

Bullion BulletinTM

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Editor's Voice **Page 8**

We are Going to Negotiate a Free Trade Agreement with India by Next Year
HE Mr Javier Paulinich, Ambassador of Peru to India **Page 10**

India is the Sixth Most Important Market for Peruvian Gold
Guillermo Albareda, Sociedad Nacional de Minería, Petróleo y
Energía - Perú **Page 11**

Egypt is Highly Attractive Market for Bullion
Jeffrey Rhodes, BTC Group (part of New Egypt Gold) **Page 14**

Global Precious Metals Refining, Challenges and Prospects
Scott Morrison, Metalor Group **Page 16**

Gold: Back to the Nineties?
Jonathan Spall, G Cubed Metals Ltd. **Page 19**

Russia's Bullion Market Proves It Can Weather the Storms
Geunnadi Andrianov, Sberbank Investment Research **Page 23**

The New Price Setting Mechanism Ensures Continuity for Market
Participants, Harriet Hunnabell, CME Group **Page 41**

Republic Metals is Committed to Adhere Highest Quality Standard
Jason Rubin, Republic Metals Corporation (RMC) **Page 43**

भारत का गोल्ड रिफायनिंग उद्योग **Page 52**

आने वाले सालों के दौरान सिल्वर की मांग में
2-3 फीसदी इजाफे की उम्मीद **Page 56**

Data & Statistics **Page 58**



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20g	999.9
10g	999.9
8g	999.9
5g	999.9
2g	999.9
1g	999.9



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TABLE OF CONTENT

Editor's Voice	Page 8
We are Going to Negotiate a Free Trade Agreement with India by Next Year HE Mr Javier Paulinich, Ambassador of Peru to India	Page 10
India is the Sixth Most Important Market for Peruvian Gold Guillermo Albareda, Sociedad Nacional de Minería, Petróleo y Energía - Perú(National Society of Mining, Oil and Energy of Perú)	Page 11
Egypt is Highly Attractive Market for Bullion Jeffrey Rhodes, BTC Group (part of New Egypt Gold)	Page 14
Global Precious Metals Refining, Challenges and Prospects Scott Morrison, Metalor Group	Page 16
Gold: Back to the Nineties? Jonathan Spall, G Cubed Metals Ltd.	Page 19
Russia's Bullion Market Proves It Can Weather the Storms Geunnadi Andrianov, Sberbank Investment Research	Page 23
Strong Physical Demand should be Coming into the Market at Around \$1200/ounce Philip Newman, Metals Focus	Page 25
India is the Major Market for our Precious Metals Export Rodrigo Blanco, ProMexico India	Page 26
Gold Refining Industry in India James Jose, Association of Gold Refineries and Mints	Page 28
There should be Proper Awareness about the Investment Products and E-gold in India Pradeep Nagori, Edelweiss Bullion	Page 35
An Empirical Study of Silver Market in India Debajit Saha, Bullion Bulletin	Page 38
The New Price Setting Mechanism Ensures Continuity for Market Participants Harriet Hunnable, CME Group	Page 41
Republic Metals is Committed to Adhere Highest Quality Standard Jason Rubin, Republic Metals Corporation (RMC)	Page 43
Investors are Waiting for better Opportunities before Start Buying Gold Cameron Alexander, GFMS	Page 46
भारत का गोल्ड रिफायनिंग उद्योग	Page 52
आने वाले सालों के दौरान सिल्वर की मांग में 2-3 फीसदी इजाफे की उम्मीद	Page 56
Data & Statistics	Page 58



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PUBLISHING OFFICE

Foretell Business Solutions Pvt Ltd

#146, 1-2 Floor, Gopal Towers

Ramaiah Street, HAL Airport Road, Kodihalli,

Bangalore - 560008

Tel: + 9180 25276152/53, Fax: + 9180 25276154

Email: info@bullionbulletin.in, abhinaya@fbspl.com

Web: www.bullionbulletin.in, www.fbspl.com

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Dear Readers,

India just celebrated 'Dhanteras' and 'Diwali' festivals. These two festivals are traditionally considered as festivals of hope and fortune and people traditionally buy gold and silver. Demand of gold certainly remained best for the year, but it was not as good as what it was few years back. Low gold price failed to attract customers; perhaps customers are anticipating lower prices in future.



The citizen of Switzerland will vote on November 30 on a referendum where they would decide three things: whether Swiss National Bank would increase its gold reserves to 20% of its assets; that the central bank would stop its gold selling and that no gold should be held outside the country. If the referendum is passed, there would be a paradigm shift as Swiss National Bank would be forced to buy more than 1500 tons of gold (currently central bank is holding only 8% of its total forex reserve in gold); second, whole idea of this initiative might be to revamp old myth of creating currency backed by gold or, in words of former U.S. Rep. Ron Paul, "The Referendum is one more step in the direction of proving that paper money, fiat money, money created by politician out of thin air to subsidize big government and monetize debt is going to end". I am sure, in the coming LBMA Conference, this topic would be discussed amongst delegates as more countries would become conscious to save their gold to back their currency (primarily) if the event becomes a success.

We are pleased to publish excerpts of some of the interviews that we had taken during **11th India International Gold Conference** in Pune that successfully concluded in September. Experts spoke on varied subjects and I am sure, you would find it relevant for your business. Ms. Harriet Hunnabell talked exclusively how CME Group, Thomson Reuters, and LBMA have joined hands to provide the over-the-counter spot silver market with a new transaction-based price-setting mechanism for the LBMA Silver Price that is IOSCO-compliant and fully electronic. In the same line, I would also like to congratulate Ms. Ruth Crowell and her team for taking this initiative and finally join hands with COMEX and Thomson Reuters after a rigorous consultation with industry domains across the globe to replicate the 117 years old 'Silver Fix' and maintain London as the benchmark market for global trade.

Good wishes

Debajit Saha
Editor



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For further information on how to become a member email commodityservices@dmcc.ae; call +971 44336711 or visit dmcc.ae.



We are Going to Negotiate a Free Trade Agreement with India by Next Year

HE Mr Javier Paulinich, Ambassador of Peru to India, talked about the relationship between India and Peru, Peru's gold mining sector and the future prospects while giving an interview to **Bullion Bulletin** at IIGC 2014, Pune. Excerpts...



We are producing around 5million ounces of gold every year. In the coming years, we are going to implement 40 new projects only in gold. That means we expect to produce around 8-9million ounces by the end of this decade. By then we are going to be third or fourth largest gold exporter in the world.

quantity of trading to increase in the coming years.

As Peru is one of the major mining hubs in South America, tell us more about the gold mining sector of Peru.

We are producing around 5 million ounces of gold every year. In the coming years, we are going to implement 40 new

projects only in gold. That means we expect to produce around 8-9 million ounces by the end of this decade. By then we are going to be third or fourth largest gold exporter in the world.

Do you feel any pressure on Peru's gold mining sector given the various issues related to gold pricing and trading?

Earlier we had some problem

related to gold mining segment. But now that we have another 40 new projects in pipeline, the present issues and tensions will not affect the gold production of Peru.

What are the future prospects you are looking for in our country?

The prospects here in India are very good. There is potential for us to sell not only gold but also silver. We are going to start negotiating a free trade agreement with India by next year. So that kind of instrument is going to help further to expand our relationship with India.

Lastly, few words for this event- 11th India International Gold Convention.

This is my first time here in this event. I am very impressed with the number of participation. The quality of presentations is really good. I will try to come back here next year definitely.

■ ■ ■

How has been the relationship between India and Peru as far as bullion trading is concerned?

Our relationship with India is very good. Peru is the most important mining country in Latin America. We are the number fifth producer of gold in the world. We started to sell gold to India directly since two years ago. Last year we sold around 260 million USD and I expect the

India is the Sixth Most Important Market for Peruvian Gold

Guillermo Albareda, Executive Legal Manager, Sociedad Nacional de Minería, Petróleo y Energía - Perú (National Society of Mining, Oil and Energy of Perú), discussed in detail about the gold mining sector in Peru, labor law, various government initiatives and its trade relation with India while interviewed by **Bullion Bulletin**. Excerpts...



It is important to note that the government has implemented a formalization process for informal miners. A special commission was created to design a strategy for the rehabilitation of small-scale and artisanal mining. Up to date there are 60,000 informal miners involved in this process.

start their production on the coming years. Some of these projects are Anama, Conga, Ollachea, Shahuindo, Crespo etc.

It's important to point out that reserves vary every year. Peru's resources are unexplored (only 0.3% of our territory is under exploration), so we are confident that more resources and reserves will be available in the coming years.

Approximately how much gold Peru does export in a year and what is its export share to national GDP?

Peru's gold exports reached 5.7 billion troy ounces in 2013. Depending on the year, the exports vary between 4% - 6% of Peru's GDP (current sales).

It is revealed in media that illegal gold mining is a big concern for government and illegal miners are

exporting considerable amount of gold every year. What are the initiatives taken by government to stop illegal mining?

There have been several initiatives from the government aimed at eradicating illegal mining. Since 2012, the government has signed several bills in order to establish restricted areas for mining activity in Madre de Dios Region, as well as to control chemical products.

Some of the implemented measures:

- Prohibition of use of dredges and similar devices in all rivers, lakes, ponds and wetlands (among other sites).
- Forfeiture and destruction of equipment and products used in illegal mining activities.
- Introduction of illegal mining crime in Penal Code.
- Establishment of control measures for the transport,

Peru is the largest producer of gold in Latin America. Tell us at current known reserves, how long Peru could maintain its position in Latin America? What initiatives the government is taking to look for new reserves?

Peru has gold reserves of 1,900 MT (Source: USGS), and it represents 4% of world gold reserves. We are the largest gold producer in Latin America and we can forecast that we will be the largest producer for the upcoming years.

We have a gold investment portfolio of US\$ 8.2 billion and we expect that some of these projects may

distribution and commerce of chemical products that may be used in illegal mining.

- Establishment of the obligation to register moveable property (equipment) used for small-scale and artisanal mining in a special registry.

It is important to note that the government has implemented a formalization process for informal miners. A special commission was created to design a strategy for the rehabilitation of small-scale and artisanal mining. Up to date there are 60,000 informal miners involved in this process.

Is government treating both artisanal gold mining and illegal gold mining equally?

Both are different. Artisanal mining is recognized by the mining law and it is regulated by the Ministry of Energy and Mines. Therefore, artisanal miners have to undertake environmental studies in order to start their activities. They also have to pay for their concessions and they are supervised by the environmental oversight authority – OEFA – and by the Regional Direction of Mining.

On the other hand, illegal mining is being eradicated. Also, SUNAT (tax authority in Peru) has started an intensive activity to trace where the gold comes from in order to verify it

The main markets for our gold exports are Switzerland, the United States, Canada, Italy and the United Kingdom. They account for 98.6% of our gold exports in 2013 and we expect this trend will continue.

is produced by a legal producer and to check if export companies are trying to sell illegal gold abroad.

How strong is labor law involved in gold mining in Peru? Is it at par with international labor law standard?

Formal companies strictly comply with labor laws, whether they produce gold or any other metal. They are supervised by the national labor inspection authority (SUNAFIL) and they are penalized if an infraction is detected.

However, we have a very different picture when it comes to illegal mining. One of the reasons the government is working to eradicate it is that it is creating social problems, such as harsh labor conditions, prostitution and corruption. People are exposed to high levels of risk due to the inappropriate use of chemical products, which in the end affects their health and life expectancy.

Is Peru looking for any FTA with India? If so, how much would it impact the trade in gold?

Yes, as the current Vice Minister of Commerce said last August, Peru is interested in a bilateral trade agreement with India. Considering that, he visited New Delhi in order to meet the Commerce authorities of India and some of the most important business associations of that country.

That being said, we don't know yet when this agreement could be signed.

It is important to mention that the main markets for our gold exports are Switzerland, the United States, Canada, Italy and the United Kingdom. They account for 98.6% of our gold exports in 2013 and we expect this trend will continue.

Nevertheless, India is the sixth most important market for Peruvian gold. Considering that India's gold demand (in particular for jewelry) is increasing, we can expect that our gold exports to that country might increase in the following years.





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Egypt is Highly Attractive Market for Bullion

Jeffrey Rhodes, CEO- BTC Group (part of New Egypt Gold), talked about Egyptian gold market, shift in global consumer demand and gold monetization in India etc. while interviewed by **Bullion Bulletin** at IIGC 2014. Excerpts...



where you see a lot of flows in terms of import, export along with a secondary market because Egyptian women love to change their jewellery. This approach stretches across North Africa i.e. the Arab speaking African world. So you get this continuous flow of secondary metal. That really is the heart of Egyptian gold market. There are some gold mining but not with great scale. But it is believed that there is a much wider and broader base of gold mining potential available there.

Tell us about your Egypt initiative.

For me it is interesting. I made a decision about a year ago to retire and then I was approached by the New Egypt Gold which is the biggest jewellery manufacturer in Egypt. They have their own gold refinery as well. They are clearly the leading physical gold merchant in Egypt. As I delved into the market there, I was fascinated to know that 5500 years ago Egypt was the leading force in the global gold industry. There are 90million Egyptians, out of which 89million love gold. Also there are lot similarities between Egypt and India.

On per capita basis consumption, Egypt probably is the number one in the world. Banks in Egypt are not allowed to involve in the gold industry there. I am very bullish about the Egyptian gold market.

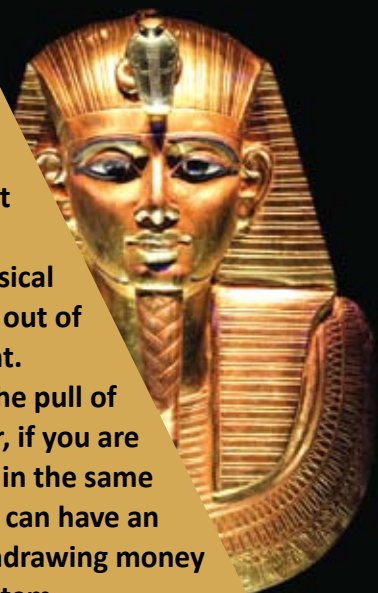
Are you looking to market the Egypt mined gold in Asian continent?

This is really a market

Consumer demand moving from West to East- How are you looking at this factor?

The reason that the authorities in India are so concerned about gold is that- if you buy physical gold, you take money out of your bank account.

The money goes out of the pull of banking liquidity. However, if you are able to have a gold account in the same way as a rupee account, you can have an investment in gold without withdrawing money from the banking system.



If you look at the physical aspect of Asia, it accounts for 75% of annual demand. So the real world of physical gold has definitely moved from West to East. All you have in the West is the bullion banking and that is on the threat now as it is under severe regulatory pressure. So we could see the bullion banks follow the same path as physical market, we can see the evolution and development of bullion banking in places like Dubai, Singapore, China, India.

The banks in the West are under regulatory pressure. So there is an opportunity for the Eastern financial institutions, banks to take advantage of that and establish strong bullion banking system in the region and it is the way forward.

very passive just same as a rupee or dollar account. That would solve the CAD and it could make India (if it monetizes 25000tons of gold lying idle) the wealthiest country in the world.

How can the monetization scheme be implemented in India? How beneficial should it be for India?

If you look at the currency in India, you have five denominations bank notes. So you could have five

regulatory pressure. So there is an opportunity for the Eastern financial institutions, banks to take advantage of that and establish strong banking system in the region and it is the way forward.

How the relationship between India and Dubai can be friendlier in doing bullion business?

I see Dubai as the region that links Africa and Europe with the Indian subcontinent and rest of Asia. So it is a supplier market and the taker market is India. It does need to be consolidated and I would urge the authority here to embrace Dubai good delivery. I would encourage much closer relationships between the regional exchanges. I would like to bring DGCX, MCX, NCDEX and SGE together somehow with some kind of MoU, fungibility of contracts, cross margining.

How much are you enjoying the conference- 11th India International Gold Convention?

I think the conference is highly professional and it is a must attend conference.

Jeffrey has written an article on Egypt Gold Market in our September Issue. It can be downloaded from http://bullionbulletin.in/more_expert_column.aspx



Disclaimer: Views are personal and not the views of the publisher.

What is your observation on the imposed import restrictions in Indian?

The reason that the authorities in India are so concerned about gold is that- if you buy physical gold, you take money out of your bank account. The money goes out of the pull of banking liquidity. However, if you are able to have a gold account in the same way as a rupee account, you can have an investment in gold without withdrawing money from the banking system. Even more so, with the move towards gold monetization, it brings liquidity into the banking system. So the way forward for the East, particularly for India, is to embrace bullion banking fully, to make gold account

denominations (ranging from 10 grams to 1kg) of bullion bars being produced by the accredited refineries. It will enable one to take that gold and put in the bank account and when he wants, he can take the gold out of the account easily. Now the proposals are on the table for the same.

Do you think there is a need to develop bullion products combining the whole Asia?

Gold price fixing was done at international bullion market platform for 35 years, out of those 20 years in London. Fixing is still a fantastic institution but it is under pressure. The banks in the West are under

Global Precious Metals Refining, Challenges and Prospects

Scott Morrison, Chairman, Metalor Group



The regulatory environment in relation to beneficial ownership has evolved very rapidly over the past few years, forcing refiners to go much further in terms of verifying the chain of custody, knowing the customer's customer, and even further.

businesses, and by my count there are only four. Metalor is one of them, with refineries in the USA (Au/Ag), Switzerland(Au/Ag/Pt/Pd/Rh), France(Au/Ag), Hong Kong(Au), China(Au), and Singapore(Au/Ag). The plants in the USA, Switzerland, Hong Kong and Singapore have obtained the Gold Good Delivery certification from the LBMA for the metals they refine. We are also considered "Good Delivery" on the Shanghai Gold Exchange, Comex, and Tocom. In order

successful locally and regionally based refining companies.

Challenges

Global refining companies face many challenges. For the sake of brevity, I will focus here on the most important of them. The most frequent and difficult challenges facing a company buying precious metals are compliance and corporate social responsibility. The regulatory environment in relation to beneficial ownership has evolved very rapidly over the past few years, forcing refiners to go much further in terms of verifying the chain of custody, knowing the customer's customer, and even further. From time to time, decisions must be made relating to customer retention and issues of company reputation, based on public information that is sometimes difficult to verify or sensationalist in nature. Sourcing of metals from areas of the world where there is conflict, or where child labor is an issue, presents special challenges in the decision-making process.

When I was asked to write this article, it occurred to me that simply having "Global" in the title was in itself a challenge! To get an idea of what "global" means in terms of precious metals refining, here are a few facts that help to put the business into perspective. There are not too many companies that can truthfully say that they are worldwide precious metals refining

to finance our industrial activities, we work closely with the major bullion banks, who provide credit lines on a global basis. From the standpoint of feeding material to our refineries, the sourcing can be both international and local but the metal tends to move regionally rather than globally. The end-products in the form of investment bars do however move globally. There are also many

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From an operational point of view, throughput time is always a challenge in operating a precious metals refinery. Once the restitution time, in terms of money or metal, is established for a customer or lot, it is then incumbent on the plant management to process the metal as fast as possible.

An overage in the time established will increase costs in terms of borrowing to finance the metal that must be delivered or paid for, but that is not yet available. From a competitive standpoint, capacity is a double-edged sword. In a rising price environment, the conventional market reaction is for scrap volumes to increase, and this can vary around the world as a function of exchange rates versus the US dollar. Therefore, when one market is flooded, moving metal and credit to other plants to smooth operations and meet restitution times is a positive factor. In a declining price market, volumes decrease, fixed costs rise, and competition for a smaller market becomes intense. This is where refiners are at this time. Classically, an extended period of “soft” market will result in consolidation. I have no doubt that many closed-door discussions are going on!

Prospects

Investor sentiment drives precious-metals prices more than any other factor, with the exception of supply

and demand considerations for PGMs (Platinum Group Metals). The recent past has been emblematic of this trend, with prices of all precious metals taking a dive, leading to significant outflows from ETFs (Exchange-Traded Funds), and consequently worldwide stock markets reaching record levels. A further deterioration in growth for Europe, and stalling in China and the USA, could turn the investors’ risk profile back to precious metals and price increases.

The structure of the precious-metals market is evolving to the East, and the physical investors in metal are growing every year as wealth increases. Mining companies are under severe pressure in various parts of the world, and active consolidation plays have been published. This will not immediately affect the supply chain for refiners, but may cause the medium-term pipeline to be constricted. The recovery of precious metals from above ground (eScrap) continues to grow, and many refiners’ strategy is to invest and grow their activity in this direction.

The London Good Delivery List of Acceptable Refiners of gold and silver is maintained by the LBMA, by whom it is copyrighted. It lists those refineries whose gold and silver bars have been found, when originally tested, to meet the

required standard for acceptability in the London bullion market. Because of the stringent assaying and bar quality criteria that applicants must satisfy to attain accreditation, this List is universally recognized as the de facto standard for the quality of gold and silver bars.

.....
Born in New York City in 1956, Scott Morrison studied Geology at St. Lawrence University, before completing a PhD in Metallurgical Engineering. His career began in Switzerland as Technical Manager Minerals and Metals at SGS in Geneva, after which he was appointed Managing Director of the company’s Ghana subsidiary in Accra.

For the next nine years, he was based in Lombard, near Chicago, where he was initially President and CEO of Commercial Testing and Engineering Co., before becoming Executive Vice-President at SGS North America.

For the past ten years, he has been working at Metalor in Neuchâtel, Switzerland, which he joined as CEO. In May 2013, he was appointed Chairman of the Board of the Metalor Group and Managing Director Mergers and Acquisitions.



Disclaimer: Views are personal and not the views of the publisher.

Gold: Back to the Nineties?

Jonathan Spall, Founder- G Cubed Metals Ltd.



Enter “gold” into Google and you end up with almost 2 billion hits. Not really a surprise as much of the planet has a view on the gold price. Nowhere more so than when you head into Asia and the Middle East. Indeed when I lived in Hong Kong for 6 years during the 1990s I realised what “physical demand” actually meant: a queue outside a jewellery shop when the price dropped.

Basically, the world has a familiarity with gold and maybe even an empathy that it has of no other financial instrument. Indeed, a former colleague told me of a conversation that he had at a pro-am tournament initiated by one of the world’s most famous golfers about the gold price – incidentally the golfer’s recommendation was as accurate as mine would be on teaching him how to putt! In recent days, rather more pertinently, we have had Alan Greenspan air his views on the metal. From an ex-trader’s point of view this seems to essentially boil down to “China is going to buy lots of gold.” Perhaps rather more imminently in terms of state buying, the Swiss will vote in a referendum at the end of November as to whether the country should maintain 20%

of the Swiss National Bank’s foreign exchange reserves in gold. Currently the view, at least of the authorities, is strongly opposed to such a measure which would entail significant purchases. However, it is a populist platform and electorates are not normally shy of doing exactly what they want to. If either of these were to come to fruition then clearly it would be excellent news for the bulls; perhaps even a marker for gold to resume its upward trend after having hit an all time (nominal) high in September 2011 of \$1921.

In my view neither of these are particularly likely to happen - at least, in the case of the Chinese, certainly not in the scale that Mr Greenspan mentions. Indeed, we need to be cognisant of the fact that people having a view on gold is very different to them actually entering the market. During the 1990s many investors had an opinion on price direction but very few actually transacted in the metal. So that although there were plenty of occasions when circumstances should have dictated a rise in the price it simply did not happen since there were an insufficient number of individuals with an interest in actually

The extraordinary performance of the metal in the 15 years since the turn of the century has been built on the back of central banks turning from sellers to buyers of gold, the buy back of metal previously hedged by the mining companies and the greatly expanded pool of investors able to participate in the market. It is the last of these that is key and it has not solely been built on the back of Indian, Chinese or Western demand.

purchasing the metal. It was the dramatic broadening of the pool of potential investors that ultimately changed the fortunes for the gold price.

Obviously the growing wealth of nations such as India and China has been vital in seeing the gold price rise nearly eightfold from the doldrums of \$250 in the 1990s to nearly \$2000 in 2011. However, equally important for the renaissance in the gold price was the launch of the various Exchange Traded Products (ETPs) that brought a new class of western investors to gold for the first time. In fact the impact of ETPs was twofold. Not only did it allow some investors to access gold for the first time - particularly funds that were not allowed to buy underlying commodities but only equities –it also served as a shop window for the metal and enticed investors to purchase the metal in its myriad forms. Clearly the financial background also helped and President Herbert Hoover's

remark to Franklyn D. Roosevelt in 1933 that "we have gold because we cannot trust governments" has perhaps never been more appropriate than it has been over the last few years. However, after gold peaked in 2011 it has slid as investors turned their attention elsewhere and indeed has given up over a third of its value. It is also worth noting that although this price represented its all time nominal high gold has never surpassed its "real" high of \$850 in February 1980 (equivalent to some \$2300 in today's terms).

Perhaps I should have said that "western" investors turned their attention elsewhere as analysts continue to play a guessing game on the amount of gold being bought by China and India. In the case of the former it is a combination of the state and private ownership that has commentators enthralled. Indeed returning to Alan Greenspan, the ex-Federal Reserve chairman recently wrote an article where

he postulated that the Chinese government could own more gold than the USA – something that would entail that nation having to buy at least 7,500 tonnes of the metal – using current official figures. How it would purchase 3 years of global annual production is not mentioned, nor is the timescale. Mr Greenspan's view is that this action would impart the currency with "unexpected strength in today's international financial system."

I am not sure that I agree with Mr Greenspan since I fail to see why having 8% of a central bank's foreign exchange reserves in gold – rather than the current 1% - would suddenly mean that markets would have a fundamentally changed view of the Renminbi. In the unlikely event that Mr Greenspan meant that China should aspire to have the same percentage of gold in its reserves as the USA (72%) that would mean the nation would need to buy the rather unlikely amount of over 70,000 tonnes of the metal – some 40% of the gold that has been mined in world history! However, there is no doubt that investors remain focussed on the actions of China, both the government and the populace, in the sphere of precious metals.

Of course India is the other key nation when debating the outlook for gold. Once more it is



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Email: info@gulfrefinery.com / www.gulfrefinery.com

Obviously the growing wealth of nations such as India and China has been vital in seeing the gold price rise nearly eightfold from the doldrums of \$250 in the 1990s to nearly \$2000 in 2011. However, equally important for the renaissance in the gold price was the launch of the various Exchange Traded Products (ETPs) that brought a new class of western investors to gold for the first time.

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government and population that investors are trying to second guess. This time though it is not whether the central bank is buying or not but the policies of the government that attract the most comment. Many commentators assumed that the first budget from Mr Modi's government would relax the rules on gold imports. However, this proved to be much too optimistic with the curbs on imports continuing to remain in place as the state looks to manage the current account deficit.

This remains the challenge for gold, the extraordinary performance of the metal in the 15 years since the turn of the century has been built on the back of central banks turning from sellers to buyers of gold, the buy back of metal previously hedged by the mining companies and the greatly expanded pool of investors able to participate in the market. It is the last of these that is key and it has not solely been built on the back of Indian, Chinese or Western

demand. The sort of numbers that analysts and commentators discuss when postulating the Chinese state buying gold, or indeed the Swiss, I believe are extremely unlikely to be met. Instead it is the tripod of private ownership that propelled gold to its heights. For gold to resume the levels it reached in 2011 it not only needs to continue finding favour in India and China but to rekindle investors appetite for gold in Western markets. If it cannot manage that then the outlook will remain fragile and the price performance lacklustre.

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Jonathan Spall established his consultancy business – G Cubed Metals Ltd in 2014 – following over 30 years of experience in precious metals markets.

He is currently the independent chair of the twice-daily fixing calls for platinum and palladium and a senior advisor to the London Bullion Market Association (LBMA). Earlier this year Jonathan carried

out an independent review for the LBMA of the various proposals to replace the London Silver Fixing and is currently working with them to assess replacements for the London Gold Fixing. He also supported the London Platinum and Palladium Fixing Company Ltd in assessing the responses for a third party to assume responsibility for the administration of the London Platinum and Palladium Fixings.



Disclaimer: Views are personal and not the views of the publisher.

Russia's Bullion Market Proves It Can Weather the Storms

Geunnadi Andrianov, Commodity Strategist, Sberbank Investment Research

Since the middle of the 2000s, gold has experienced a growing interest from investors; first during the commodity boom and then as a universal storage of value during the financial crisis and post-crisis years. Most recently however, the easing of inflation fears and the expectations of monetary tightening by the FED has led investors to reconsider the rationale of holding bullion and prompted a significant correction in gold prices. This has led to a further dampening of investor confidence in the universal value of gold: in 2013 alone the yellow metal shed 28.5% of its value to reach a multi-year low of \$1182/oz. Exchange Traded Funds – a widely utilised proxy of global investors' behaviour – saw investors' holdings shrink by nearly 1/3rd over that year. In Russia however, gold hasn't lost its appeal to investors to the same extent – illustrated by the most recent gold price action (in RUB), which paves the way for further growth in the domestic gold market.

After many years of steady growth, the total number of gold accounts held at Sberbank – the largest retail bank in Russia – reached a peak of over 300,000 in 2012, being left largely intact by falling bullion

prices. Moreover, even though gold prices collapsed in 2013, gold volumes held by private investors only declined by a mere 8%. This represents a solid performance when compared to a 33% drop in global ETF's holdings worldwide and shows how Russian investors, unlike their peers in other countries, kept their confidence in the longer term prospects of gold and other precious metals as a universal store of value.

The majority of the world's largest retail gold markets, such as China, India and Turkey, are dominated by jewellery and therefore feature some specific seasonality; e.g. the wedding season in India. In comparison, the gold market in Russia is dominated by private investors and therefore activity is evenly spread throughout the year, usually only peaking at specific market triggers such as Ruble devaluation or geopolitical concerns. For example, a significant increase in activity in the Russian gold market was notable earlier this year, when tensions in Ukraine escalated and the Ruble came under pressure. The physical



bullion market, as opposed to unallocated accounts, has also seen a significant surge in interest since the Ukrainian crisis erupted, as customers' requests grow in sophistication and market offerings adapt, creating never-seen-before trends. The most recent example is the emergence of medium term players who frequently adjust holdings in response to short term price variations, taking profits after significant rallies or increasing holdings on the dips.

Russian investors seeking a "safe haven" have so far been largely rewarded by the markets too. Rubles invested in gold have yielded 26% year to date, versus 24% if invested in USD or a mere 14% if invested in EUR. In fact, gold in Rubles is only 11% off the high watermark reached in 2011, largely earning its reputation as long term storage of value with return in excess of 50% over the last 5 years. Gold has protected the Russian economy's investment in bad years and pulled through the stormy conditions of global markets, thus the tide of investment money is unlikely to turn against bullion any time soon.

Russia is the world's third largest gold producer, mining over 250 tonnes annually and with several projects developing. This means the market can rely on steady domestic supplies and is not subject to the regulatory issues that have

hampered growth in places such as India. In addition to this, the market has been able to rely on a large pool of established bullion banks and traders, such as Sberbank-CIB, which offers a wide range of services for holders of physical and financial bullion.

The Central bank of Russia (CBR) has been buying gold in recent years, steadily increasing the share of gold in its ever growing foreign reserve base. The recent geopolitical developments have prompted CBR to purchase as much as 77 tonnes of gold so far this year, pushing it into the world's top 5 sovereign reserve holders. Facing inflation prospects and supported by friendly regulations, private investors are likely to follow the example of the state institution and devote a larger share of their portfolios to gold. In light of this, it's clear that the long term trend of the domestic gold market broadening and deepening is likely to continue for years to come.

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Sberbank CIB

The Corporate & Investment Banking Business (Sberbank CIB) was created as part of the integration of Sberbank of Russia and Troika Dialog. Sberbank CIB's key areas of activity are corporate finance (including trade finance), the documentary business , investment banking services, trade operations with securities, and private equity. Sberbank of Russia's Corporate

& Investment Banking Business provides integrated financial solutions and investment advisory services to its clients, which include major corporations, financial institutions, sovereign states and federal and sub-federal government bodies and organisations.

Additional Information:

Sberbank CIB Press Service

Tel: +7 495 258 05 19

E-mail: pressa@sberbank-cib.ru



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Strong Physical Demand should be Coming into the Market at Around \$1200/ounce

Philip Newman, Director- Metals Focus, said about Chinese gold demand, its future and impact of low price on gold mining sector while giving an interview to **Bullion Bulletin** at IIGC 2014, Pune. Excerpts...



For next 5 years, what would be the expected consumers demand for gold in China?

We had seen tremendous growth in 2013 as the gold price fell sharply. This year it is quite different, we have quite a weak second quarter when compared to 2013. But when we look at the demand in isolation, 2014 is still a very strong year for China for jewellery demand. Going forward, as we see the middle class grow, the demand is growing in smaller cities. I think demand for gold will continue to rise. It will take a little time to get back to the regular level of 2013.

If we talk about China's Gross National Savings Ratio, it is largest in the world at around 51%. China's economy is around \$ 8 trillion (2012

World Bank figure). So if a small part of that money comes into gold, China can add a significant amount of gold into its kitty. What is your observation on this?

We are looking at really different dynamic sectors. We do have a growing middle class and therefore a growing disposable income within China. That should benefit the domestic jewellery market. In terms of investment market, that is a little complicated but we think eventually it will improve as well.

What is your view on India's gold trade?

There is regulatory pressure in India. When we put together our forecast for India, we combine the middle class consumer base with other factors like prices, the Rupee value, the economic condition and of course the year by year impact of monsoon which is absolutely fundamental. With the feel good factor of the new government coming in India, we are looking for Indian GDP to start improving. We will be little cautious if we see GDP levels of India and China getting back to the year 2000 level as those were the very elevated levels. So with the growing GDP and growing middle class consumer base in India, we can give a positive outlook in the coming quarters.

The global gold price has come down to \$1200/ounce. If it continues to move below, what will be the impact on the mining sector?

Strong physical demand providing strong support should be coming into the market at around \$1200/ounce. So for the time being we do not see gold falling below \$1200/ounce. Having said that, we do see the weakness in prices will carry on for next 6-7 months in the market. The miners have responded to the lower prices well through high grade mining in last year and this year, and through the incredible measures for the cost cutting as well. So this allows miners to stay in production, in fact increased production as well. We also expect to see some exciting projects coming in for 'dore' market. So while the short term outlook is figuratively strong, we can see declining trends in next 5-6 years.

Lastly, what is your view about this conference- 11th India International Gold Convention?

The conference is having regular attendance with a mix of people from across the Indian market and other foreign countries as well. With so many key players attending, it is a very exciting conference and I am very thankful to be invited as a speaker here.



India is the Major Market for our Precious Metals Export

Rodrigo Blanco- Head of Office, ProMexico India, talked about Mexico's trade relation with India, the country's growth in bullion export and the future prospects while giving an interview to **Bullion Bulletin** at IIGC 2014, Pune. Excerpts...



Brief us about the Mexican Trade Commission office's operations in the south Asian region.

We are representing the Government of Mexico in India and rest of the SAARC countries. The major idea of our operation is to promote trade and investment between both countries, specifically the exportation of Mexican products.

Mexico is the largest producer of silver. What is the current scenario of silver mining in Mexico? How much is it supplying to India?

We are the largest producer and exporter in the world. In terms of gold, we are the 10th largest in the world and second largest in Latin America. We are not supplying much silver to India, just last year we started with our first shipment of around 10MT to India. We are also looking forward to bring gold into India.

One of the proposals we bring here is to have an association of importers so that they can invest directly in Mexico. That way it will be easier for operation in Mexico without any intermediaries. Besides, Mexico is facilitating everything from locating the mines, proper source, finding right partnership etc.

What kind of cooperation are you expecting from Government of India?

There is a lot of cooperation between both the countries. It is more into the interest of the companies to start bringing the commodity from Mexico.

Are the import duty restriction and policy constraints in both gold and silver affecting your supply to India?

It surely affects the importers. But we are there for the requirements of the Indian companies. If they are interested, we can supply to them, we can put them in contracts with direct mines and refineries.

Is there any possibility to supply raw material and dore to the Indian refineries?

We can supply concentrates, dore bars, refined bars as per the requirement of the Indian market.

How is the precious metals business in other countries that you are catering now? Are you looking for any integrated business in the entire Asia region?

The major market for us is India. Our activities are concentrated mainly in India. Countries like Nepal are

interested in importing commodities; we have started negotiation with couple of Nepali companies.

Do you feel for a change in regulation for easy supply of dore into India from Mexico?

From our side, it is possible to bring the supply here. The problem is with the interest of Indian companies and how the Indian government supports the Indian companies in the development of this supply ease.

Are you looking for any structural changes in the current system?

One of the proposals we bring here is to have an association of importers so that they can invest directly in Mexico. That way it will be easier for operation in Mexico without any intermediaries. Besides, Mexico is facilitating everything from locating the mines, proper source, finding right partnership etc.

Lastly, how much are you enjoying the 11th India International Gold Convention?

It is the second time that I come to this event and it is a very well organized event. We are very happy and excited to be here.





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Gold Refining Industry in India

James Jose, Association of Gold Refineries and Mints

India continues to be a major consumer of gold, often importing around 600 to 900 tonnes per annum, which is roughly 25% of the global annual production of bullion. It is also estimated that 25% of the domestic demand for bullion is catered by the gold refining industry from the recycling of old jewellery supplied by the jewellery shops as well as the gold loan agencies disposing of their defaultee accounts. This refining of domestic scrap is undertaken by the medium and large scale gold refineries operating in the organized sector, as well as by the hundreds of smaller refineries operating in the unorganized sector in the smaller towns and cities.

The association of gold refineries and mints, a registered body of the medium and large scale gold refineries in the country is estimated to have a combined gold refining capacity of around 500 tonnes per annum, spread among its 12 member refineries operating in various parts of the country. Even though most of the medium scale refineries have a refining capacity of around 100 kgs per day or 30 tonnes per annum, most of these units are operating at around 25% of their installed capacity, mainly due to the shortage and cyclical availability of domestic scrap gold / jewellery available from jewellery shops, gold lending agencies, temples and other religious institutions,

Domestic gold production capacity

Sl No	Company Name	Factory Location	Annual Gold Refining Capacity
1	MMTC-PAMP India Pvt Ltd, Haryana,	Mewat Dist. Haryana	150 tonnes
2	Shirpur Gold Refinery Limited, Mumbai	Shirpur, Dhulia	217 tonnes
3	Chemmanur Gold Refinery Pvt Limited, Cochin	Cochin	30 tonnes
4	Bangalore Refinery, Bangalore	Bangalore	30 tonnes
5	GGC Gujarat Gold Centre Pvt Ltd,	Ahmedabad	30 tonnes
6	Zaveri & Co Pvt Ltd, Ahmedabad	Uttranchal	30 tonnes
7	National Refinery Pvt Ltd, Mumbai	Mumbai	30 tonnes
8	Royal Gold Refinery, Mumbai	Mumbai	30 tonnes
9	National India Bullion Refinery, Mumbai	Mumbai	30 tonnes
10	M D Overseas Ltd., Mumbai	Mumbai	30 tonnes
11	Kundan Industries, New Delhi	Uttaranchal	30 tonnes
12	Bansal Impex, Ahmedabad	Ahmedabad	30 tonnes
13	Parekh Platinum Mumbai	Mumbai	30 tonnes
14	Jalan Refinery, New Delhi	New Delhi	30 tonnes
15	Sai Refinery, New Delhi	New Delhi	30 tonnes
16	Edelweiss Metals – upcoming	Ahmedabad	70 tonnes
17	Rajesh Exports, Bangalore	Uttaranchal	
	Total		827 tonnes

Import of gold dore: Of late, some of these refineries have been able to increase their capacity utilization with gold dore imported from various mining countries. However, even the import and availability of gold dore is haphazard and not steady for a plethora of reasons, the main reason being that the medium and major gold mines around the world have committed / tied up their long term production capacities with the major refinery groups operating in Europe, Africa and Australia. The vertical drilling operations of these rock gold mines entails huge capital investments, calling for long term commitments and tie ups with the consuming refineries, as well as hedging and financing from merchant bankers. Policy hurdles on dore import are restraining the Indian refineries in engaging with these mines for long term contracts.

That leaves the option of only horizontal mining or alluvial gold available for sourcing for the medium scale refineries in India. These types of gold mining agencies are mostly artisanal groups, producing gold from their shallow mines, in a semi mechanized manner, mostly operating in the African and Latin American countries. These mining groups supply their daily outputs to aggregators or exporting agencies who then supply it to the various refineries in India and the Middle

East, mostly in dore bar form, with purities ranging from 65 to 95% gold content.

Operational hurdles in gold dore

import: This association has been regularly interacting with the various Govt agencies in the country to streamline the operational procedures and guidelines on dore import. Lack of direct same day airline connectivity for the gold cargo, delays in the customs dept. for inspection and sampling, excessive documentation work , bonds and bank guarantees , procurement certificates , utility certificates etc to be fulfilled with the central excise dept, as well as the delays caused by 20% export fulfillment are all hampering the speedy turnaround of the imported dore, and adding up to the costs, often making the entire operations non viable for the domestic gold refineries.

Since gold refineries import dore under the 80:20 norms wherein the duty paid 20% material has to be supplied duty free to export purposes, they keep waiting for this CVD refund, often blocking the precious working capital resources of the refineries for several months. The domestic refining industry is looking for policy initiatives and not import duty concessions, to make their operations viable. If necessary policy support is given to this

nascent domestic refining industry, the entire domestic requirement of 1000 tonnes of bullion per annum can be refined locally thereby leading to employment generation, GDP growth and tax revenue to the Govt. This will also help in tackling the mounting current account deficit problems of the foreign trade.

The main problem areas of the domestic refining industry are as follows, which is being continuously taken up with the various agencies such as Director General of Export promotion, Central board of excise and customs, Reserve bank of India, Director General of Foreign trade and the Ministries of commerce, Industries and Finance :

1. Simplification of gold dore import shipment documents
2. 80:20 scheme of dore import and problems of CVD refund
3. Classification of silver dore as gold dore by customs
4. Regulating gold dore and bullion imports : fixation of quotas to regulate impact on CAD
5. Sale of gold 20% export quota to EOU / SEZ category
6. Simplification of dore import export procedures / introducing pass book
7. Gold monetization scheme to mobilize gold from general public

The association is looking forward

to the continuous support and encouragement from the domestic Gem and jewellery industry as well, in tackling these pertinent issues, so that sufficient quantity of gold can be made available to the jewellery industry without depending on bullion imports.

Benchmarking Indian bullion

products: On the qualitative front, Indian gold refining industry is operating at par with the best refineries in the world, implementing industry best practices, having their testing laboratories confirming to the IS 1418: 2009 and IS 17025 : 2005 standards. Their production processes and plant and technology are adhering to the global green standards and the gold sourcing and supply chain arrangements are confirming to the responsible sourcing accreditations, from conflict free zones. Since the country is importing gold bullion from refineries all over the world, and that the entire domestic production of bullion get consumed within the country, international certifications like DMCC or LBMA accreditation per say does not serve any purpose for the Indian refineries, rather the country should establish our own quality certification and accreditation for good delivery bullion products, with sufficient referral gold labs and inter laboratory testing. This benchmarking of bullion products

will also support the gold physical deliveries of the multi commodity exchanges in the country.

The Bureau of Indian standards has introduced several standards for the gold and silver industry and we need to build up further on this base to evolve rating /accreditation mechanisms, at par with the best in the world.

Monetizing gold from the public: The gold refining industry is looking forward to a modified gold deposit scheme from the RBI to mobilize a portion of the 25000 tonnes of gold held by the general public. The scheme can be successful by offering a threshold deposit of 50 grams of gold, with a minimum deposit period of 3 years and by offering a reasonable rate of return, in gold form and by utilizing the melting and assaying services of the BIS recognized hallmarking centers The Bureau of Indian standards has accredited around 300 gold testing laboratories/ hallmarking centers in the country and their services/standards are at par with the international standards of testing and hallmarking of jewellery. The gold so assayed shall then be submitted to the bank , from where it is sent to the gold refineries for refining and subsequently the refined bullion shall be credited to the

customer's account in the bank.

A transparent and credible mechanism to evaluate the old gold and then to monetize the refined gold will amply ensure recirculation of the gold holdings of the general public, thereby reducing the dependence on further bullion imports.

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The author is founder secretary of the Association of gold refineries and mints and can be contacted at mail@chemmanurrefinery.com



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There should be Proper Awareness about the Investment Products and E-gold in India

Pradeep Nagori, Associate Director- Precious Metals, Edelweiss Bullion, discussed about the financialization of gold in India, investment opportunities and government's initiatives on monetizing gold while giving an interview to **Bullion Bulletin** at IIGC 2014, Pune. Excerpts...



If we are able to develop an E-gold which can be invested, can be used to cater the jewelers, can give liquidity and is fungible, secure, then a lot of people would start investing. It might reduce the pressure of owning physical gold.

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Financial products (particularly gold ETFs) have not worked very well so far in India. What possibly would be the reason behind this? What is the current scenario?

When we talk about the financialization of gold, we have to look at resolving certain issues which are related to the supply side of gold in the country. In supply side, we have really limited resources in terms of foreign currency with the country. Also with the CAD issue that we faced in past, we have seen increased regulatory pressure in form of increased customs duty and 80:20 scheme. So it has become very important for us to find solution to that and monetizing gold can be a solution. There are two problems here- one, how do we divert future investments that will go into gold and second, how do we monetize the above ground stock in India. There have been schemes developed by the government (GDS etc.), but they have not worked for various reasons like issues related to customs duty and hedging risk etc.

At the same time, government has tried to develop ETF market, but again ETFs have not really been popular. ETFs are predominantly meant for the urban markets; however, the penetration of this E-gold has to be across the country. ETFs have been limited to the people who have already access to the financial markets.

India today is a \$2 trillion economy; by another decade or so we would be able to be a \$5 trillion economy. So if we take the estimate of 3% of GDP going into gold as an investment, then probably there will be a demand of 2500 tons of gold as an investment. If we have to divert the future investments in gold, then we have to develop a lot of financial tools and instruments. If we are able to develop an E-gold which can be invested, can be used to cater the jewelers, can give liquidity and is fungible, secure, then a lot of people would start investing. It might reduce the pressure of owning physical gold.

As a financial house, how can you

help in floating the GDS and GMS?

When we think of next 10 years scenario, we are looking at diverting the physical gold demand into E-gold and some other investments. As a financial house, we are continuously looking out at products that can be evaluated and launched. The important factors for this to become successful are that-one, today people are very much comfortable owning physical gold. So we have to really incentivize them for not owning gold. Second, there should be proper awareness about the investment products and E-gold. In this case, financial houses, regulators, market players have to play important roles. Market will have to create infrastructure where it can accept gold payments in e-form.

Brief us about the Gold Accumulation Plan. How should it be floated?

RBI has come up with certain regulations where jewelers cannot float Gold Accumulation Plan as it

is kind of a deposit. GAP is another way to defer imports. Here we can tell consumers to pay some money to the issuing party and after certain time, consumer can either take cash or gold.

India today is a \$2 trillion economy; by another decade or so we would be able to be a \$5 trillion economy. So if we take the estimate of 3% of GDP going into gold as an investment, then probably there will be a demand of 2500 tons of gold as an investment.

As of now, this plan is being carried out by jewelers only. If it is viable and workable, financial houses and NBFCs will float this plan in future.

What advantages do you get being a professional player in India? How has been the performance of your company so far?

When we started with the bullion business way back in 2006-07, we were discouraged as gold market was largely unorganized and everything was handled in cash. But we saw a large opportunity which was untapped. Today we are one of the largest players in the market. Now that market is thriving for transparency and change, organizations like us will continue to grow.

What are the company's future plans?

We are putting up a refinery that

shows our commitment to go up and down the value chain of the business. We are also doing a lot in agri-commodity space. So our commitment to the commodity space is large.

What is your take from this event- 11th India International Gold Convention?

We have been associated with this event from last 7 years as title sponsors. We find this platform trusting and all the market participants come once a year at one place. It is a huge platform for the suppliers, logistic agencies, financial institutions, customers and all the important players of the trade. It provides a good opportunity to interact with people, to find out the market trends and to network etc.



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An Empirical Study of Silver Market in India

Debajit Saha, Editor, Bullion Bulletin

Global markets perceive silver more as an industrial metal than a precious metal. Yes, silver does have an investment demand side to it. However, the dominant facet of silver, globally, has been the industrial demand. India is perhaps the only global marketplace where silver shines both a precious metal and an industrial metal. The breadth and depth of silver jewellery industry and the silverware manufacturing in India is simply mind blowing. Not to be left out, there are growing clusters that cater to silver industrial demand side too. Thus, India offers an array of manufacturing activity using silver as primary raw material for a wide range of applications. However, as with everything connected with silver, these are hardly highlighted, under-researched and under-marketed.

Silver for Livelihood

To begin with, (post independence in 1947), the transition from a country that was under a foreign rule for 200 years to a free nation was chaotic in economic, political and social landscape. The challenge for the country was to create opportunities to its citizen to survive. India was an agrarian nation (still it is) and often weather calamities hit. Country had to depend a lot for essential commodities supplies from foreign destinations to serve its citizen. Industries were there in

some pockets. Banking system was not developed and people had little option to save their hard-earned money but in two assets – land and precious metals. This saving in precious metals played a crucial part in 'free' India's early economic history. Silver contributed hugely in this endeavour. Millions of artisans not only chose the profession of jewellery making for their survival, but engraved in metal the tradition of Indian culture and art. It is a misconception by many today that gold and silver were adorned in this country only for fascination of its glittering qualities. Economy is always a mechanism of demand and supply and if demand came from that fascination, supply was delivered by millions of poor artisans who chose the profession not by choice but for need. By making jewellery, they earned their two meals.

Inter-alignment of Silver Market Silver was inexpensive compared to gold and perhaps for this, it remained under-researched and under-marketed. But in economic perspective, its contribution is immense. Gold and silver were permitted to be imported during British era and in 1942 when World War II broke out, poor citizen of this country gathered huge silver for future protection as they could not afford to buy gold, but understood, the metal would provide economic



security in line with gold. This understanding paved the way for utilizing the metal for livelihood in future days post-independence. People came all across from villages and small cities to major Indian cities to utilize the acquired white metal into economy. Over a period of time, almost all major cities grew up as major manufacturing clusters with a string attached – every market

became connected with other for individual uniqueness, be it for design, craftsmanship and so on. This inter-alignment of clusters developed a vibrant and dynamic silver market over a period of time.

Silver as Saviour

When gold and silver import was banned under Gold Control Act in 1962 owing to large drain of forex reserve, it was silver which saved the large 'karigar' (artisans) community across the country. Gold was not allowed to be held beyond 1 kg by 'karigars' and for that licence was required. The 'karigar' community was badly hit as they had no job in hand to maintain their livelihood. It was then large stockpiles of silver in the country which survived these 'karigars'. They utilized their knowledge of gold jewellery making in silver jewellery and silver articles, which always had demand in the country, saved their lives. This story of survival of common men engaged in jewellery making was never acknowledged or highlighted in this country as focus of the media centred on large illegal trade in gold bullion erupted post-introduction of Gold Control Act. We tried to understand the contribution of silver to economy as the metal brought foreign currency back home through export of silver bullion when silver export was allowed by government. Few Indian refiners produced highest quality silver bullion through indigenously developed technique and sold to renowned bullion dealers overseas. It is to be noted that while UK or Switzerland governments supported the precious metals refiners, Indian

government never supported the local refiners. No policy was formulated to encourage large scale refinery in silver, who (refiners) otherwise was sourcing the metal from domestic market. If it was done, we could have had a strong precious metals refinery (exclusively silver) industry today.

Craftsmanship Redefined

Silver was never confined to only jewellery making in this country. The renowned 'zari' thread is a unique exhibition of Indian craftsmanship. Coating precious metals over 'silk core' to manufacture zari thread (a thread which is thinner than human hair) is never an easy art and it had been practised since the era of Mughals. Point here is to understand that Indian karigars always wanted to generate value in silver in their indigenous ways. While western world used silver more on industrial applications like electrical and electronics, photography etc exploiting its superior electrical and thermal conductivity, Indian used silver more to generate aesthetic value, either in form of making idols, silverware, jewellery or zari thread. Of course, in modern era, silver is used in electrical and electronic applications, in this country too.

New Applications of Silver in Current Era

India's economic growth in last twenty years has created scope for use of silver in industrial applications, which otherwise was largely missing in pre-liberalization era. India is still lagging behind countries like China, or South Korea, or Thailand in

electronic manufacturing. The scope of the industry to grow is enormous as India is itself a large market. If this sector grows, the usage of silver will certainly increase manifold. However, It is very difficult to figure out the exact size of electronic industry in India as business is concentrated in large unorganized sectors.

Way Forward

Jewellery (including silverware) and investment are the largest demand centres for silver in India at present. In 2013, jewellery and silverware market had grown by 25% compared to 2012. This new demand has come from young professionals who prefer light-weight inexpensive jewellery for day to day use, export and demand from tourists. According to GJEPC figure, India exported around \$1430 million worth of silver jewellery in 2013-14 compared to \$804 million in 2012-13, a net increase of 77%. It is not possible to maintain this growth year over year, but certainly this is one segment which will certainly grow in coming years. Customers have become highly conscious of quality and they prefer 92.5 fineness silver jewellery nowadays. This trend is likely to improve the efficiency of the market.

Investment demand is a turnaround story in 2013 as investors bought silver as an alternative to gold. Supply of yellow metal is not adequate in the market after Government of India put import restrictions in gold under 80:20 rule. Until this restriction would remain, we feel demand of silver for investment will continue. In first three months of 2014, India

imported around 1100 tons of silver compared to 392 tons during same period year earlier. Government of India is still continuing with 80:20 rule and according to current estimate, India will be short of 200 to 250 tons of gold this year. So, we expect investment demand will continue to remain strong in 2014.

Table 1 All India Supply

	2010	2011	2012	2013
Import	2827	3333	2444	4606
Scrap	115	250	225	250
Domestic Mine ¹	176	179	242	408
Total	3118	3762	2911	5264

Source: DGCIS, Bullion Bulletin Primary Survey,
¹Domestic Mine represents mine supply from Hindustan Zinc Ltd.

Demand

Table 2 Jewellery and Silverware (in major clusters)

	2010	2011	2012	2013
Agra	250	275	250	350
Jaipur	200	175	175	275
Ahmedabad	75	80	100	75
Rajkot	300	300	275	350
Salem	300	250	305	350

Source: Bullion Bulletin Primary Survey

Table 3 Industrial Applications

	2010	2011	2012	2013
Agra	50	55	75	95
Jaipur	45	70	75	120
Ahmedabad	35	90	80	95
Rajkot	20	50	55	50
Salem	130	120	90	75

(Industrial application Includes electrical and electronics, brazing alloys)

Source: Bullion Bulletin Primary Survey

Table 1 All India Supply

	2010	2011	2012	2013
Delhi	205	90	152	616
Kanpur	95	40	40	165
Agra	125	95	40	150
Jaipur	75	95	20	220
Ahmedabad	115	300	50	430
Rajkot	60	125	20	180
Chennai (Tamilnadu)	110	150	40	50

(Investment includes bullion coins and bars)

Source: Bullion Bulletin Primary Survey

Note: This is a synopsis of the study that Bullion Bulletin has undertaken and released in IIGC 2014, Pune, India.



Full book can be downloaded from
www.bullionbulletin.in



The New Price-setting Mechanism Ensures Continuity for Market Participants



On 15 August 2014, CME Group and Thomson Reuters launched the new LBMA Silver Price mechanism in partnership with the London Bullion Market Association (LBMA). CME Group, Thomson Reuters and LBMA have joined forces to provide the over-the-counter spot silver market with a new transaction-based price-setting mechanism for the LBMA Silver Price that is IOSCO-compliant and fully electronic. **Bullion Bulletin** speaks to **Harriet Hunnable**, Executive Director, Metals Products at CME Group, to find out more about the new LBMA Silver Price mechanism and the expected changes to the London Gold Fix.

operations as of August 14, was a global benchmark for 117 years. The new price setting mechanism developed by CME Group, Thomson Reuters and LBMA for establishing the over-the-counter spot silver price ensures continuity for market participants via a transaction-based auction platform. It

disruptions and enabled a seamless transition for the market.

What changes would be needed from investors to adapt to the changes in the market after the launch of the new silver pricing mechanism?

None, as we have ensured continuity of this spot benchmark. Investors and the industry who use this benchmark will only need to use the new name 'LBMA silver price' in contracts. If they wish to trade onto the platform they can continue to use a broker or they can apply to become a direct participant.

What are the differences between the previous and the new silver pricing mechanism?

The London Silver Fix, most recently administered by London Silver Fixing Market Limited, which ceased

continues to be London-based and offers a fully IOSCO-compliant solution to the London bullion market. Deep industry engagement and broad market support leading up to the launch of this new benchmark has ensured minimal

We have confirmed our intention to tender for the London Gold benchmark, which will similarly transform the current twice-daily price-setting conference call into a transaction-based electronic auction solution.

What format is the price set in?

The price is tradable and expressed in U.S. Dollars per troy ounce. Foreign exchange equivalents for the price data are also provided at the end of the auction process.

How do market participants receive the LBMA Silver Price?

Thomson Reuters distributes the LBMA Silver Price and auction round data in real-time through their flagship market data systems (Eikon and Elektron). The new RIC code for the daily, final LBMA Silver Price is LDNXAG=. Thomson Reuters also provides access to the data through re-distribution via third party data vendors such as Bloomberg. Furthermore, the LBMA publishes the price on its webpage shortly after 12:00 noon UK time each LBMA working day.

Will the new LBMA Silver Price be settled against Loco London Silver?

Yes, the physical settlement for the LBMA Silver Price is Loco London Silver T+2, as it has historically been for the London Silver Fix price.

The London Gold Fix will soon be reformed as well – how would the

pricing mechanism be changed?

As an industry leader in precious metals price discovery, we understand how important the silver spot benchmark is to the physical metals industry, and we are certainly very pleased to continue to engage with key metals industry stakeholders in delivering our new solution. Looking to expand on this, we have confirmed our intention to tender for the London Gold benchmark, which will similarly transform the current twice-daily price-setting conference call into a transaction-based electronic auction solution.

What are the reasons for reforming the London Gold Fix?

The London Gold Market Fixing along with the LBMA issued a statement looking for a new administrator starting in October, also mentioning that the implementation of the new system is expected to be completed by the end of 2014. As the precious metals fixing process has come under increased scrutiny over the last few years, especially in the aftermath of the LIBOR scandal, transparent and transaction-based global

benchmarks should help improve investor confidence in silver and gold trading.

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Based in London, Harriet Hunnable is responsible for leading and expanding CME Group's precious metals portfolio. Before joining CME Group, Hunnable gained more than 20 years of experience in global metals markets, most recently serving as Senior Manager at Macquarie Bank in London, where she was responsible for deal generation in the bank's commodities sector. Prior to working for Macquarie, she worked as a Business Development Manager for a division of Standard Bank. She also has served as Director, Precious Metals Sales, for UBS Warburg and as a Vice President for Merrill Lynch. She began her commodities career with NM Rothschild & Sons. She holds a bachelor's degree from Trinity College, Dublin.



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Republic Metals is Committed to Adhere Highest Quality Standard

Jason Rubin, President & Chief Executive Officer, Republic Metals Corporation (RMC), discussed about the company's operation, its responsible sourcing policies and initiatives and future of the industry etc. when interviewed by **Bullion Bulletin**. Excerpts...



Many of Republic Metals products, such as the fine gold kilo bars, are already actively traded in the Asian markets. With the increased consumption of precious metals products by the Asian markets, along with the opening of the Shanghai Gold Exchange, there are tremendous opportunities for growth.

First of all, brief our readers about Republic Metal's history, operation and product profile.

Republic Metals Corporation (Republic Metals) is an internationally recognized and highly respected organization. Headquartered in Miami, Florida, the company was founded in 1980, and has grown to become one of the largest full-service primary precious metals refineries in the world.

Republic Metals' proprietary green refining technology allows them to afford the most competitive refining terms in the industry

through higher and faster metal return schedules. Their state of the art, 150,000+ square-foot refinery has capacity to fulfill the needs of the world's largest, multinational producers, while their dedicated staff offer personalized service to satisfy clientele of any size.

Republic Metals is honored to be listed by both the London Bullion Market Association (LBMA) and the Chicago Mercantile Exchange (COMEX/CME Group) as a good delivery refiner. Membership to these prestigious organizations is a testament to the ability of the company to consistently produce what is internationally recognized as the highest standard of gold and silver refining services and products originating from ethical, transparent, audited and proven supply chain.

Republic Metals is capable of providing large volumes of investment-grade bullion and customized casted and minted bullion products. Products created by it include, but are not limited to, the following:

Gold Products:

- 1-ounce gold ingot
- 1-kilo gold bar (CME Good Delivery)
- 100-ounce gold bar
- 400-ounce gold bar (LBMA Good Delivery)

Silver Products:

- 1-ounce silver round
- 1-ounce silver ingot
- 10-ounce silver bar
- 1-kilo silver bar
- 100-ounce silver bar
- 1000-ounce bar (LBMA & CME Good Delivery)

*Hi resolution pictures are available upon request

Your company has recently been added to the Good Delivery List of COMEX and LBMA. How are you looking at this development? Share your joy.

Republic Metals is very excited about its addition to the COMEX and LBMA Good Delivery Lists. For more than 35 years, the company has strived to refine and provide gold and silver refining services and products of the highest quality; recognition from these internationally respected organizations is the confirmation that the company has accomplished just that. Additionally, these memberships/registrations automatically make products manufactured by Republic Metals eligible for storage in individual retirement accounts (IRAs). Also exciting is that Republic Metals' accreditation from the LBMA and CME as a Good Delivery Refiner serves as a satisfaction of condition precedent for inclusion in global mining tenders of all sizes.

Republic Metals is also honored by RJC and CFCI certification. So how important is this to be globally compliant for your business?

Since its inception, Republic Metals has always viewed compliance and supply chain management as one of

its most important responsibilities. Receiving accreditations from the RJC, CFCI, as well as through the Responsible Gold Guidance Initiative serves as validation of this dedication. The company strives to maintain a world-class compliance program, not only to maintain these accreditations, but also to be a socially responsible company. Republic Metals meets and exceeds industry, U.S., and international standards for responsible sourcing that aides Republic Metals and the precious metals industry in fighting terrorist financing, money laundering, corruption and bribery.

As a leader in precious metals refining business, we would like to know more about your responsible sourcing policies and initiatives.

Republic Metals has a responsible sourcing policy that applies to all suppliers of materials to the company. The company follows the OECD, LBMA Gold Guidance and RJC standards for obtaining materials, thus ensuring an origin from conflict free and socially responsible sources. The company performs a stringent vetting process on everyone in its supply chain; the process uses specialized databases to complete background checks on entities and beneficial owners. Then, based on information obtained through interviews, site visitations and outside sources, a

risk rating is assigned to each entity in the supply chain. The rating will determine the level of management approval required to establish a relationship as well as the frequency of review process.

Sourcing of raw material has become a challenge in today's condition with high operating cost for miners. Scrap supply is also becoming scarce globally. How do you ensure continuous sourcing while being fully compliant?

Republic Metals, through its risk-based analysis, as part of its supply chain management procedures, analyzes the production capacity and actual production of its suppliers. The company manages these metrics to ensure that there is transparency and that a true and proven chain of custody exists with respect to any producer for whom Republic Metals refines mining material.

There is a paradigm shift of movement from West to East now in the market place. So how are you looking at this development? Do you intend to expand you base in Asian region (Middle East, India, China) as well?

Many of Republic Metals products, such as the fine gold kilo bars, are already actively traded in the Asian markets. With the increased consumption of precious metals

products by the Asian markets, along with the opening of the Shanghai Gold Exchange, there are tremendous opportunities for growth. Republic Metals is looking into and exploring all options available for the expansion of its marketing efforts and the increased sale of its products through ethical and reliable partners.

Lastly, what is your thought on the future of the industry? Also brief us about your future plans and prospects.

Republic Metals Corporation is a world market leader in refining services and products. Republic Metals, throughout its 35+-year history, has prided itself in its ability to adapt and adjust to any market changes or circumstances. The company's wide variety of products and services has allowed for a natural hedge within its business model whereby when market conditions result in declines in one particular sector of the overall business, there are other sectors that are outperforming. For example, with the declining prices of precious metals, demand for

finished goods and manufacturing has risen substantially; Republic Metals, with the rollout of its state-of-the-art mint, has positioned itself to take advantage of soaring demand for value-added bullion products, thereby compensating for any declines in refining revenue resulting from the drop in international price of gold and silver. The company's model sees that it thrives regardless of the market climate it faces.

Republic Metals has a responsible sourcing policy that applies to all suppliers of materials to the company. The company follows the OECD, LBMA Gold Guidance and RJC standards for obtaining materials, thus ensuring an origin from conflict free and socially responsible sources.

RMC, Richard Rubin, Jason held positions in the melting/sampling department, the RMC laboratory, RMC's sweeps and low grade circuit, and both RMC's Au and Ag refining circuits.



Disclaimer: Views are personal and not the views of the publisher.

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Mr. Jason Rubin acquired his Bachelors Degree in Business Administration at George Washington University with a concentration in Finance and International Business and earned his Juris Doctor after graduating from Nova Southeastern University School of Law. Jason is licensed by the Florida Bar Association to practice law in the State of Florida.

Throughout the past twenty years of work, Jason has developed proficiency and expertise in precious metals refining. Under the guidance of his late father and founder of

Investors are Waiting for better Opportunities before Start Buying Gold

Cameron Alexander, Manager, Precious Metals Demand Asia, GFMS, talked about the current scenario for gold mining, global scrap flow and industrial demand of silver etc. when interviewed by **Bullion Bulletin** at IIGC 2014, Pune.

Excerpts...



We are starting to see some kick in demand given the lower price that we are witnessing today. So we expect to see that the investment demand will be stable next year. Also the overall demand will be quite stable by next year because prices are going to be lower. So people are going to wait for better opportunity before they come back to buy.

////////////////////////////////////

How are you looking at the future of gold mining industry in the current scenario (of high all in cost)?

Last year, the total all-in-cost were exceeding \$1600/ounce. As the cost of mining is increasing, the profitability of miners is dropping. We have seen lots of mines closing in last six months. They are also looking ways to reduce cost of mining by saving energy cost etc.

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What is the scenario for gold scrap flow worldwide? How is the scrap market moving in Asia?

We have seen a very huge drop in scrap flow in last couple of years. Looking back to 2009, we had seen the peak in scrap flow. Now as the prices have increased continuously from last several years, global gold scrap flow has actually declined. In the longer term if we continue to see weaker scrap, then there will be more pressure on gold price movement.

What is the current scrap flow scenario in quantity term?

We are probably going to see a 14% drop in global scrap flow this year. Particularly in price sensitive markets like South East Asia and Middle East, we have seen a quite a big fall in scrap flows. In the last few years we have seen a big surge in scrap in western markets due to better economic situation and cash for jewellery in US and Europe explored in last 2-3 years as well. We expect to see scrap from those markets also weaken.

How is the current market for silver industrial demand?

In the last few years, it has been pretty stable. But now we started seeing an uptake in demand from industrial side. A stronger global economy is being positive for silver industrial use. So we are expecting fair share of growth this year for industrial demand of silver and it

may continue its growth by 4-5% in next couple of years.

Tell us about industrial demand of silver in India.

It has been fairly steady. In the last two years when the West has faced with weaker economy, not much investment happening in industrial side for metals, India is in a cusp of a better growth potential. In the next few years we are going to start seeing some healthy growth in India.

What are the new avenues you see that can give a boost to the overall silver demand?

The major area of growth we have seen is in solar industry, in photo voltaic etc. In the last few years, photo voltaic industry was in declining mode but now we expect the PV industry to get back to its growth phase. Other areas for growth are catalysts (use of methylene oxide) which have a good potential in China particularly. These are the major areas which can boost the global silver demand.

How are you looking at the global bullion demand in next 2-3 years?

Last year was an extra ordinary year in terms of bullion demand right across the world. We have seen demand surge in developing countries and the Eastern region. This year we have seen quite a contrast in terms of very big fall in investment demand right across the regions of developing world particularly in

China and South East Asia. We are starting to see some kick in demand given the lower price that we are witnessing today. So we expect to see that the investment demand will be stable next year. Also the overall demand will be quite stable by next year because prices are going to be lower. So people are going to wait for better opportunity before they come back to buy.

Silver will follow gold in the down side as well. We expect silver price to hover between \$17-18 next year.

What is your take on the 11th India International Gold Convention?

It is a treat to come back to India every year. This conference is well organized; it is a great place to meet good old friends. It is very important for us to be here to meet the various industry participants.



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NEWS



'India needs more world-class gold refineries to attract foreign direct investment':

Indian household, which has total

holding of around 25,000 tonnes of gold, needs more gold refineries for monetising and attracting foreign direct investment (FDI) in the sector, according to industry experts.

"India's households have a total holding of around 25,000 tonnes of gold which needs to be monetised. Even if we target one per cent of gold for monetising, the quantity will come to around 250 tonnes which MMTC-PAMP cannot handle alone. Therefore, we need to have more world-class refineries through FDI investment in India," MMTC-PAMP managing director Rajesh Khosla said at the two-day seminar organised by the India Bullion and Jewellers Association (IBJA).

Source: economictimes.indiatimes.com



WGC wants India to put idle gold stock to use:

The World Gold Council is bullish on India. Aiming to target a five-fold increase

in gold jewellery exports to \$40 billion by 2020, from the current level of \$8 billion, the Council has urged the Indian government to find ways of mobilising and monetising household savings imbedded in gold stocks.

Indian households have an estimated 22,000 tons to 25,000 tons of gold. Asking the world's second largest gold consumer to put its gold to use, the World Gold Council (WGC) has suggested that India should aim at becoming the "jeweller to the world".

The WGC has noted that as the country attempts to put to use its gold lying idle with households and temples, it can reduce its dependence on imports in the next five years.

In its Vision 2020 document for the country, unveiled at the second edition of the India International Bullion Summit organised by the India Bullion and Jewellers Association, the WGC has noted: "Our vision for gold is that it should be put to work for the economy, creating jobs, developing skills, generating exports and revenues, an essential part of the financial, economic and social structure of the country."

Source: <http://www.mineweb.com>



China sees rapid growth in gold leasing:

Chinese banks saw an over 30% surge in their precious metal

assets, namely gold, as gold leasing has become the new money maker in a more conservative credit market, the Shanghai-based First Financial Daily reports. According to a report published by China's Minsheng Bank, publicly listed Chinese banks held a combined asset of 477 billion yuan (US\$77.70 billion) in precious metals as of the end of June.

Since the metal Chinese banks dealt with is mostly gold, that amount is equivalent to 1,863 tons of gold, based on the average market price between January and June, and well above the country's gold reserve of 1,054 tons, the newspaper said.

Bank of China has the largest precious metal asset base, with its holdings estimated to be worth 215.4 billion yuan (US\$7.1 billion), followed by Industrial and Commercial Bank of China's 90.9 billion yuan (US\$3 billion) worth holdings, the banks' financial reports showed.

On the other hand, smaller banks posted faster growth in their holdings than their state-owned rivals, with Minsheng Bank reporting a 309% growth and Ping An Bank a 92.1% rise, said the report. "The surge in the precious metal assets of listed banks was driven by the rapid development of the gold leasing business in China," said Minsheng Bank financial market analyst Tang Xiangbin.

Source: <http://www.wantchinatimes.com>

Sharp rise in gold, silver imports in India:

Gold and silver imports have seen a sharp rise in September, showing a fivefold increase in the import bill of precious metals. While gold imports have increased 450 per cent to \$3.75 billion, silver import bill was up 225 per cent to \$477 million. The total import bill reached \$4.2 billion - up from \$830 million in the same month last year. Even import of raw gold has gone up this year.

In September last year, gold imports had fallen significantly low, after the Reserve Bank of India imposed restrictions, fixing an import cap for the yellow metal at 12 tons. However, the imports have gone up to 90 tons in the last month. Market insiders say increase in imports by star and premier trading houses was the main reason for the very high import bill. Silver imports have also increased, from 218 tons to 690 tons.

Source: <http://www.business-standard.com/>



Switzerland's central bank calls to thwart gold vote:

Switzerland's central bank (SNB) is stepping up efforts to block a populist motion

launched last year that would force the financial institution to almost triple the proportion of reserves held in gold.

The Alpine country will vote on Nov. 30 on the so-called "Save our Swiss Gold" initiative organized by the right-wing People's Party, or SVP. The motion calls for the central bank to hold at least 20% of its assets in gold, which currently make up about 7.5% of its total assets. In addition it should be prohibited from selling any gold in the future, and all of its reserves of the precious metal must be stored in Switzerland.

The Swiss Federal Council, the seven-member cabinet, as well as both houses of parliament have recommended voters reject the motion. "The Swiss electorate will vote on an initiative which, paradoxically, would severely constrain the SNB's room for maneuver in a future crisis," SNB's vice president Jean-Pierre Danthine said in a speech prepared for delivery at a conference in Martigny.

Source: <http://www.mining.com>



Kazakhstan gold production goes 9% up in Q3 2014:

Kazakhstan in January-September 2014 has produced

34,029 tons of raw and semi-finished gold and powdered gold that is 9% more than it was produced in 3 quarters of 2013, said the Statistics Committee of Kazakhstan. Refined gold production volume made up 19,150 tons, which is 13.6% more than in January-September 2013.

The volume of silver production was 695.9 tons (5.1% down), including refined silver - 691.4 tons (5.2% down). Production of copper in the reporting period amounted to 208,000 tons (24.8% down), raw zinc - 242.7 thousand tons (1.8% up), raw refined lead - 93.4 thousand tons (39.9% up).

Source: <http://www.akipress.com/news:549664/>



Silver's sharp fall, rising industrial demand makes it better investment bet than gold:

If you plan to invest in the yellow metal

because prices are down, remember all that glitters is not gold. A sharper fall in prices and rising industrial demand have made silver a better investment. Analysts believe the poorer cousin of gold could give higher returns in the coming months. While the international price of gold has fallen 35% from its peak, silver is down by more than 60% from its all-time high level.

In the domestic market, the import duty and other taxes on gold have buoyed the price of the yellow metal. In the past six months, gold has fallen 5.97% to Rs 27,100 per 10 gms while silver is down 10.48% to Rs 39,025 per kg. Global gold prices are currently close to 69 times the price of silver, much above the 10-year average of 57.75 times. So the risk-reward ratio is more in favour of silver.

Source: EconomicTimes.Indiatimes.com



भारत का गोल्ड रिफायनिंग उद्योग

जेम्स जोस, एसोसिएशन ऑफ गोल्ड रिफायनरी एन्ड मिन्ट

भारत लगातार रूप से गोल्ड का सबसे बड़ा खपतकर्ता देश बना हुआ है, यहां सालाना लगभग **600** से 900 टन गोल्ड का आयात होता है जो कि विश्व में बुलियन के सालाना औसत उत्पादन का लगभग 25% है। साथ ही यह भी अनुमान लगाया गया है कि बुलियन की घरेलु मांग का लगभग 25% गोल्ड रिफायनिंग उद्योग के द्वारा आपूर्ति की जाती है जिसे कि रिफायनर घरेलु ज्वैलरों से मिलने वाले पुराने ज्वैलरियों व लोन के लिये रखे गोल्ड के डूबने से प्राप्त करते हैं। इस घरेलु स्क्रेप की रिफायनिंग ज्यादातर संगठित क्षेत्र के मध्यम व बड़ी रिफायनरियों द्वारा की जाती है साथ ही इसमें बड़ी संख्या में छोटे रिफायनर भी शामिल होते हैं। ये छोटे रिफायनर ज्यादातर असंगठित रूप से छोटे शहरों व बाजारों में स्थित होते हैं।

एसोसिएशन ऑफ गोल्ड रिफायनरी एन्ड मिन्ट, जो कि देश में संगठित मध्यम व बड़े आकार की रिफायनरियों का पंजीकृत संगठन है, की सालाना रिफायनिंग क्षमता 500 टन है। इसकी देश के विभिन्न भागों में 12 रिफायनरियां वर्तमान में मौजूद हैं। इसमें शामिल ज्यादातर मध्यम आकार की रिफायनरियों की क्षमता 100 किलो प्रतिदिन या 30 टन सालाना है, और ये रिफायनरियां अपनी क्षमता का केवल 25% ही उपयोग कर पा रही हैं। इस सीमित उपयोग के लिये ज्वैलरी दुकानों, गोल्ड लोन संस्थाओं, मंदिरों तथा अन्य धार्मिक संस्थानों से होने वाली कम मात्रा तथा सीजनल गोल्ड की उपलब्धता जिम्मेवार है।

घरेलु गोल्ड उत्पादन क्षमता

कंपनी का नाम	स्थान	सालाना गोल्ड रिफायनिंग क्षमता
एमएमटीसी-पैम्प इन्डिया प्रा लि	मेवात	150 टन
शिरपुर गोल्ड रिफायनिंग लिमि.	शिरपुर धुलिया	217 टन
चेम्पनुर गोल्ड रिफायनिंग प्रा लि	कोचीन	30 टन
बैंगलोर रिफायनरी	बैंगलोर	30 टन
जीजीसी गुजरात गोल्ड सेन्टर प्रा. लि	अहमदाबाद	30 टन
जवेरी एन्ड कं प्रा लि	अहमदाबाद	30 टन
नेशनल रिफायनरी प्रा लि	मुंबई	30 टन
रॉयल गोल्ड रिफायनरी	मुंबई	30 टन
नेशनल इन्डिया बुलियन रिफायनरी	मुंबई	30 टन
एम डी ओवरसीज़ लिमि	मुंबई	30 टन
कुंदन इन्डस्ट्रीज़	हरिद्वार	30 टन
बंसल इम्पेक्स	अहमदाबाद	30 टन
पारेख प्लेटिनम	मुंबई	30 टन
जालान रिफायनरी	नई दिल्ली	30 टन
साई रिफायनरी	नई दिल्ली	30 टन
एडलवॉइस- आने वाला	अहमदाबाद	70 टन
राजेश एक्सपोर्ट	बैंगलोर	
कुल		827 टन

डोरे गोल्ड का आयात: हाल के दिनों में ये रिफायनरियां कई डोरे उत्पादक देशों से डोरे गोल्ड का आयात कर अपनी रिफायनिंग को बढ़ाने में सक्षम हो पायीं हैं। हालांकि, डोरे गोल्ड की आपूर्ति अस्थिर है तथा कई कारणों से सामान्य नहीं हो पा रही है जिसका प्रमुख कारण यह है कि विश्व की कई मध्यम तथा बड़ी गोल्ड माइनिंग कंपनियां पहले से ही लंबी अवधि के लिये यूरोप, अफ्रीका तथा ऑस्ट्रेलिया में संचालित रिफायनरियों के साथ सप्लाई का अनुबंध कर चुकी हैं। गोल्ड माइनों की पथरों को खड़ा छोड़ने की प्रक्रिया के लिये बड़े पूंजी निवेश की आवश्यकता है जिसके चलते खपत करने वाली रिफायनरियों के साथ लंबे समय के लिये खरीदी वचनबद्धता तथा मर्चेन्ट बैंकरों व वित्तीय संस्थानों के साथ हेजिंग की जरूरत होती है। डोरे गोल्ड के आयात में जारी नीतिगत अड़चनों के चलते भारतीय रिफायनर इन माइनों के साथ लंबे समय के अनुबंध में शामिल नहीं हो पा रहे हैं।

इन सब के चलते भारतीय रिफायनरों को केवल होरीजोन्टल माइनिंग या कछारी खदानों से प्राप्त गोल्ड पर निर्भर होना पड़ रहा है। इस प्रकार की गोल्ड माइनिंग कंपनियां छोटे आकार व क्षमता की होती हैं जो कि उथले खदानों से सेमी-मेकनाइज्ड पद्धति से गोल्ड प्राप्त करती हैं और ये अफ्रीकी तथा लेटिन अमेरिकी देशों में स्थित हैं। ये माइनिंग कंपनियां अपना गोल्ड किसी एग्रीगेटर या निर्यातक को सप्लाई करती हैं जो कि इन्हें इकट्ठा कर भारत तथा मिडिल-ईस्ट देशों में स्थित रिफायनरियों को डोरे के रूप में भेजती हैं जिसमें गोल्ड की मात्रा 65 से 90 फीसदी तक होती है।

गोल्ड डोरे आयात में व्यवहारिक कठिनाईयां: यह एसोसिएशन भारत सरकार के साथ लगातार रूप से संपर्क में है और डोरे गोल्ड के आयात में व्याप्त कठिनाईयों को दूर करने के लिये प्रयासरत है। गोल्ड सैगो को जोड़ने वाली सीधी उड़ान सेवा, कस्टम विभाग द्वारा सैपल की जांच में देरी, अत्यधिक कागजी कार्यवाही, बॉन्ड व बैंक गारंटी, खरीदी प्रमाण, युटिलिटी सर्टिफिकेट इत्यादि का केन्द्रीय उत्पाद शुल्क विभाग को पूर्ति के साथ-साथ 20% निर्यात की जरूरत को पूरा करने में होने वाली देरी के कारण डोरे गोल्ड का आयात प्रभावित हो रहा है। इसके अलावा इन सब के चलते लागत में भी बढ़त हो रही है जिसके चलते कई बार यह घरेलु गोल्ड रिफायनरियों के लिये लाभदायक नहीं रह जाता है।

चूंकि घरेलु गोल्ड रिफायनरियां डोरे गोल्ड का आयात 80:20 नियम की अंतर्गत करती हैं इसलिए इन्हें कुल मात्रा का 20% निर्यात या निर्यात उद्देश्य के लिये सप्लाई करना जरूरी होता है। इससे ये सीवीडी रिफंड के लिये प्रतीक्षा करते रहते हैं जिससे कि रिफायनरियों का वर्किंग केपीटल संसाधन कई महीनों के लिये प्रभावित होता है। घरेलु रिफायनिंग उद्योग अपनी युनिट को लाभकार बनाने के लिये गोल्ड की आयात नीति में परिवर्तन की अपेक्षा करते हैं न कि आयात शुल्क में किसी कमी या कटौती के। यदि इन उभरते रिफायनरियों को नीतिगत समर्थन प्राप्त होता है तो यह घरेलु जरूरत का पूरा 1000 टन सालाना गोल्ड बुलियन स्थानीय स्तर पर रिफाइन कर प्रदान कर सकते हैं, इससे रोजगार में वृद्धि, जीडीपी ग्रोथ तथा सरकार के राजस्व में भी बढ़ोत्तरी हो सकती है। इसके साथ, महत्वपूर्ण रूप से यह बढ़ते कैड या चालू खाता घाटा को भी कम करने में सहायक साबित होगा।

मुख्य समस्यागत क्षेत्र: घरेलु रिफायनरियों की मुख्य समस्यागत क्षेत्र निम्न रूप से हैं जिसे लगातार रूप से संबंधित विभागों जैसे कि, डॉयरेक्टर जनरल ऑफ एक्सपोर्ट प्रमोशन, सेन्ट्रल बोर्ड ऑफ एक्साइज व शुल्क, रिजर्व बैंक ऑफ इंडिया, डॉयरेक्टर जनरल ऑफ फॉरेन ट्रेड तथा वाणिज्य मंत्रालय इत्यादि, को अवगत कराया गया है:

- डोरे गोल्ड आयात शिपमेंट दस्तावेजों का सरलीकरण
- डोरे गोल्ड आयात में 80:20 नियम तथा सीवीडी रिफंड की समस्या
- कस्टम विभाग द्वारा सिल्वर डोरे को गोल्ड डोरे के रूप में मानने की समस्या
- गोल्ड डोरे व बुलियन आयात का विनिमयन: कैड का प्रभाव कम करने के लिये कोटा प्रणाली की शुरुवात
- ईओयू/एसईजेड क्षेत्र की कंपनियों को 20% गोल्ड निर्यात नियम के अंतर्गत सप्लाई की छूट
- डोरे आयात निर्यात प्रक्रियाओं का सरलीकरण/ पासबुक प्रणाली की शुरुवात
- आम जनता से गोल्ड की प्राप्ति के लिये गोल्ड मोबिलाइजेशन योजना की शुरुवात

यह संगठन घरेलु जेम्स व ज्वैलरी एसोसिएशन से भी लगातार समर्थन व प्रोत्साहन की अपेक्षा करता है ताकि इन महत्वपूर्ण मुद्दों को आगे लाया जा सके और घरेलु ज्वैलरों को बिना आयात पर

निर्भर हुये पर्याप्त मात्रा में गोल्ड की प्राप्ति हो सके। भारतीय बुलियन उत्पादों की बेन्चमार्किंग: गुणवत्ता के आधार पर, भारतीय रिफायनरियां विश्व की बेहतर रिफायनरियों के समकक्ष निर्माण कर रही हैं, श्रेष्ठ औद्योगिक प्रक्रियाओं को शामिल कर रही हैं, और इनकी टेस्टिंग लैब आईएस 1418:2009 तथा आईएस 17025:2005 मानक मान्यता प्राप्त हैं। इन रिफायनरियों की उत्पादन प्रक्रिया तथा तकनीक ग्लोबल ग्रीन लाइन मानक के अनुरूप हैं और गोल्ड की सोर्सिंग व स्पलाई चैन रिसपॉन्सिबल गोल्ड सोर्सिंग का अनुसरण करती हैं। जैसा कि हम विश्वभर की रिफायनरियों से गोल्ड बुलियन का आयात करते हैं और यहां की रिफायनरियों द्वारा निर्मित उत्पाद घरेलू बाजार में ही खपत कर लिये जाते हैं इसलिये अंतरराष्ट्रीय मान्यता जैसे कि डीएमसीसी या एलबीएमए, कहने के लिये, भारतीय रिफायनरियों के लिये जरूरी नहीं है। इसके बदले देश में अपनी खुद की क्वालिटी स्टैंडर्ड तथा सर्टिफिकेशन गुड डिलीवरी बुलियन के लिये स्थापित की जा सकती है। बुलियन उत्पादों की यह बेन्चमार्किंग देश के कमोडिटी एक्सचेंजों में गोल्ड की भौतिक डिलीवरी के लिये सहयोग प्रदान करेगा।

भारतीय मानक ब्यूरो द्वारा गोल्ड व सिल्वर उद्योग के लिये कई स्टैंडर्ड या मानक बनाये गये हैं और हमें इसे अंतरराष्ट्रीय स्तर का बनाने के लिये कुछ और सुधार व समावेश करने की आवश्यकता है।

जनता से गोल्ड की प्राप्ति/मॉनेटाइजिंग गोल्ड: गोल्ड रिफायनिंग उद्योग आरबीआई से गोल्ड मॉनेटाइजेशन स्कीम में बदलाव लाये जाने की अपेक्षा कर रहा है ताकि भारतीय जनता के पास रखे २५ हजार टन गोल्ड में से कुछ को बाहर लाया जा सके। इस योजना को कम से कम जमा की मात्रा को 50 ग्राम तथा कम से कम जमा अवधि ३ साल कर देने से सफलता मिल सकती है, इस जमा के लिये ब्याज दर भी संतुलित होनी चाहिये तथा जमा गोल्ड की जांच-परख के लिये बीआईएस मान्यता प्राप्त हॉलमार्किंग सेन्टर की सेवा लेनी चाहिये। भारतीय मानक ब्यूरो ने देश भर में 300 से अधिक गोल्ड टेस्टिंग लैब/हॉलमार्किंग सेन्टरों को मान्यता प्रदान की है तथा इस सेन्टरों की क्षमता/मानक अंतरराष्ट्रीय मानकों के समकक्ष है। इस परखे गये गोल्ड को फिर बैंको को वापस जमा किया जायेगा तथा वहां से ये सीधे रिफायनरियों में भेजे जायेंगे और रिफाइन गोल्ड की मात्रा संबंधित

ग्राहक के बैंक खाते में जमा किये जायेंगे।

पुराने गोल्ड को जांचने का एक पारदर्शी तथा मजबूत तंत्र और उसके बाद रिफाइन गोल्ड को मॉनेटाइज करने से आम जनता के पास रखे गोल्ड को बाजार में लाने में मदद मिलेगी जिससे कि बुलियन आयात पर से दबाव कम होगा।

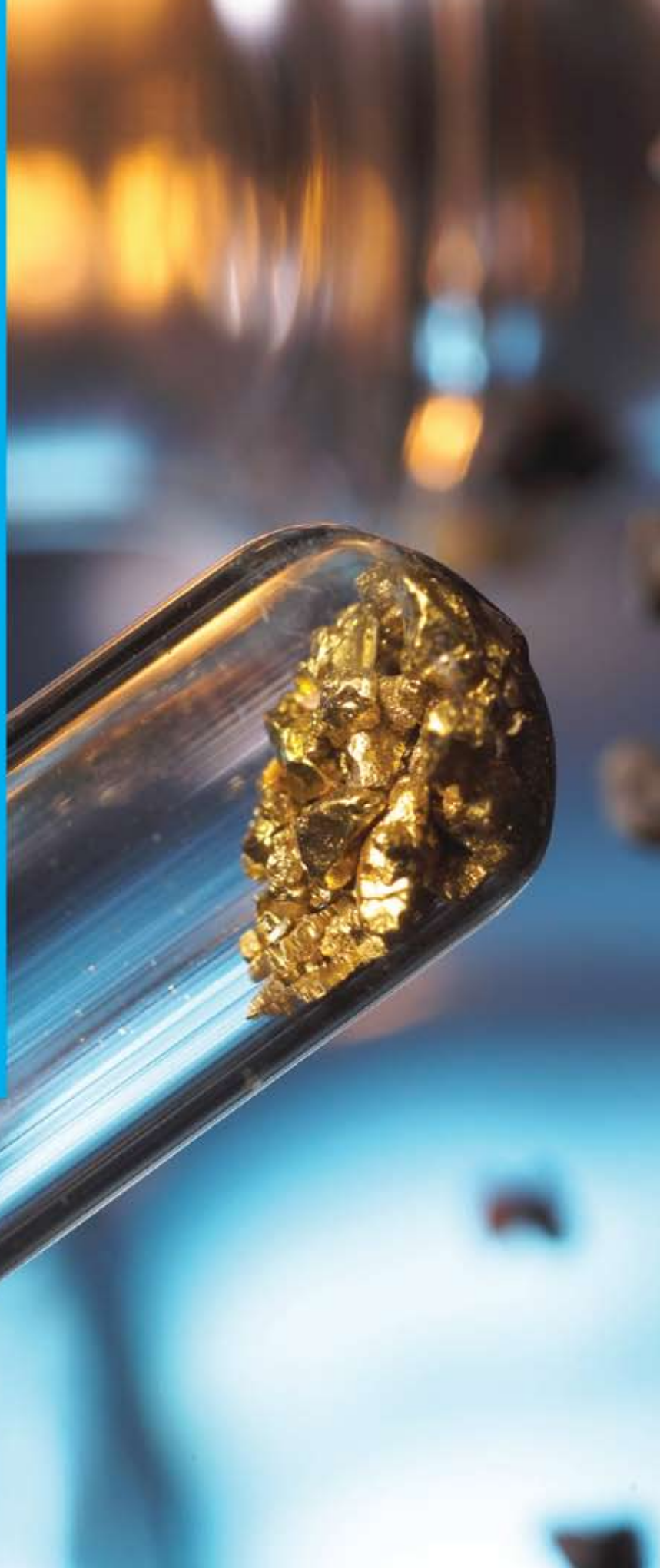
इस आलेख के लेखक एसोसिएशन ऑफ गोल्ड रिफायनरी एन्ड मिन्ट के संस्थापक सचिव हैं, अधिक जानकारी के लिये इन्हें ---- पर संपर्क किया जा सकता है।



Save the Date and Call for Papers

The Sixth LBMA Assaying and Refining Conference

The Millennium Hotel, Grosvenor Square, London
8 - 10 March, 2015



आने वाले सालों के दौरान सिल्वर की मांग में 2-3 फीसदी इजाफे की उम्मीद

कैमरुन अलेक्जेंडर, मैनेजर, प्रीशियस मेटल्स डिमांड एशिया, जीएफएमएस, ने बुलियन बुलेटिन को दिये अपने साक्षात्कार के दौरान गोल्ड माइनिंग में वर्तमान परिदृश्य स्कैप फ्लो तथा सिल्वर की मांग के विषय पर चर्चा की। सारांश....



वर्तमान परिवेश के अनुसार आगे चलकर आपको गोल्ड माइनिंग उद्योग का भविष्य कैसा नजर आता है?

पिछले साल, गोल्ड माइनिंग की पूरी लागत 1600 डॉलर प्रति औंस से अधिक हो रही थी। जैसा कि माइनिंग की लागत बढ़ती जा रही है वैसे ही माइनों की प्राफिट मार्जिन कम होती जा रही है। पिछले छह महीनों के दौरान हमने कई माइनों को बंद होते देखा है। इन सभी को बिजली की लागत को घटाकर कुल लागत में कमी करने का प्रयास करते देखा गया है।

दुनियाभर में गोल्ड स्कैप के फ्लो के संबंध में आप क्या कहना चाहते हैं? हमने पिछले कुछ सालों के दौरान से गोल्ड स्कैप के प्रवाह में भारी कमी आते देखा है। साल 2009 के पहले के समय के दौरान गोल्ड का स्कैप प्रवाह अपनी चरम सीमा में था। अब जैसा कि गोल्ड की कीमतों में पिछले कुछ सालों से लगातार बढ़ोत्तरी हो रही है, गोल्ड की स्कैप सप्लाई वास्तविकता में कम हो गयी है। आगे चलकर भी, यदि गोल्ड स्कैप का प्रवाह ऐसे ही कमजोर रहा तो गोल्ड के कीमतों में तेजी की स्थिति बन

सकती है।

वर्तमान में, मात्रात्मक रूप से स्कैप गोल्ड का कितना सप्लाई हो रहा है?

इस साल हम वैश्विक गोल्ड स्कैप की सप्लाई में संभवतया 14% की गिरावट देख सकते हैं। यह गिरावट विशेषकर दक्षिण पूर्वी एशियाई देशों तथा मिडिल-ईस्ट के बाजार, जो कि भाव संवेदनशील है, में ज्यादा हो सकती है। हमने स्कैप की सप्लाई में खासी कमी देखी है। पिछले कुछ सालों से हमने पश्चिमी देशों के बाजारों स्कैप की अच्छी आवक देखी

है जो कि मुख्य रूप से यहां की सुधरती अर्थव्यवस्था तथा पिछले 2-3 सालों में अमेरिका तथा यूरोप में ज्वैलरी के लिये केश की उपलब्धता बढ़ने के कारण है। हमें आने वाले समय में इन बाजारों में भी स्क्रेप की आपूर्ति में कमी आने की संभावना दिखायी देती है।

सिल्वर की औद्योगिक मांग के लिहाज से अभी बाजार किस तरह का है?

पिछले कुछ सालों से यह काफी स्थिर स्थिति में है। लेकिन अब हम औद्योगिक मांग में उठाव की स्थिति देख रहे हैं। वैश्विक अर्थव्यवस्था में मजबूती सिल्वर के औद्योगिक प्रयोगों को बढ़ावा दे रही है। इस स्थिति में हम ये उम्मीद करते हैं कि सिल्वर की औद्योगिक मांग में आने वाले सालों के दौरान 4-5% की लगातार वृद्धि जारी रह सकती है।

भारत में सिल्वर की औद्योगिक मांग के बारे में बतलाइये?

यहां मांग काफी समय से स्थिर बनी हुयी है। पिछले दो सालों में जब पश्चिमी देश अर्थव्यवस्था में मंदी के दौर से गुजर रहे थे तब औद्योगिक क्षेत्र में इस धातु के लिये निवेश में कुछ विशेष गतिविधियां नहीं हो रही थी, भारत एक बेहतर ग्रोथ संभावना के शीर्ष पर खड़ा है। अगले कुछ सालों में हम भारत की ग्रोथ में बढ़त होते देख सकते हैं।

सिल्वर की सकल मांग को बढ़ावा देने वाले क्या नये कारक आपको दिखायी दे रहे हैं?

सौर ऊर्जा, फोटोवोल्टिक इत्यादि उद्योग क्षेत्र में हमें ग्रोथ के बेहतर अवसर दिखायी देते हैं। पिछले कुछ सालों में फोटोवोल्टिक उद्योग गिरावट के

दौर में था लेकिन अब हमें यह उद्योग पुनः अपने ग्रोथ स्थान से आगे बढ़ता दिखायी दे रहा है। केटलिस्ट (मिथाइल ऑक्साइड) के रूप में सिल्वर का उपयोग दूसरा बड़ा है, और इसमें अच्छी संभावनाएँ, विशेषकर चीन में, नजर आती हैं। ये कुछ प्रमुख क्षेत्र हैं जो कि सिल्वर की वैश्विक मांग को बढ़ा सकते हैं।

आने वाले 2-3 सालों के दौरान आप वैश्विक बुलियन की मांग को किस तरह से देखते हैं?

पूरे विश्व भर में बुलियन की मांग पिछले साल असाधारण रूप से थी। हमने विकासशील देशों तथा पूर्वी क्षेत्रों में सिल्वर की तेज मांग होते देखी है। यह साल, हालांकि, पिछले के मुकाबले विपरीत दिखायी दे रहा है जहां निवेश की मांग, विश्व के क्षेत्रों विशेषकर विकासशील देशों जैसे कि चीन व दक्षिण पूर्वी एशिया, में बड़ी गिरावट देखने को मिली है। आजकल भाव में गिरावट के चलते सिल्वर की मांग पुनः उठते नजर आ रही है इसलिये हम ये उम्मीद करते हैं कि अगले साल सिल्वर की निवेश मांग स्थिर रहेगी। अगले साल सकल मांग भी खासी स्थिर रह सकती है क्योंकि भाव में कमी रहने की संभावना है। इसलिये लोग सिल्वर की खरीदी करने से पहले इसमें बेहतर अवसर की प्रतीक्षा कर सकते हैं।

सिल्वर गिरावट के दौर में गोल्ड का पीछा करेगा। हम अगले साल सिल्वर की कीमत 17-18 डॉलर प्रति औंस रहने की संभावना लगा रहे हैं।

इस ११वें इंडिया इन्टरनैशनल गोल्ड

कन्वेंशन आपको कैसा लगा?

यह मेरे हर साल भारत वापस आने की पार्टी है। यह कॉन्फ्रेंस काफी अच्छे ढंग से आयोजित किया गया है; यह मेरे लिये अच्छे व पुराने दोस्तों से मिलने का एक बेहतर स्थान है। कई औद्योगिक प्रतिभागियों से मिलने के लिये यह कॉन्फ्रेंस हमारे हिसाब से काफी महत्वपूर्ण है।



Bullion - Data & Statistics

Gold Spot Market, International (Per Troy Ounce)			
Spot gold	01 st Oct	27 th Oct	% Change
Australia(AUD)	27030.00	27450.00	1.54
Britain(GBP)	27060.00	27350.00	1.07
Canada(CAD)	27091.00	27503.00	1.51
Europe(Euro)	26930.00	27415.00	1.78
Japan(Yen)	27235.00	27535.00	1.10
Switzerland(CHF)	26970.00	27380.00	1.51
USA(USD)	26752.00	27307.00	2.05

Silver Spot Market, International (Per Troy Ounce)			
Spot Silver	01 st Oct	27 th Oct	% Change
Australia(AUD)	19.68	19.43	-1.26
Britain(GBP)	10.62	10.60	-0.17
Canada(CAD)	19.19	19.25	0.29
Europe(Euro)	13.63	13.46	-1.20
Japan(Yen)	1878.10	1847.04	-1.67
Switzerland(CHF)	16.45	16.24	-1.33
USA(USD)	17.22	17.12	-0.60

Monthly Exchange Data (Gold) (From Oct 01-27)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
MCX	Gold Dec'14	26900.00	27640.00	26472.00	27214.00	0.79
NCDEX New	Gold Dec'14	27013.00	27541.00	26510.00	27230.00	0.96
COMEX	Gold Dec'14	1209.40	1255.60	1183.30	1229.30	1.45
TOCOM	Gold Oct'14	4279.00	4298.00	4176.00	4269.00	0.21

1- Rs/10 gms, 2- \$/oz, 3- Jpy/gm

Fortnightly Exchange Data (Silver) (From Oct 01-27)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
MCX	Silver Dec'14	38260.00	39180.00	37211.00	38145.00	-3.12
NCDEX	Silver Dec'14	38749.00	39373.00	38519.00	38519.00	-2.86
COMEX	Silver Dec'14	16.98	17.82	16.64	17.16	-0.57
TOCOM	Silver Oct'14	61.70	61.70	58.80	59.50	-3.63

1- Rs/kg, 2- \$/oz, 3- Jpy 0.1/gm

Gold Spot Market, India Rs/10gm			
Spot Gold	01 st Oct	27 th Oct	% chg
Delhi	1389.15	1392.54	0.24
Mumbai	750.16	760.27	1.34
Bangalore	1354.76	1379.27	1.79
Chennai	962.23	965.12	0.30
Kolkata	131689.70	132224.90	0.41
Hyderabad	1161.54	1163.65	0.18
Ahmedabad	1215.15	1226.00	0.89

Currency Change (Monthly)		
	01 st Oct	27 th Oct
EUR/USD	1.2624	1.2698
USD/JPY	108.89	107.81
USD/INR	61.30	61.60
USD/AUD	1.1444	1.1361
USD/GBP	1.6186	1.6120

Silver Spot Market, India Rs/kg			
Spot Silver	01 st Oct	27 th Oct	% chg
Mumbai	39600.00	40450.00	2.12

Gold Forward Offer Rate (GOFO)		
	01 st Oct	27 th Oct
1m	0.12000	-0.09000
2 m	0.12250	-0.05000
3 m	0.12750	-0.00250
6 m	0.14750	0.07000
1 y	0.22250	0.16000

Gold Lease Rate		
	01 st Oct	21 st Oct
1m	0.03200	0.07550
2 m	0.07560	0.10400
3 m	0.10510	0.12060
6 m	0.17720	0.19575
1 y	0.35510	0.36365

Bullion - Data & Statistics

LONDON FIXING (Per Troy Ounce)										
	GOLD AM			GOLD PM					SILVER	
DATE	USD	GBP	EUR	USD	GBP	EUR	DATE	USD	GBP	EUR
10/01/2014	1208.50	1216.50	746.17	749.35	958.75	963.26	10/01/2014	17.04	10.52	13.53
10/02/2014	1214.50	1211.75	750.94	751.94	960.99	959.57	10/02/2014	17.09	10.58	13.52
10/03/2014	1207.50	1195.00	751.03	748.28	956.06	955.16	10/03/2014	16.97	10.56	13.45
10/06/2014	1193.25	1195.75	746.67	747.11	951.56	951.88	10/06/2014	17.02	10.65	13.56
10/07/2014	1207.50	1210.50	751.49	751.40	957.27	957.90	10/07/2014	17.36	10.81	13.79
10/08/2014	1220.00	1217.00	758.38	756.37	963.51	959.40	10/08/2014	17.35	10.79	13.70
10/09/2014	1227.50	1226.75	757.67	758.14	961.99	964.96	10/09/2014	17.64	10.88	13.82
10/10/2014	1222.25	1219.00	761.01	760.40	964.38	964.78	10/10/2014	17.26	10.75	13.62
10/13/2014	1228.00	1229.00	763.82	763.97	969.14	968.86	10/13/2014	17.41	10.82	13.72
10/14/2014	1233.00	1234.75	772.41	775.40	974.55	974.85	10/14/2014	17.50	10.97	13.83
10/15/2014	1223.50	1237.50	768.63	774.60	967.58	969.75	10/15/2014	17.01	10.69	13.46
10/16/2014	1241.00	1237.75	775.87	773.55	969.38	971.85	10/16/2014	17.46	10.93	13.70
10/17/2014	1238.00	1234.25	769.61	768.24	966.89	967.05	10/17/2014	17.36	10.78	13.55
10/20/2014	1241.00	1244.50	769.71	771.16	972.65	974.32	10/20/2014	17.38	10.78	13.61
10/21/2014	1251.75	1250.25	774.17	774.34	978.85	982.28	10/21/2014	17.36	10.75	13.61
10/22/2014	1246.75	1243.75	777.66	775.41	982.08	982.04	10/22/2014	17.36	10.81	13.68
10/23/2014	1240.50	1232.75	775.31	769.89	979.94	975.20	10/23/2014	17.07	10.66	13.47
10/24/2014	1231.75	1232.75	767.97	765.83	973.72	971.13	10/24/2014	17.19	10.72	13.59
10/27/2014	1230.50	1228.75	764.29	761.54	970.58	966.84	10/27/2014	17.18	10.67	13.55

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