 and 2021, platinum automotive demand grew strongly on higher loadings and increasing substitution for palladium

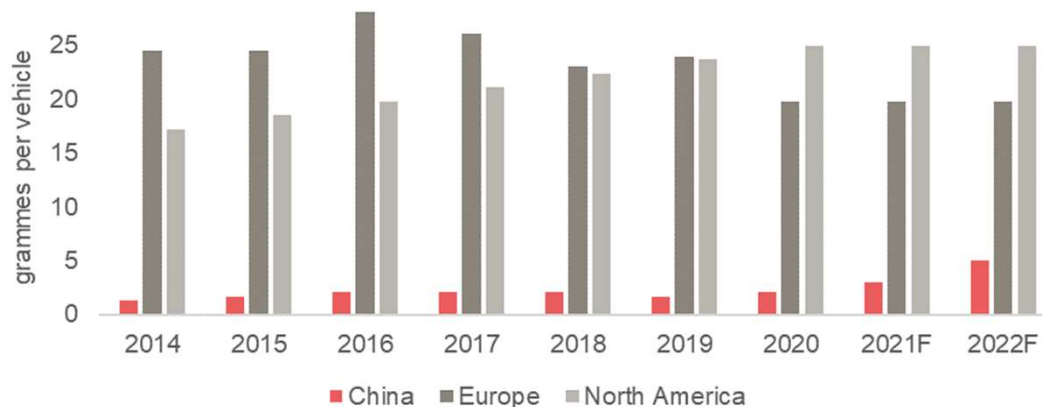
2 THE INVESTMENT CASE FOR PLATINUM – SUPPLY CONSTRAINED WITH STRONG DEMAND GROWTH

Platinum mine supply only back to 2019 level in 2024



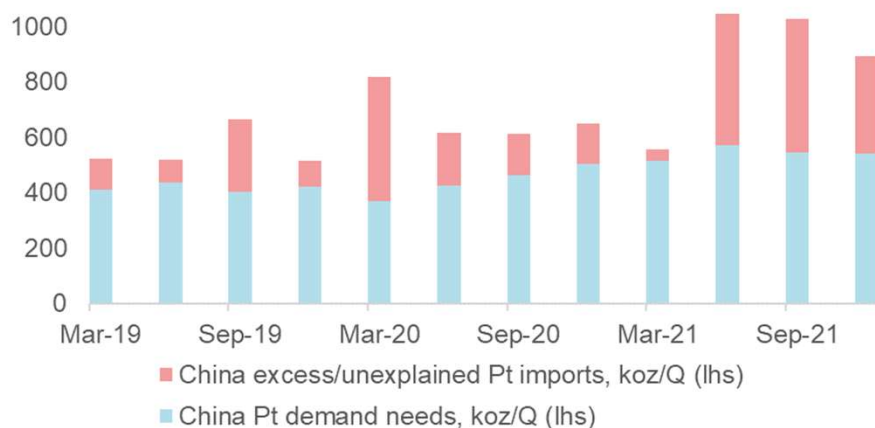
- Supply constrained from decade of low capital investment. Refined supply boost from 2020 process outage ends in 2022 – mine supply at 2019 levels to 2024
- Demand growth from substitution & higher loadings
- Strong China imports suggest higher HD loadings and more substitution – supported by firm platinum price and elevated lease rate
- Growing certainty regarding hydrogen in decarbonisation and platinum's strategic role is attracting more investors to platinum
- Increased potential for ETF growth

Rising HD Pt loadings in China well below RoW

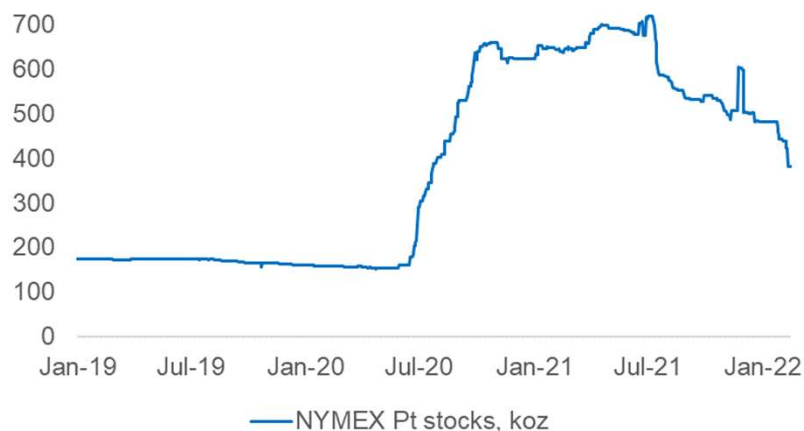


4 MASSIVE PLATINUM DEMAND IN CHINA

China imports unexplained - turn surplus to deficit

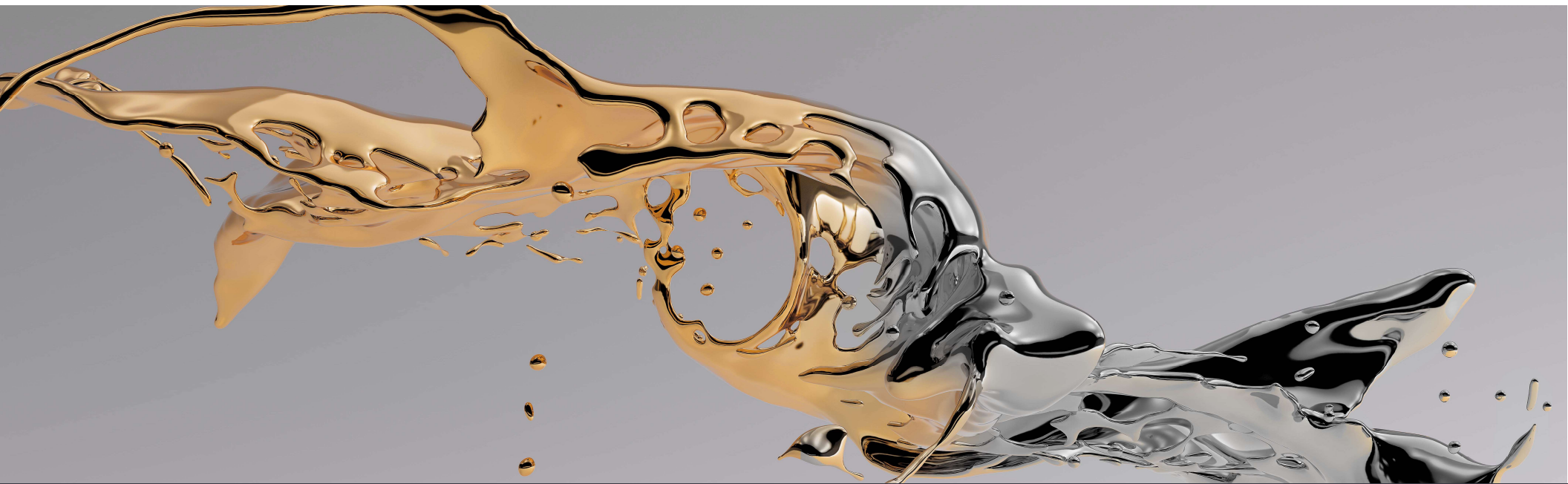


NYMEX stocks falling due to strong China imports



- Strong China platinum imports in 2021 exceeded published demand by 1.4 moz
- Unexplained 'excess' imports suggest:
 - higher HD vehicle loadings
 - more substitution for palladium
 - speculative investment / increased stockholding by industry participants
- NYMEX stock outflows continue to respond to physical market tightness from strong China imports
- Increased stock and speculative holdings remain captive in China to serve future demand, but similar palladium pattern suggests only at high price levels





Update on global precious metals markets

Nikos Kavalis, Metals Focus

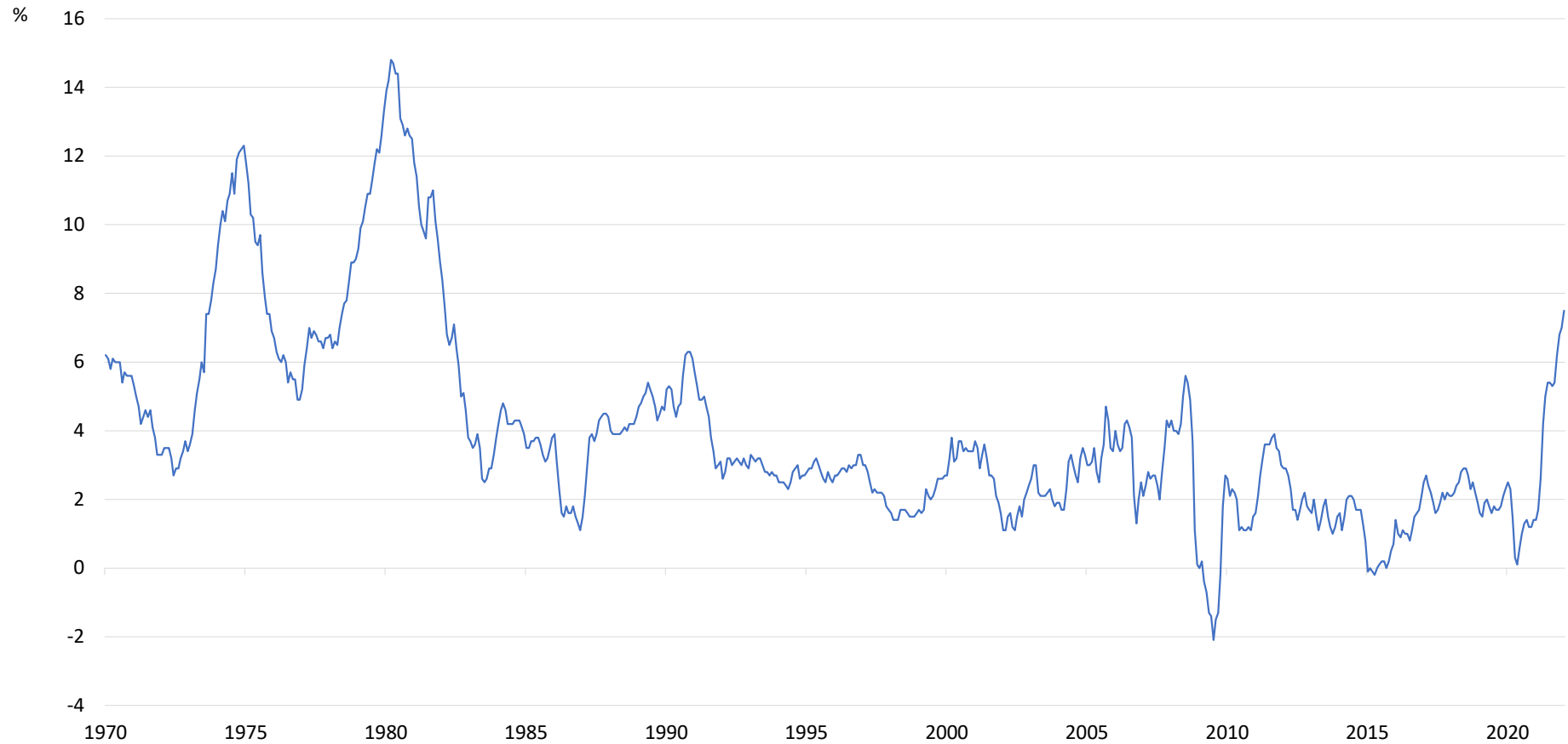
SBMA 2022 Webinar Series:

Asia Pacific Precious Metals Market Update



US inflation rises to multi-decade highs

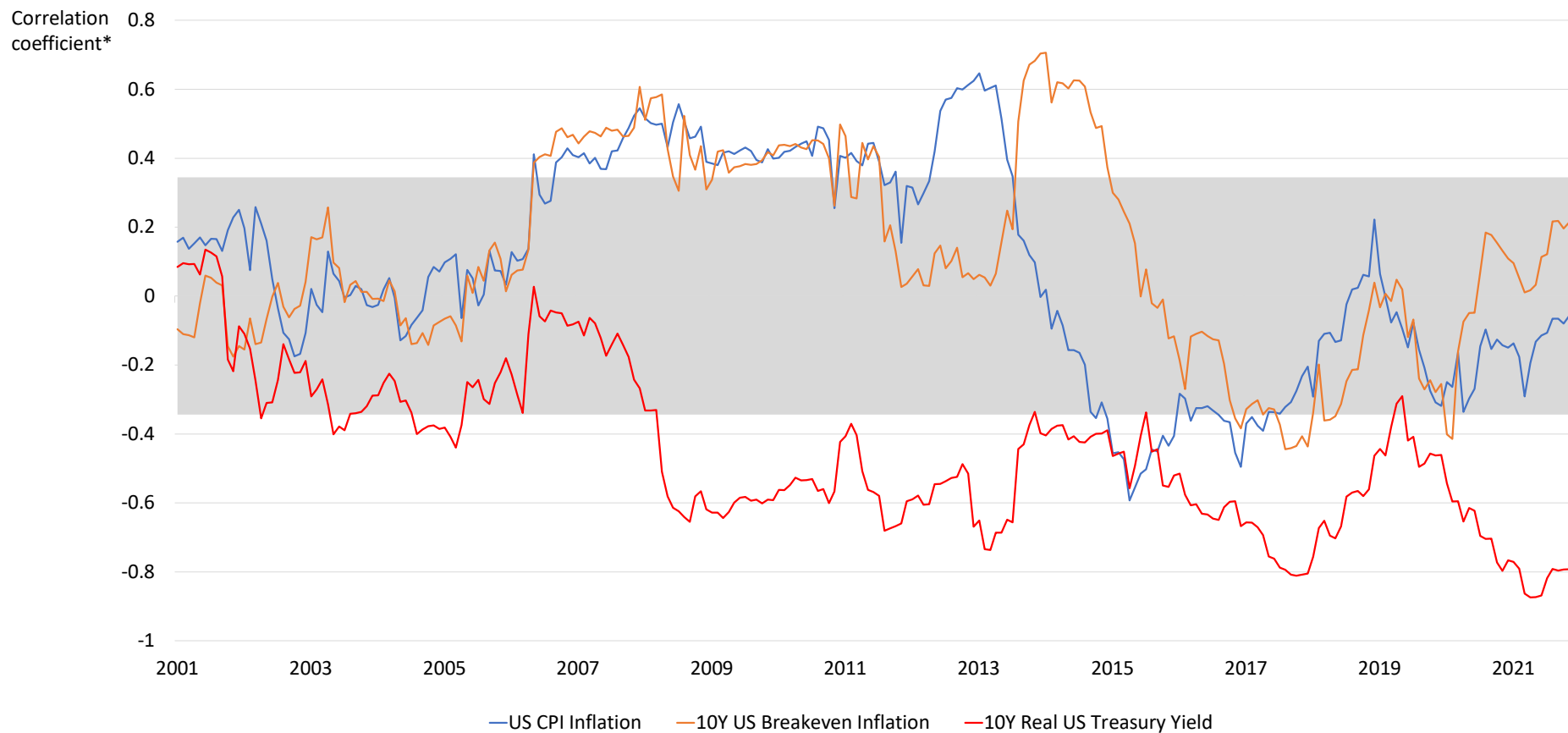
US CPI Inflation Y/Y



Source: Metals Focus, Bloomberg



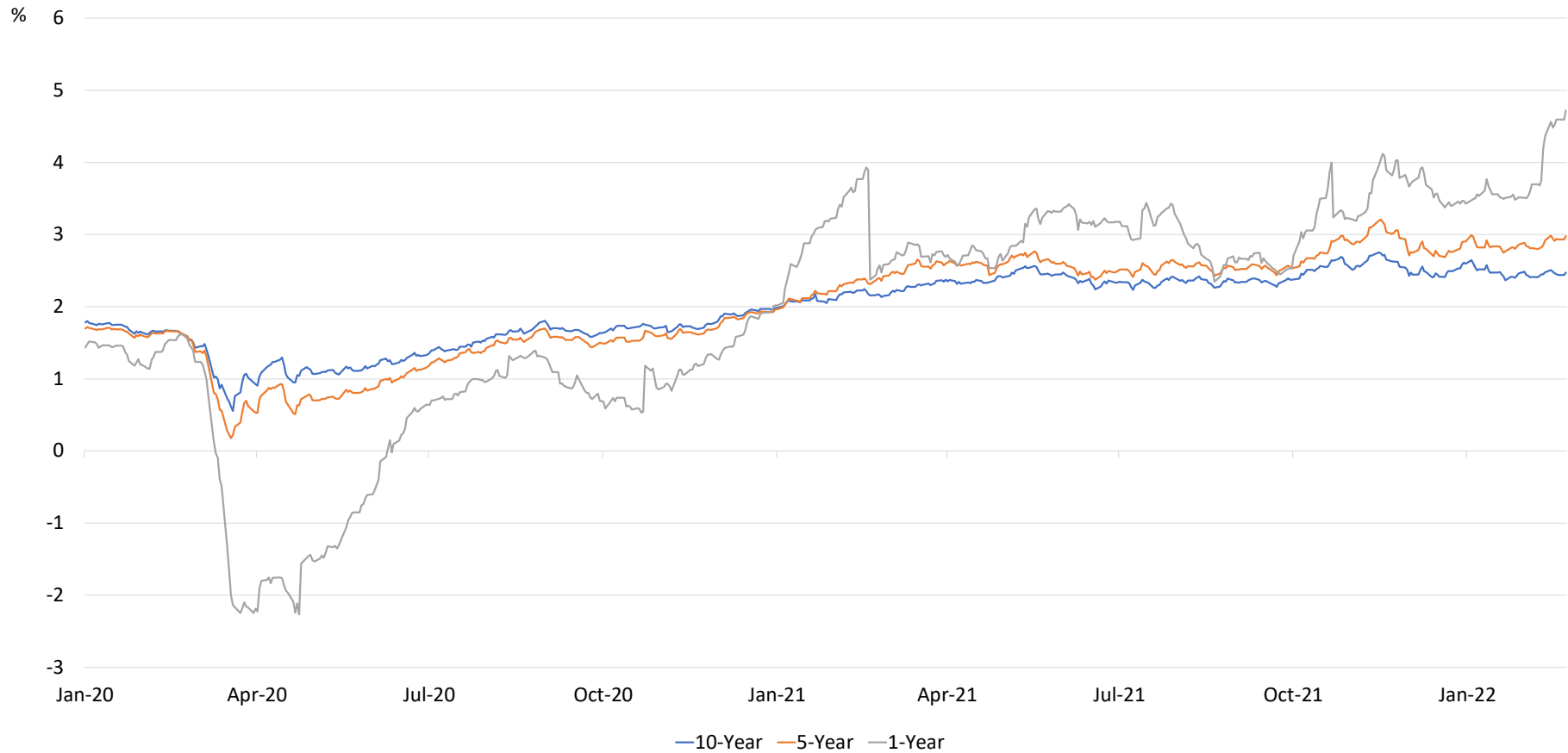
Gold's link with inflation and its expectations not consistent and often statistically insignificant



*Rolling 24-month correlation coefficients between log-returns in the average gold price and changes in CPI, average breakeven and average real treasury yields (inflation indexed). Observations within the grey box are not statistically significant, at a 10% significance level.
Source: Metals Focus, Bloomberg

Consensus no longer that high inflation is “transitory”, but still that it will not last long

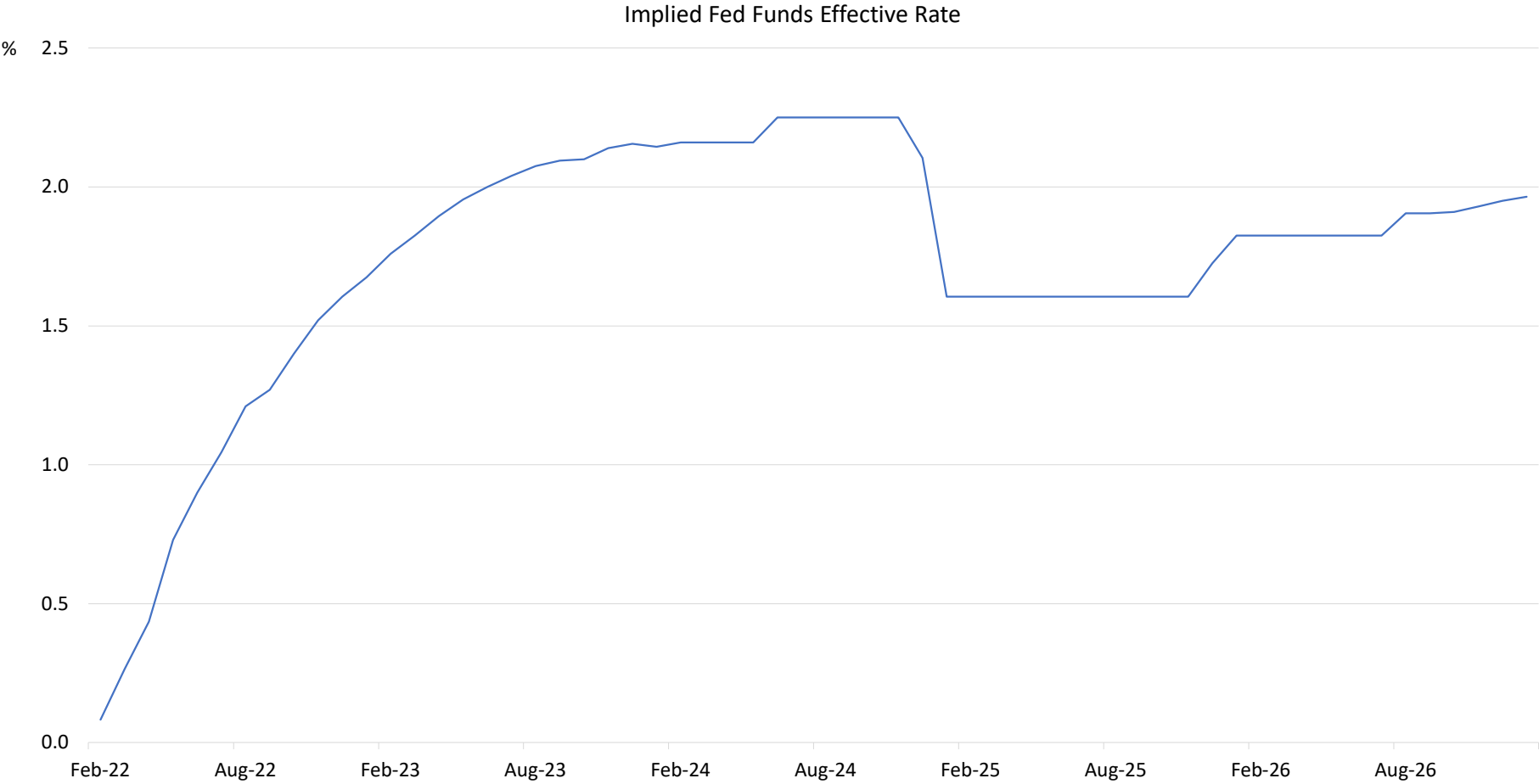
US Breakeven Inflation



Source: Bloomberg



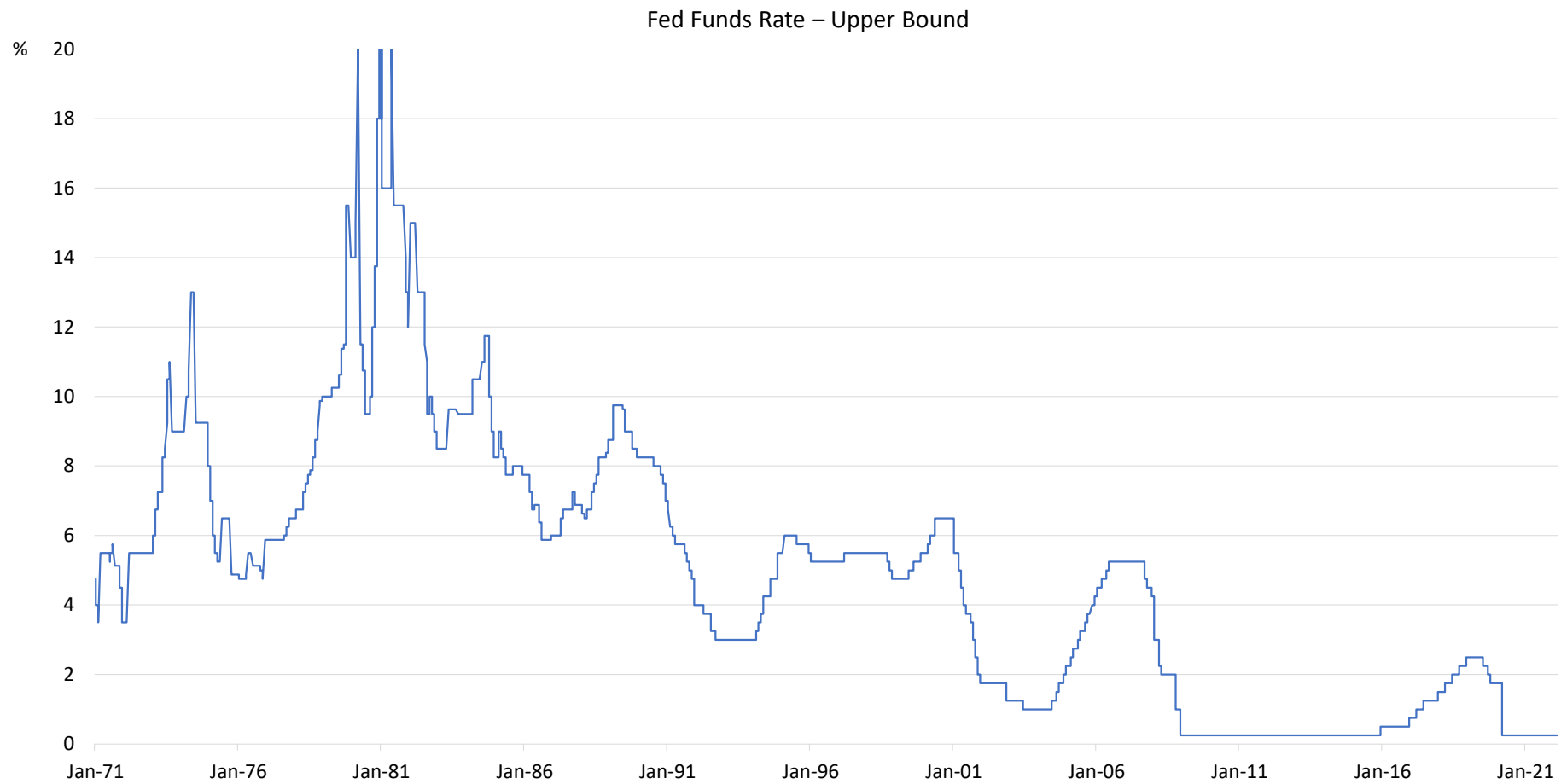
Market expectations of front-loaded hikes and shift to cuts as early as 2025



*Based on CME Group's Fed Funds futures prices as of 23rd February 2022
Source: Metals Focus, Bloomberg

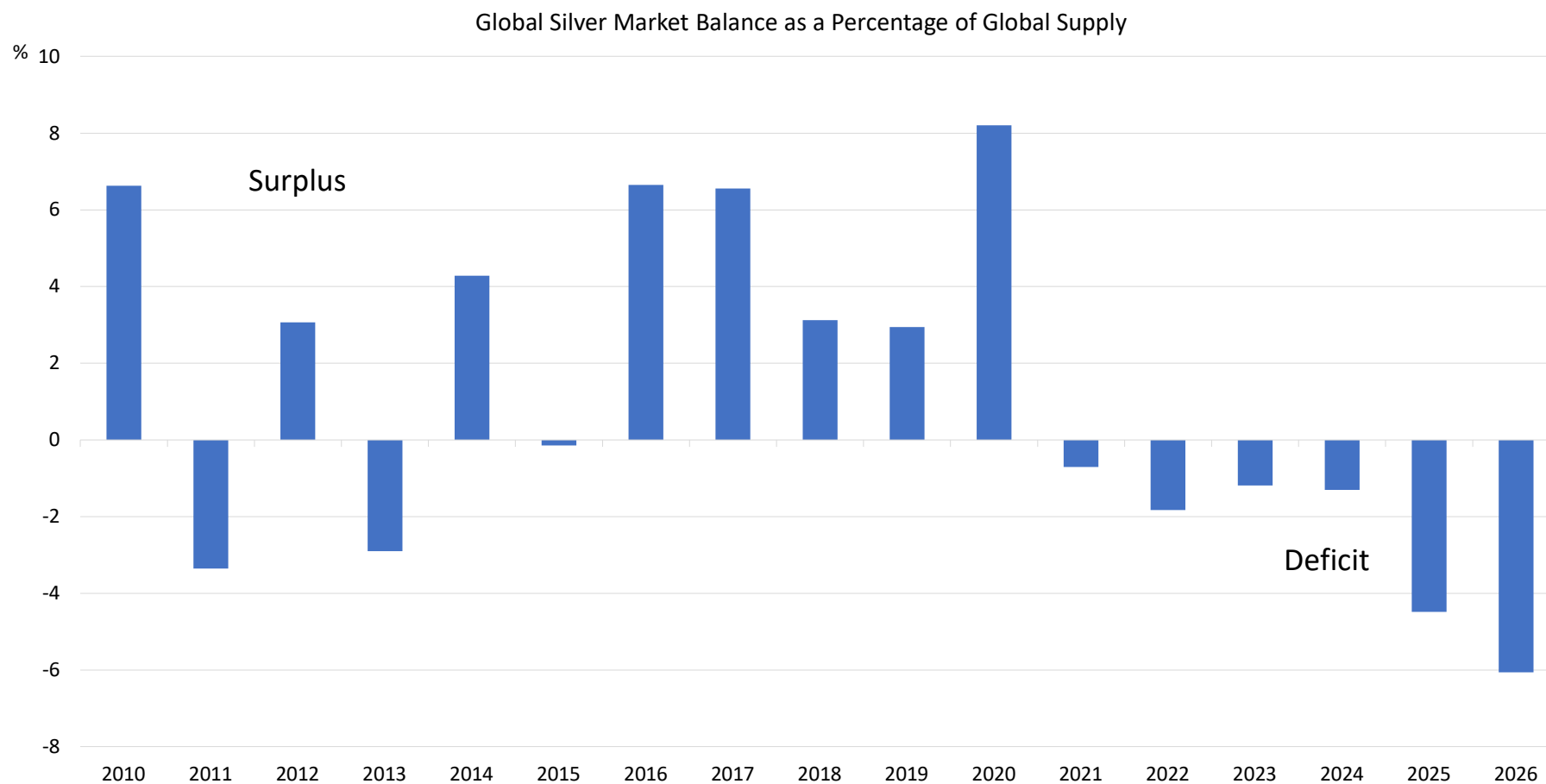


Policy rate increases expected to fall short of previous hiking cycles



Source: Bloomberg

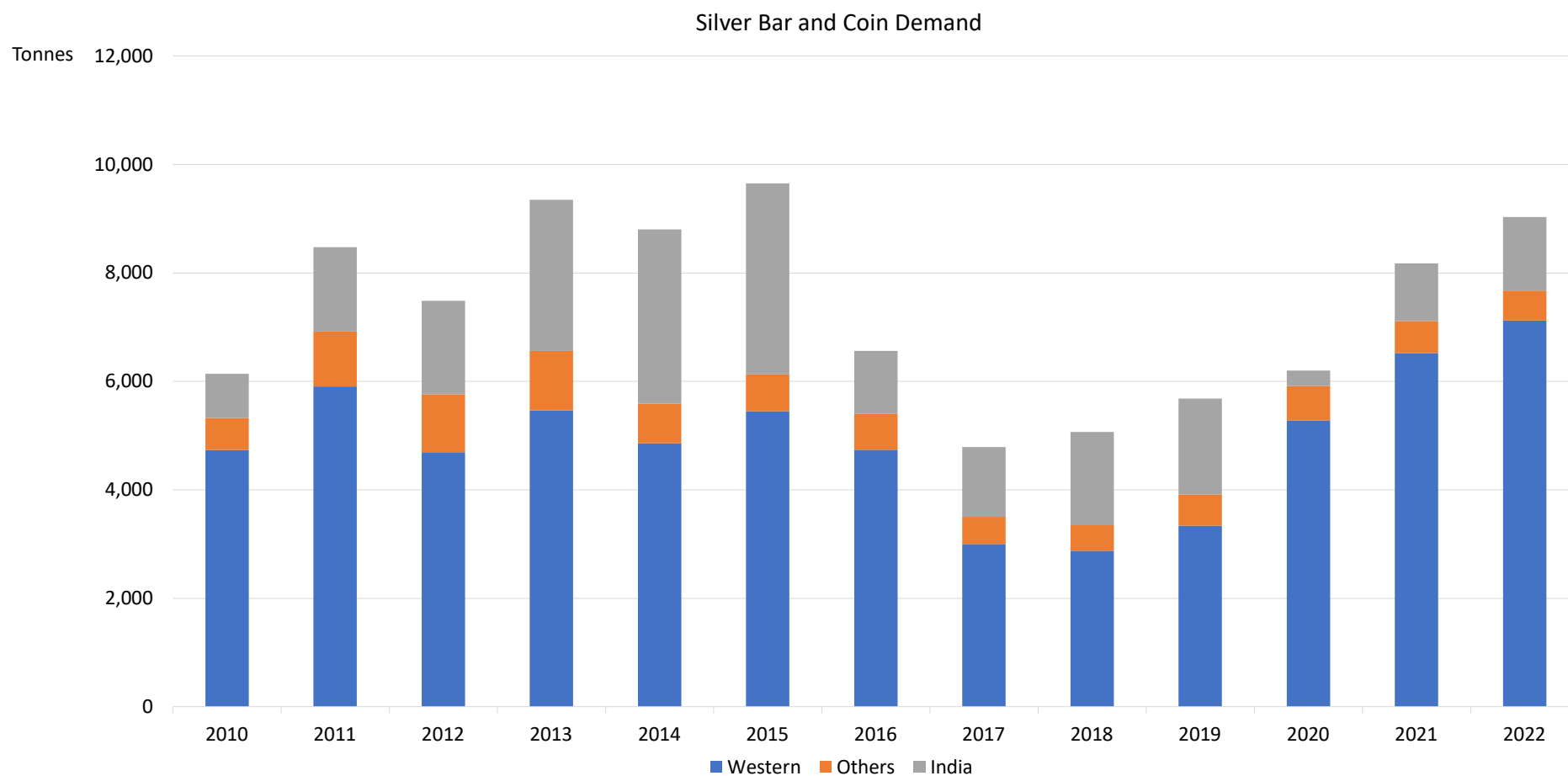
Silver market transitioning from structural surplus to structural deficit



Source: Metals Focus – Silver 5-Year Quarterly Forecast



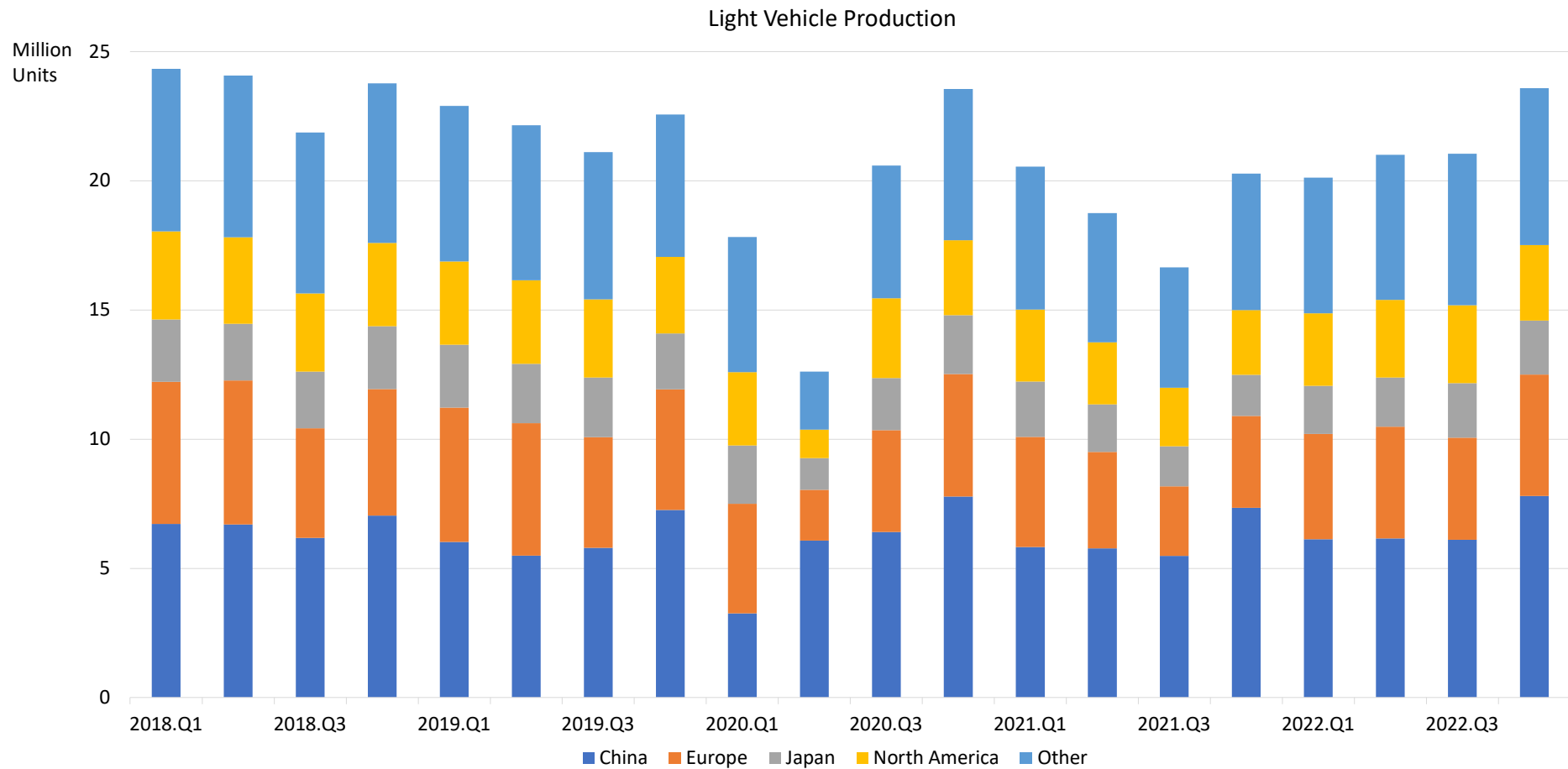
Robust physical investment demand expected to remain a theme in 222



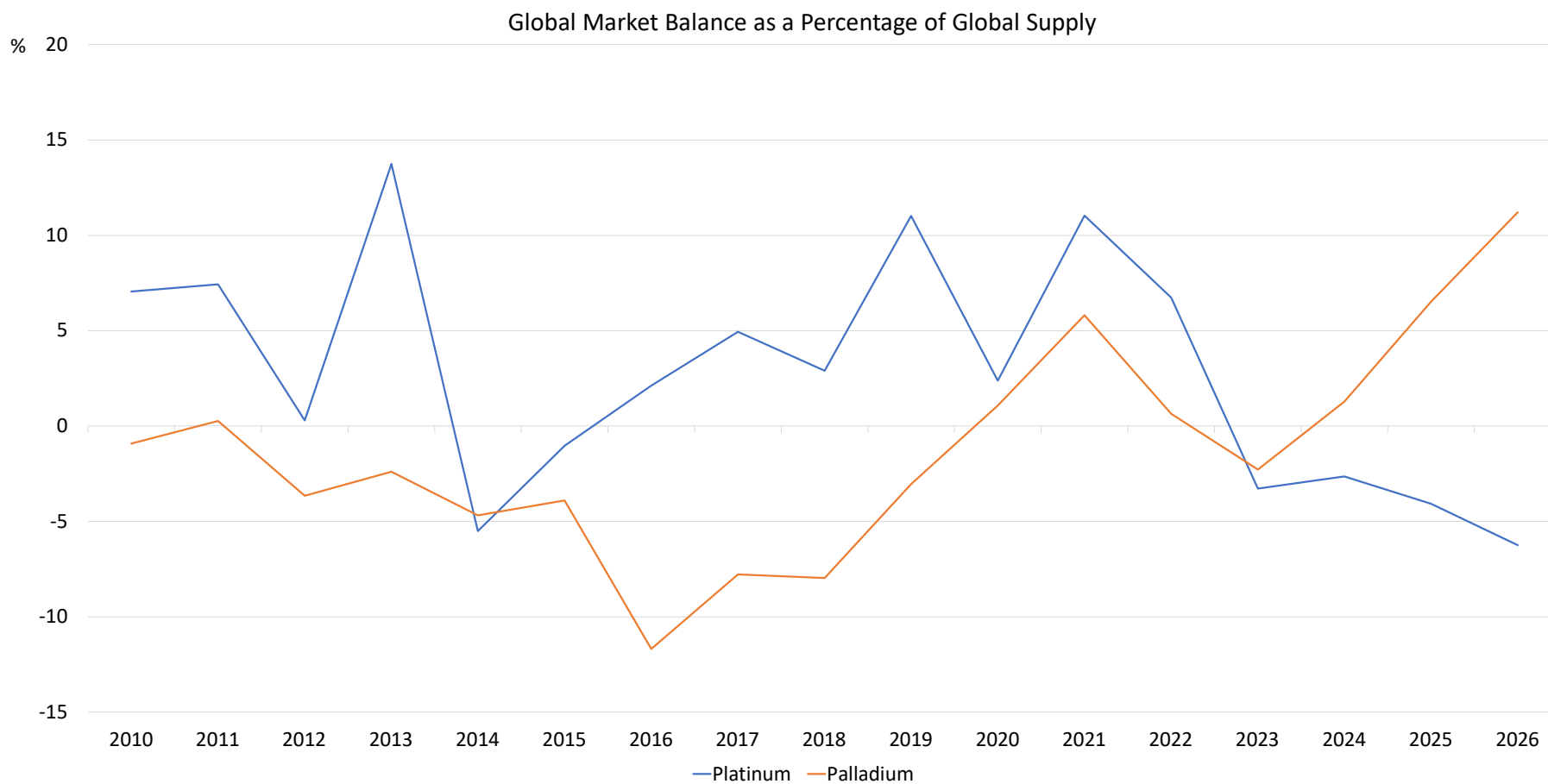
Source: Metals Focus – Silver 5-Year Quarterly Forecast



Vehicle production expected to return to near-normality in late 2022



Tables expected to turn as far as platinum and palladium fundamentals are concerned

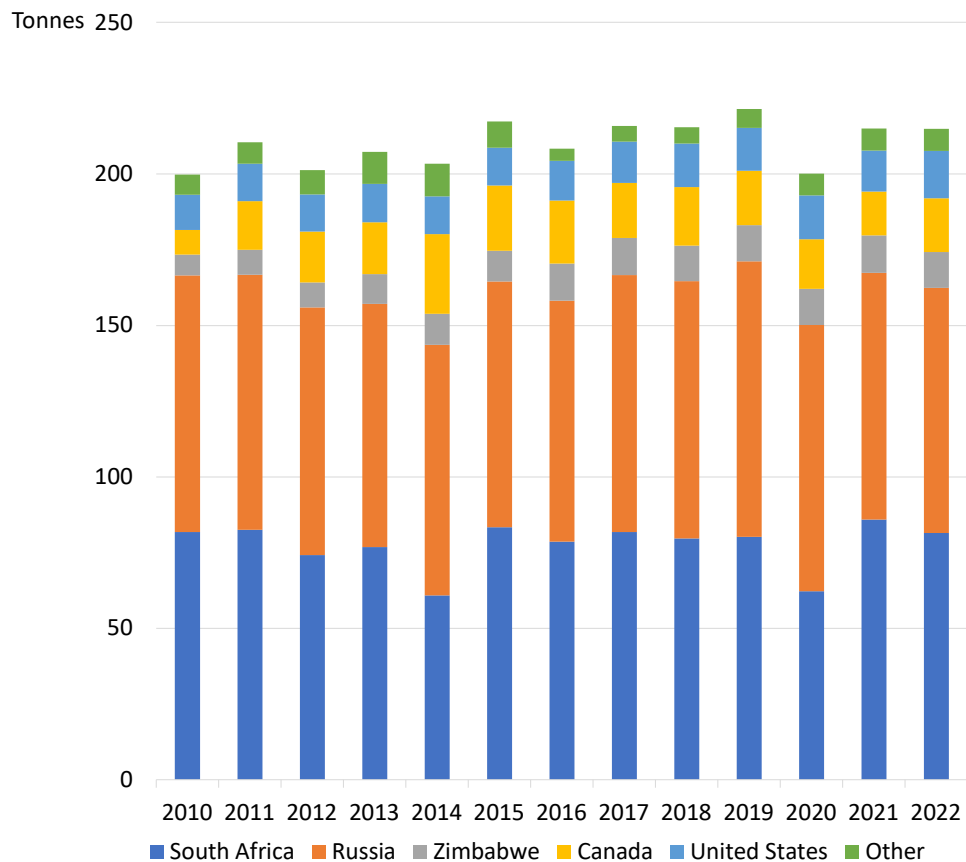


Source: Metals Focus – PGM 5-Year Quarterly Forecast

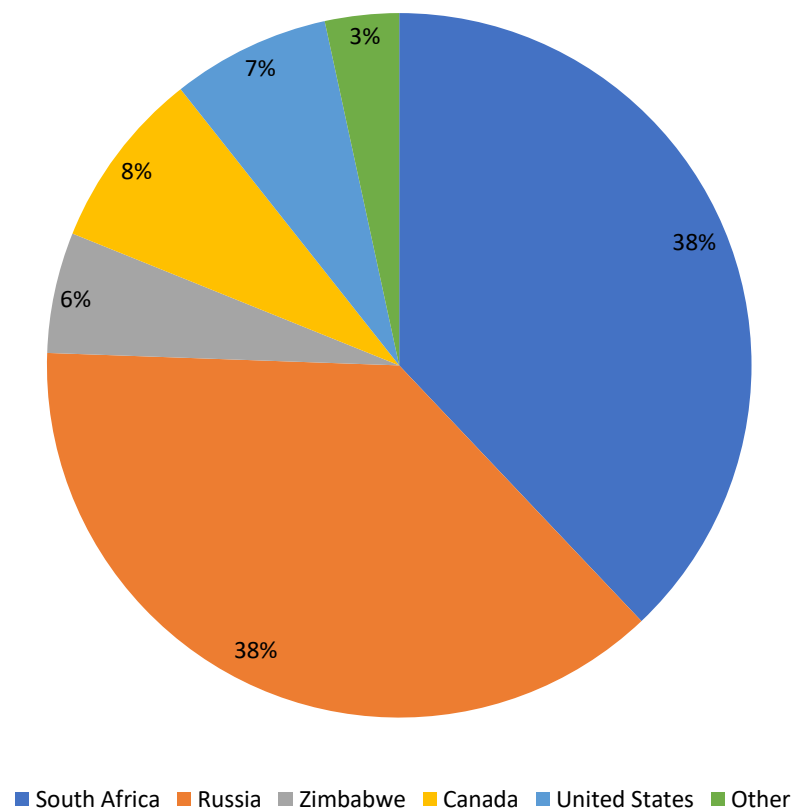


Tables expected to turn as far as platinum and palladium fundamentals are concerned

Palladium Mine Production



Palladium Mine Production Shares – 2022 Forecast





For information about our products and services please contact;

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SBMA Webinar Series – 2022 Asia Pacific Precious Metals Update

**KL Yap, Chairman SBMA
24 February 2022**

SBMA Update

Membership

- 48 members as of 31st December 2021, 1 new join in January 2022
- 3-5 new potential members in midst of application

Constitution

- Revised Constitution approved on 7th February 2022 to empower the Membership and Management Committee to have more discretion in approving qualifying entities to be part of the SBMA.
- We expect to see a more diverse membership base in the coming years as we connect further and deeper into the bullion community in ASEAN countries.

SBMA Update

Collaboration with LBMA

- Responsible Gold Sourcing – members of the SBMA understand and encourage to embrace the Responsible Gold Guidance V.9.
- LBMA Global Precious Metals Code – to promote and encourage members of the SBMA to implement in accordance to their scope of business.

Collaboration with World Gold Council

- Retail Gold Investment Principles “RGIPs” – promoting transparent and fair practice among retail investment service providers.
- Professional Development Curriculum – aiming at attracting and training the future batch of market professionals.

Collaboration with MinLaw

- Working closely with the Ministry to help members to understand and enforce the AML and CFT initiative.

Collaboration with Enterprise Singapore (ESG)

- Working closely with ESG to build Singapore as a precious metal hub.³

SBMA Update

Crucible Quarterly Newsletter

- Issue 20 published in Jan 2022
- Issue 21 to be published in Mar/Apr 2022
- Please reach out to the Secretariat for article and advertising contributions options in both our Crucible or website banners.

Expansion of Secretariat Services

- Secretariat can provide marketing support to members through SBMA channels: Crucible / website / social media / event management.

SBMA Update

Hybrid
ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

5-7 June 2022

**MARK
YOUR
DATES**

www.asiapacificpmc.com

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