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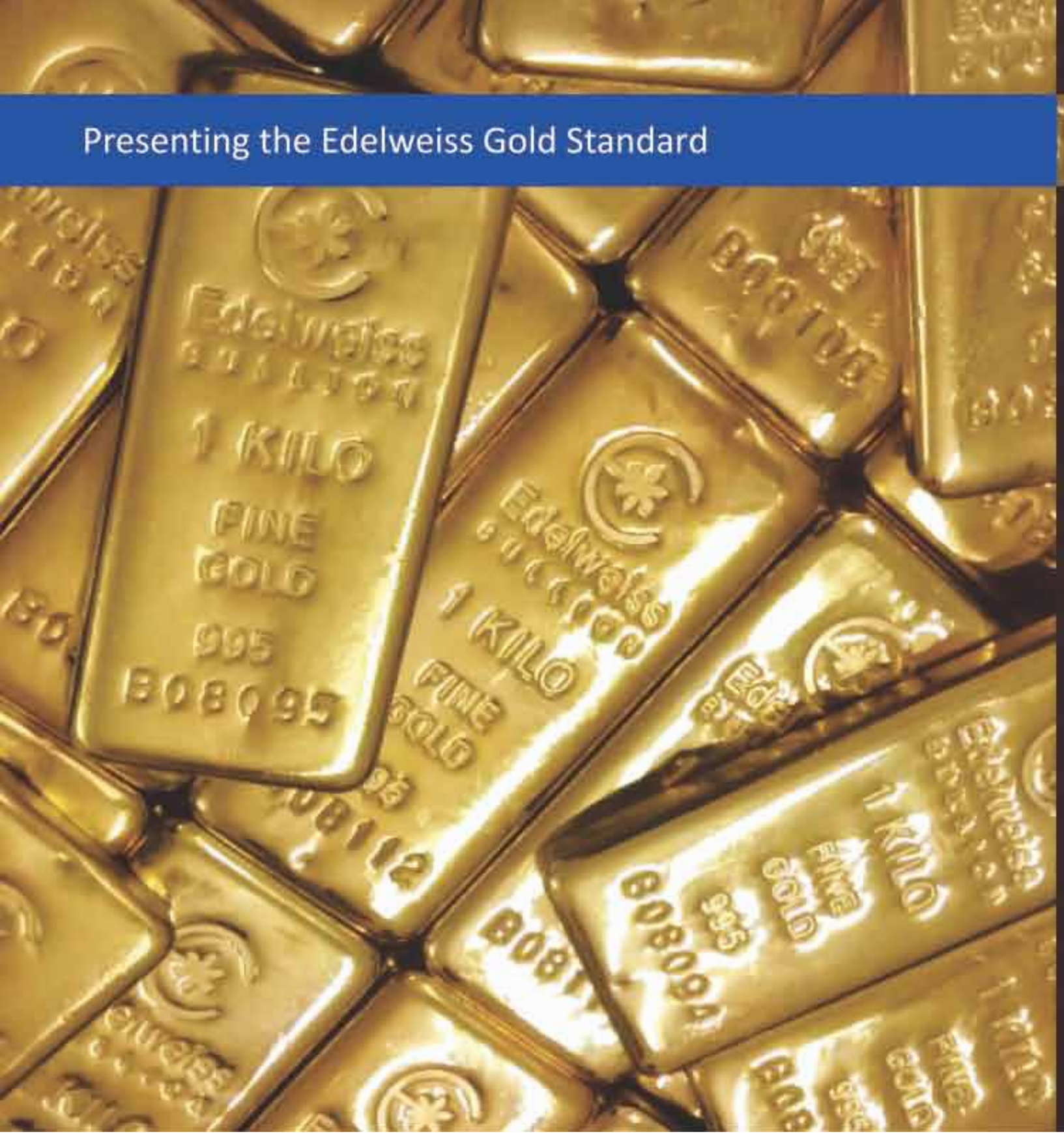

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Dear Readers,



Government of India has released the much awaited draft guideline of Gold Monetization Scheme on 19th of May and has sought suggestion and feedback from public. The draft guideline aims at releasing some of the gold lying idle with the households and institutions for productive use. The draft has been well conceived, inclusive and hasalready taken into account some of the recommendations of the industry bodies. I am sure further suggestions will certainly be taken care of by the government before releasing the final draft. Bullion Bulletin conducted a nationwide survey on this draft, where representative across the supply chain participated, seeking their views on a set of twenty odd points. In this edition we have presented the summary of the same. We have communicated the same to the government also. Hopefully, some of these suggestions would be incorporated in the final draft.

Severe heat-wave across India has taken more than 2000 lives.India Meteorological Department has predicted late arrival of South West monsoon along with below normal rainfall in 2015. If monsoon roles out as per the prediction, it will impact the agricultural production. India's rural community is the largest consumer of gold. Lower realization from agricultural output might deter rural community from buying gold for social purposes and security.

In this edition Ms. Lila Lu of Shanghai Gold Exchange (SGE) has discussed various aspects that helped China in developing its gold market and has provided a peep into the future plans of SGE in the next five years. She applauded the leadership role of the Chinese government in developing key institutions and markets for bullion.

Mr. Mahendra Naik's outlook on devising mechanism for sourcing gold dore competitively is highly encouraging. A lot of refineries have come up in India and Middle East recently. Sourcing dore is always a major concern for new refiners.

Mr. Frederic Panizzutti of MKS is one of accomplished analysts in precious metals today. I am sure you would enjoy reading his observations on prices of various precious metals for the rest of the year.

Ms. Erica Rannestad from Thomson Reuters GFMS has analysed global e-scrap market of precious metals. I believe readers will certainly appreciate her observations hitherto not well dealt with in media or publications.

Good wishes

Debajit Saha
Editor

We Want to Build an Exchange for our Own Need, not to Compete with Anybody

Lila Lu, Executive Director-Market, SGE, discussed the role of government and SGE in developing China's gold market, why China needs lot of gold, the reason behind launching of international board and many more with **Bullion Bulletin** during **DPMC 2015**. Excerpts…



Chinese banks do lot of asset management products to sell to individual people or companies.So at end of the day the products need to be priced. So, they need the benchmark there.The market has been developed and matured enough to look for this kind of benchmarking.It is basically to engage the local bullion community.

Shanghai Gold Exchange has played most important part in developing the Chinese bullion market.In brief tell us the role of government in developing the same.

Firstly the Chinese people love gold traditionally and secondly in last 30 years the Chinese people are getting richer and richer. With people are getting rich, investment and other demand are also increasing. Consumer interest keeps going continually strong from the last 10 years. I think the way Chinese economy is growing - people still get good pay. As far as gold market is concerned, 12 years before we were completely closed market where the central bank was involved buying and selling the gold. Today I think the government plays the very important role. The Shanghai Gold Exchange is managed by the central bank and all rules are passed by the central bank's permission. On the other side they really want this market to grow which is really consumers' -selling or buying everything they need. We can see that has been happening successfully.

How regional Asian markets could participate in the international board?

We have a different kind of market. Shanghai gold exchange always wants to become international exchange.However, because China's is not international currency, so international board stays with us to become this kind of exchange. Recently the free trade zone policy is again organized by government. The free trade company gives us opportunity to open up our market. Shanghai Gold Exchange is going to

reach the company in free trade zone and able to open the special account to receive the money from overseas. The international board made things possible for international investors to participate directly in Shanghai Gold Exchange.

Your volume is extremely large for last 2-3 years and your international board what I read will largely help the local gold community.How will it be working? And other exchanges are also looking for collaboration? How will these developments help the market?

I believe if you want to marry someone good, you have to be good too. Over the last 12 years the government's good policy made this exchange very attractive. Also we have created the market where international investors are seeing opportunity to make money in it. That's the reason all exchanges wanted to come together. Rather than individual members come in, we can have different mechanism to attract people, because we believe the different markets have different policy, regulations etc. We believe in the market where everybody could able to survive.

China is now the largest miner of gold, how the miners are participating in Shanghai Gold Exchange?

Mining in China is very strong i.e. more than 400 tonnes a year.China is the largest mining country in the world. Almost they sell all the gold in exchange (100%), little amount of gold sometime return to Chinese banks. But the gold always stays in China.It doesn't go anywhere because China needs more gold because what we produce is not enough.

As you said the mined gold is coming entirely to Shanghai Gold Exchange, how then it gets distributed in the market?

The Chinese people love truly Chinese gold. Different gold comes from different area. Chinese gold standard is higher than the international LBMA standard; it is not only purity, the difference is between another 0.01%. So it is a much higher standard so the people like it. So always you can see in the board everybody say "I want Chinese gold", if they couldn't get then they go for other source.

You are also planning to initiate a Shanghai Gold Exchange fix in the end of this year. Basically is it to support local business community, not to compete with LBMA or others?

We are working on it. It is not to compete with LBMA or other; the reason is Chinese Yuan now stays with gold, we need this.Chinese banks do lot of asset management products to sell to individual people or companies.So at end of the day the products need to be priced. So, they need the benchmark there. The market has been developed and matured enough to look for this kind of benchmarking.It is basically to engage the local bullion community.

How are you looking to next five years? Will it remain as a consumption market because of the high consumption or are you looking to expedite the export as well?

If we talk about next 10 years, I think Chinese consumers will be there. Our Chinese economy is growing and the people have good income. So the consumers will always be there. On the other side the gold in China is instrument for the financial stability. If we talk about the 5 years, may be China's currency becomes international currency. It willbe able to make Chinese people trade around the world. We would like to develop lot of products suitable for China. We do not want to compete exchange like, for example, CME. We want to build an exchange in Chinese currency for the benefit of our own people.

How did you enjoy the conference?

It is beautiful, gave opportunity to meet different kind of people to understand different people and market. I learnt lot from this.

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Finance is the Key to Bring in New Supply of 'Dore'

Mahendra Naik, President & CEO, Firstgold International Inc, shared his experience on changing environments in the global gold mining industry, its development in African continent, mechanism through which 'dore' could be sourced competitively and many more with **Bullion Bulletin** during **DPMC 2015**. Excerpts…



On the one hand you got refiners, bullion dealers and the big physical market and on the other hand you have mining companies who don't have enough capital. So if we bring that two together and supply capital to expand production or bring in new production of gold dore that is needed by refiners and bullion dealers, I think there is a solution.

In last 20-25 years have you seen any changes in the mining industry process?

Well, it is a very interesting question. The mining industry definitely has become more international, more global. Coming from Canada and Toronto which is the mining finance capital of the world, we definitely have seen Canadian and North American companies go beyond Canada, America and they have expanded to central and south America as well as Africa, Russia and in the Far East. The gold mining industry has definitely become more international than ever, so that is one big substantial change. The other big substantial change is the big rich ore bodies or old mines are no longer there. They have been mined out. So that's the continuous challenge for the mining industry. They have to go further to discover these ore bodies and get them into commercial production. The other challenge for the companies is, not all of these countries are developed from the mining infrastructure point of view, lot of these countries have not seen any form of industry related on mining so that has becomes a challenge. The cost to build mines becomes more expensive. Usually these countries do not have the labour forces that are experienced in mine operations. But most mining companies have overcome and met those challenges quite successfully.

Specifically if we talk about the African belt, do you think that they have developed right infrastructure already or they have to work a lot to attain the height that Canada actually achieved?

They have come a long way; different parts of Africa have developed

very differently. Southern Africa especially South Africa has a long history of mining so it's got a more stronger mining infrastructure and support services; all the suppliers and equipments, regions are readily available from South Africa as well as skilled and technical people. But with the expansion and more new mines coming on board in west Africa especially in French west Africa, I think we are seeing a change. I think you are seeing that more and more services are being provided and the infrastructure is improving. The country like Burkina Faso has more than 6 operating gold mines; 20-25 years ago it has one or very small scale operations. Similarly with Senegal; Mali is also having more than 6 operating gold mines. The regions have certainly developed and it is developing into a mining area. They got a long way to go but you got people, government, international suppliers who are setting up operations and investing in these countries to support mining operations as well as the mining companies itself. These countries being very prospective and they have lot more opportunities in new mines that are coming into production.

In the investment side, how lucrative is West African countries now?

The opportunities are very good. On relative basis it is fully explored in a good part of West Africa. The challenge from the mining company's perspective the mines have to be much larger. It is no longer good enough that you have million oz or 2 million oz of resource base. At least 3 or 5 million oz are needed for larger companies to substantiate and support a very significant capital investment. So the opportunities are there but at the same time the capital also needs to be there. Right now the capital markets are not there for mining from North American perspective so the industry has to look at other sources of capital.

Definitely, deposits are there but it is going to take more money and more time to bring it into commercial production, but additional capital is definitely needed.

In sourcing dore competitively, what does this word competitive stand for?

From a refiner's perspective there is not enough dore available based on refining capacity and physical demand for gold. From a miner's perspective, they have no problem in selling the dore, there is a ready and easy market. The way you can approach this comparativeness is to open door for additional finance and capital. On the one hand you got refiners, bullion dealers and the big physical market and on the other hand you have mining companies who don't have enough capital. So if we bring that two together and supply capital to expand production or bring in new production of gold dore that is needed by refiners and bullion dealers, I think there is a solution. I am not saying it is the entire solution but one way you can meet the comparative challenges for sourcing dore. There is huge demand in one side, but on the other, there is not enough capital. Yes, of course there is a challenge to discover new ore bodies, but I think there are enough opportunities and if there is sufficient capital, that can be brought into production.

In this can Canada take leading role?

Canada has long history of mining and a well developed knowledge base. People understand mining, how to raise money from capital markets, public markets as well as raising money from the debt markets. Canadians and North Americans are now used to do business in Africa and other parts of the world. So, tremendous knowledge base and experience are definitely would be helpful here.

How did you enjoy the conference?

Very good, I understand mining but we have not really taken the time and effort to understand the physical side, refining side and the bullion dealing side of the business. So, coming to this conference and getting exposed to those people is tremendous. Thank you very much for inviting me to this conference, I appreciate it.

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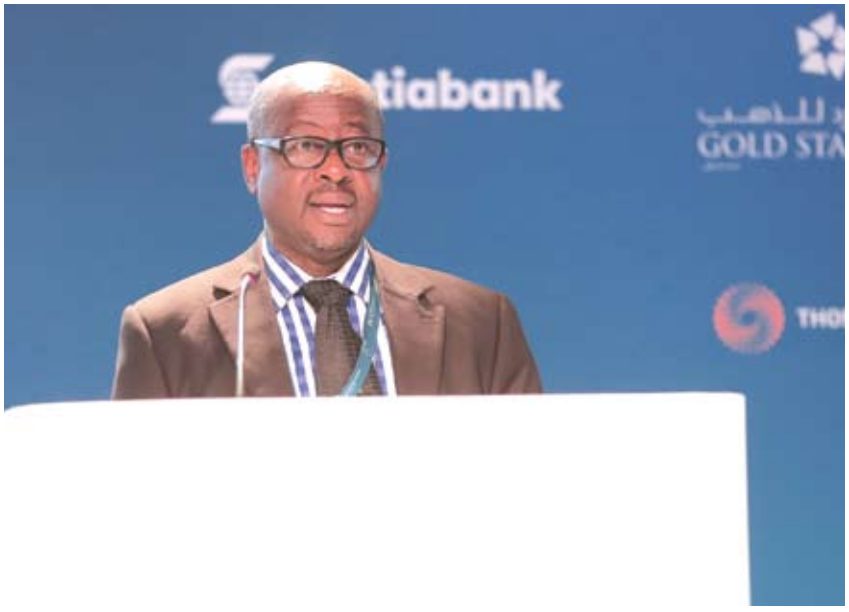
Ghana Needs Finance to Increase the Gold Production

George Abradu-Otoo, Managing Director, PMMC, emphasized on need of investment in gold mining sector in Ghana to increase the production while talking to **Bullion Bulletin** during **DPMC 2015**. Excerpts…



Mining law has been modified in order to make it more investors friendly. We expect more people to come into the sector; government is putting up low regulatory rules in place. It is to ensure that mining is done on a very sustainable platform.

Ghana is now the largest producer of gold in West Africa, around 100 odd tonnes they are producing. What kind of growth are you seeing in next 5 years?

Ghana is the largest gold producer in West Africa and in the whole of Africa Ghana comes next to South Africa. We are doing around 100 tons and we expect this figure to go higher because of the number of mines that are coming into the system. Especially in the small scale sector lot of people are coming from outside destinations like China, India, Dubai etc. So, we are expecting to grow in next five years.

What kind of opportunities the government of Ghana is giving to promote this industry?

They are doing a lot. Mining law has been modified in order to make it more investors friendly. We expect more people to come into the sector; government is putting up low regulatory rules in place. It is to ensure that mining is done on a very sustainable platform. Mining causes environment degradation. They are doing everything possible to guarantee that mining is done sustainably, not to harm environment too much.

Ghana is having big and small miners. While distributing prospecting license to the organizations, what kind of rules does the government follow?

In Ghana basically mining industry is divided between big and small area. There is a whole government institution responsible for licensing of mining, exploration etc. The organization is called Mineral Commission. The commission facilitates the process of granting licenses to companies in a very easy and straight forward way.

We have seen that lot of South African mines are facing labour problem, electricity problem etc. Are there any such challenges to address in Ghana?

No it is not so much. We don't have any issues in that. Currently, there is small amount of power problem which government is trying to solve.

Everything is controlled. Our industry is almost 100 years now, fetched a level of harmony between workers and mining companies.

Investment is coming from overseas?

Yes, lot of people are coming like from China, India etc., some are building new mines especially the landscape area but in the small scale area lot of people are buying existing mines.

How much dore refined inside the country and how much are you exporting to the destinations where there is a demand?

In Ghana when it comes to refinery it is not much done in that area. Most of our gold is exported in the raw form. This is one area we wanted to improve now. We have built a refinery of our own in order to add some value before exporting.

Is there any problem or any Asian refiner importing dore from Ghana?

There is not problem at all, it is very easy, the regulations are straight forward. We have free trading states.

How do you ensure competitiveness along with compliances while sourcing dore?

That's not a problem in that area at all. The rules are there; when you come you need to have your license that allows you to export. It is very easy to obtain license, it does not cost much and within one or two day you can get your license. When you setup your offices you can do your own export. In PMMC you can buy your gold and when you have your own gold, you can also ship through us to any destinations of your choice.

What about the other West African countries like Mali and Tanzania? Can we source competitively?

Yes, you can do but I think their regulations are bit stringent. For example, many people come to us and enquire whether they preserve gold or ship through us? And the answer is yes. When it comes to Burkina Faso, Mali, Guinea they are bit more stringent. So it will be easier to them to come to Ghana and ship it out.

Since you are in this conference and it is first time, I hope you enjoyed. You must be looking to expand business in this part of the world like Dubai, India, Singapore, and China.

I will be definitely looking for get finance. Gold is there in Ghana, but the problem is finance. If we get people ready to finance the production, it will help greatly to increase the quantity of gold that shipped out of Ghana every year. There is no doubt that Dubai is the best place and that's why I am here.

How you liked this venue?

Wonderful, it is best in the whole world. The organizers have done very well. I congratulate them.

Gold is there in Ghana, but the problem is finance. If we get people ready to finance the production, it will help greatly to increase the quantity of gold that shipped out of Ghana every year.

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PGMs are Volatile – It is Always a Long Term Investment Bet

Tony Dobra, CEO and Director, Baird and Co Ltd., discussed factors affecting physical demand of PGMs, new emerging demand centres, what investors should do while investing in PGMS in a tete-a-tete with **Bullion Bulletin** during **DPMC 2015**. Excerpts….



Historically platinum is more expensive than gold, but when it is cheap like gold, it is always a long term bargain.

The investment demand had been risen exponentially in case of platinum in last 10 years. What is the reason?
Platinum has some unique properties particularly for high end jewellery. Unlike gold which can be cheated with tungsten you can't do that with pure density of platinum. It is ten times rarer than gold as well, it has some special unique properties. Investors at the high end like something little bit special.

According to Johnson Matthey data, there are some traditional markets like Europe, Japan and America the investment demand actually have come down while quoted 'other markets' in report demand has been increased tremendously. Which are these 'other' countries who have been buying platinum in such a big way?
Platinum is also an industrial metal, it goes in for auto-catalysts, for glass manufacturing, in high end technical manufacturing. In traditional western countries in South America in place like Brazil where car production is increasing, new technology industries are opening up, they are utilizing the metal more and more. So places which are not really being on this global economic map now starting to lead the way.

In your view what would be the best metal for investment between platinum and palladium? What investors should look for?
Palladium was the best performing precious metals last year. I think in short term palladium is one for fast return, in the long term platinum is very cheaper. Historically platinum is more expensive than gold, but when it is cheap like gold, it is always a long term bargain. So in short, for long term investment, investors should stay in platinum and for short term, palladium is perfectly alright.

Palladium demand in North America was extremely good before 2010. But after that demand disappeared. What is the reason?
Most of the industrial demand for palladium in car auto segment disappeared overnight in USA in 2009 with economic recession and the car manufactures stopped buying metals waiting for production that never went ahead. Palladium is used in gasoline petrol engines which are popular forms in US compared to Europe (diesel engine) which is platinum based catalyst.

There is another factor involved in both platinum and palladium. Lot of demand is met through recycling. Do you think that this recycling process is sustainable in the long run?

Surely it is sustainable, particularly as more environmental legislations are coming in auto Catalysts. 12-13 years down the line when those cars will get scrapped, there will be more metal coming out through recycling and when world prices remain steady, the recyclers are happy to invest. There was a big crash in the recycling market when the prices crashed off. The recyclers were found paying too much for the scraps. That issue is going away now. Market calms down- now it is slowly building up.

In Europe and Asia, recycling of cars is quite evident, but that is not so prominent in countries like India or China. Chinese auto demand is extremely high and second largest after US. Do you think that same percentage of material will come from China, India etc?

In reality, cars stay in service longer in those countries. But, as demand for new cars increases in those countries they will slowly start meeting the PGM requirements through recycling of the older vehicles.

PGMs are volatile. As soon as you understand volatility, PGMs are long term liquid investments. You have to take a longer term view. They don't have much of stockpiles like gold and silver. There is no central bank buying this metal. So when there is a shortage of metal the price will move quickly and violently which can be an advantage if you are an investor and willing to wait for that opportunity to come along.

Gold and silver are very prominent metal for anybody. In case of PGM people do not understand much. So from the investors' point of view what are the factors they would consider before investing in PGM?

PGMs are volatile. As soon as you understand volatility, PGMs are long term liquid investments. You have to take a longer term view. They don't have much of stockpiles like gold and silver. There is no central bank buying this metal. So when there is a shortage of metal the price will move quickly and violently which can be an advantage if you are an investor and willing to wait for that opportunity to come along. Platinum and palladium are ten times rarer than gold. Rhodium is ten times rarest than platinum. These are very finite markets, so one big buyer can make the market move a long way. So as a seasoned investor, you should not put all your money on PGMs. It is advisable to allocate little money in PGMs along with gold.

So normally if we allocate 5% precious metals in portfolio, how could it be divided into gold and PGMs?

You can go 5% in precious metals, 4% in gold and 1% in PGM just to make it a balance. They are counter-cyclical because in terms of recession gold goes up and PGMs goes down and vice versa. It is a nice counterbalance.

Your view of this conference as this is your first time in this conference, how you enjoyed?

Wonderful, I have done many conferences over the years for several organisations but this one is very impressive and very worthwhile. Certainly we will be back in next year. What impressed me the spread of delegates - everybody is here like bankers, refiners, jewellery guys, coin dealers etc.. This is nice broad selection of people.

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Gold Prices will Strengthen in the Second Half of the Year

Frederic Panizzutti, CEO, MKS Precious Metals DMCC, was optimistic about high gold price in the second half of the year. He also opined that $1100 will act as strong base for next 8 to 10 years while giving an interview to **Bullion Bulletin** during **DPMC 2015**. Excerpts…

The reason beyond our belief of gold strengthening in second half is that interest rates rise in the US could have a dramatic impact on the stock market.



If we see the price outlook in the beginning of this year, most of the analysts except one or two predicted that gold price will remain between $1050-1300. What is your view? Will it break through either of the range or we can see at the end of the year at least the closing price might be higher than 1300.

We forecasted the average price of $1285 for 2015. So far, what we anticipated, market has been behaving accordingly. We forecasted a low at $1150 which is exactly what we have seen so far. We predicted gold price to be weaker in the first half of the year but to strengthen in the second half of the year. The reason beyond our belief of gold strengthening in second half is that interest rates rise in the US could have a dramatic impact on the stock market. If we look at the stock market growth throughout the year and if you look at the real growth of US economy they are not inline; the earning are not in line with the growth. We believe that this growth is a result of pumping in lot of liquidity which was re-injected into the stock market. Now we might see a reverse effect when they start tightening the market again, we see people going into gold as a safe haven. We also see recovering economies to be benefited from gold; we expect China to be consuming more in second half of the year. Therefore we expect high gold prices in the second half.

Unlike gold, silver, PGMs are currently facing deficit in supply. But they are still shadowed by gold. We don't expect silver, platinum and palladium to detach totally from gold until gold recovers. Once gold starts recovering we might see that gap widening; silver, platinum and palladium will benefit from imbalance of supply and demand that we are facing this year.

You just said about US interest rates, the factor for determining the future price movement of gold in second quarter of the year. Other than US interest rates do you think that physical demand in the Asian market will play vital role in determining the price?

Surely, impact of the US economy is more an indirect impact based on currencies, but the engine that is driving the physical gold price is definitely Asia now. Asia and India account for over 60% of the total demand. So definitely the key drivers

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and the key countries behind the physical gold price at least are India and China.

Dr. Desai was talking about Secular Stagnation, low inflation regime. How will it affect the price?

I fully agree what he said, this is also our view and always been our view. Everyone is saying inflation is positive for gold. Yes it is but double digit inflation. 2% or 3% is not inflation, it is normality. So we should not mix up between double digit inflation where people loose lots of purchasing power and buy gold to maintain purchasing power, that's true. For single digit inflation we cannot call it inflation in terms of gold. As long as we are in the low interest rate environment where the bank account doesn't generate the return you want, gold remains attractive.

Investors should continue to put their money on gold, do you think that it has reached almost its bottom. Now we can see in next 5-7 years time gold price will start moving higher.

I think we had this big move from 275- 800, 800-1800 which all happened in very erratic market fuelled by geo political tensions, economic problems. I would say the market for the last 6 years has been very unusual. We are now more or less reaching normality, we are building a very strong base around $1100 which we believe will be the pivot level for couple of years and solid base for the next 8-10 years. We heard that we should not expect inflation for next decade that we are in a different environment and we have to adopt our self into it. We heard that the mining industry is not investing into exploration because they would have to tighten the budget and we all know it extends to 20 years from the time it starts exploration, make findings, get license and get operational. Because it is not happening, we should not expect any major new mine in the next 10-20 years. On the other hand we will see a lot of underground reserves being exploiting and becoming less and less. We have seen publications from the major investment banks saying that if we see 30 years from now half of gold reserves would have been gone unless we make new findings. I would say if you look at a very short term the situation is still up and down. But looking at the medium and long term I think that gold will gradually move higher to adjust these few new factors.

We are now more or less reaching normality, we are building a very strong base around $1100 which we believe will be the pivot level for couple of years and solid base for the next 8-10 years. We heard that we should not expect inflation for next decade that we are in a different environment and we have to adopt our self into it.

According to your study, is there any visible impact of crude oil price movement on gold?

There is no direct correlation between gold and oil except when we got the big oil shock (in 1970s), that's probably only time where there was a direct impact from the oil price on gold. They are not directly correlated but still they have similar long term pattern for a very simple reason. Those of them are assets that are purchased in US dollars. As stronger US dollar means more expensive oil or gold in terms of foreign currency, a weak dollar means less expensive gold or oil, this is why they have a similar pattern; their correlation runs to the US dollar value.

Your words about the conference

4th year of DPMC is most successful in term of audience 500 plus, it is still growing and amazing environment, and great venue well organized. I think that what has been achieved here is absolutely great and I already look forward for next year.

■■■

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

East will Play Dominant Role in Global Gold Pricing in next 5-10 years

Gerhard Schubert, Founder, Schubert Commodities Consultancy DMCC, made critical comments on various aspects of gold trading like India's Gold Monetization Scheme, launching of Dubai gold spot contract, introduction of Shanghai Fix at the end of this year, re-emergence of physical jewellery demand in Middle East and many more while talking to **Bullion Bulletin** during **DPMC 2015**. Excerpts…



Gold is a commodity reacts to all developments in the world – either it is geo-political issues, foreign exchange issues, or economic issues. If there is a fix in Shanghai and it gains international prominence, I would welcome this very much. Everything that makes more transparent or gives more benchmark is positive.

What is your view on the proposed Gold Monetization Scheme?

I think it is a very positive step in the right direction. If you remember last year in various conferences in India MMTC PAMP basically proposed the lower Limit for this scheme of 30 grams instead of most referred the minimum amount. I think this will satisfy a few of the requirements for the bigger participation. The important issues that the population involved is clear that the gold deposited in the scheme will be refined, re-lend and coming to the market. Ultimately this will be re constituent sale, or returning after a period of time in a different viable format like in a more bullion bar. So that is a big difference but it is a very positive step in the right direction.

What is your observation in launching Dubai gold spot contract in exchange?

For each region probably there is different attraction for Dubai. Dubai gold spot contract on the exchange will fulfill two roles, a) due to the nature of the exchange and exchange clearing services, the participants in Dubai export gold contract will be beneficiary of netting, even so normally the UAE is not a netting jurisdiction.

b) The big part is that there is lot of gold business in Dubai which currently gets hedged in loco London. In reality you hedge one kilo exposure in loco Dubai is one kilo exposure in 12.5 kilo bar in loco London. The daily question of

premium and discount will not rise any longer because the price on the screen is the price you are going to trade on and it is ready for loco Dubai for physical delivery! So it takes away lot of uncertainties and it will reflect supply and demand very accurately. I think it is a brilliant move.

Will it not be a conflict of interest between London market and these regional markets?

No not at all. London market is particularly for 12.5 kilo bar for the big large investment bars for loco London in the clearing system. For all the different markets you mentioned like Shanghai, Singapore, Dubai are based on much more physical business and on location issues. So, I do not see any competition there.

So it is basically good for the development of Asian region market like all these spot contracts are coming and everybody can involve?

Yes, ultimately if you see amount of locally pricing especially in the east starting from Dubai, India, Singapore, Hong Kong, China it clearly underlines the trend which we have seen in the gold market moves from the West to the East. This will find its way also in pricing capabilities and in the importance of pricing in the regions. I think the eastern regions will be the dominating factor within the next 5-10 years.

We have now new LBMA gold price instead of our legendary London fix. Earlier there were 5 participants now they have started with seven. Do you think it becomes more transparent or it is just an old wine in a new bottle?

In my point of view there was never ever anything wrong with the mechanics of fixing itself. If it is 5, 7, 10 that makes no difference. The mechanism of fixing itself is still same even in the new fix, it is just in the modern disguise, and the digital transparency is increased for meeting the orders into the fixing. This is now by-passing the trading desk. This is a great step forward and I think the under the leadership of Jonathan Spall this will be the benchmark for all looking for.

China is coming with a Shanghai gold fix in the end of this year. In the long run will it be the case for competition between London and Shanghai?

I don't think there will be a competing issue as price will be in a different time zone. Gold is a commodity reacts to all developments in the world – either it is geo-political issues, foreign exchange issues, or economic issues. If there is a fix in Shanghai and it gains international prominence, I would welcome this very much. Everything that makes more transparent or gives more benchmark is positive.

How are you looking at the re-emergence of the physical jewellery demand in Middle East? What kind of parameters or features are you getting?

I think the emergence of jewellery market is quite strong and it is very stable. I don't think jewellery market had ever gone away. In 2011-12 we saw a large increase in investment bars. This is subsided and we are back to the 70-30% regime - 70% of jewellery demand and 30% investment. This has traditionally being this way. So the jewellery market had never gone away, I think it will return more strongly and the price levels where they are in will give additional impetus into the regional market.

Your opinion about the conference

This year it has become better. Basically I would say the same size but overall the conference is I consider is a better conference, even more professional and I think to be honest Foretell and DMCC have done a great job. I can only see this growing into one of the prolific conferences on the calendar each year.

■■■

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Gold Policy Changes in Turkey and their Relevance for Emerging Economies

Erkan Kilimci, Executive Director, Markets Department, Central Bank of Turkey



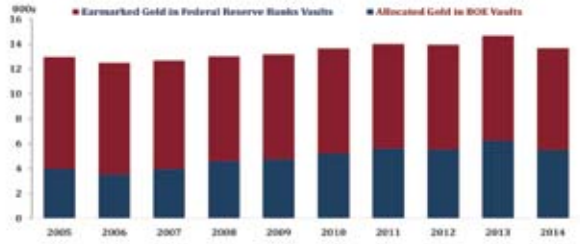
Gold from the Perspective of Reserve Management

Recent financial crisis falsified the critics of central banks for being too conservative in utilizing international reserves and not maximizing returns. As we all know that the main tenet of reserve management does not lead central banks to generate returns at all cost, rather capital value preservation is key. Then comes liquidty principle leading central banks manage foreign reserves so as to ensure that its investments may be liquidated immediately and at no signifciant cost. Thus though its is not neglected totaly, return objective comes after safety and liquidity.

The chart showing the total gold amount in two biggest central banks vaults, Fed and BoE.

Credit risk arises from the potential that a borrower or counterparty will fail to perform on an. obligation

Gold in Vaults (in tonnes)



Source: Bank of England, Federal Reserve
Last Observation : 2015 March

Consistent with international best practice, Central Banks hold safetest assets for capital preservation. Gold as a reserve asset held physically in a vault is not exposed to credit risk. As is seen from the table, central banks all around the World holds around 30thousand tonnes of gold and that amount has not changed much since the last year. Turkish central bank on the other hand increased the gold reserves which I will come into this part later in my presentation.

Central Banks tend to be gold investors for a long period of time.

Central Banks' Gold Reserves (in tonnes)

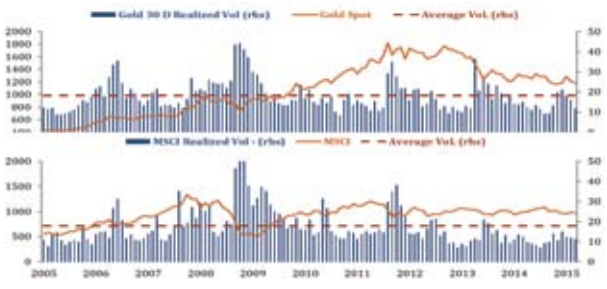
	Current	A year Ago	% Change
Total	29.164	28.989	0,60
Euro Area	9.836	9.832	0,04
US	7.413	7.413	0,00
Germany	3.085	3.087	-0,09
Italy	2.235	2.235	0,00
France	2.228	2.220	0,38
China	961	961	0,00
Switzerland	948	948	-0,01
Japan	697	697	0,00
Netherlands	558	558	0,00
India	508	508	0,00
Venezuela	335	333	0,51
United Kingdom	283	283	0,00
Turkey	465	454	2,51

Source: Bloomberg *Last Observation : April 2015*

Although, gold is well accepted for low credit risk, it is not fully isolated from financial markets. Under a portfolio settlement the value of gold is determined by cost of holding which also covers not holding alternative instruments. Thus, gold prices fluctuate in response to market developments. In this regard, we observed an increase in gold prices during FED QEs with concerns of hyperinflation and during Euro debt crisis with concerns over the future of global financial system.

Market risk arises from the potential financial loss resulting from movements in market prices.

Gold Spot Price and MSCI Emerging Markets



Source: Bloomberg *Last Observation : April 8, 2015*

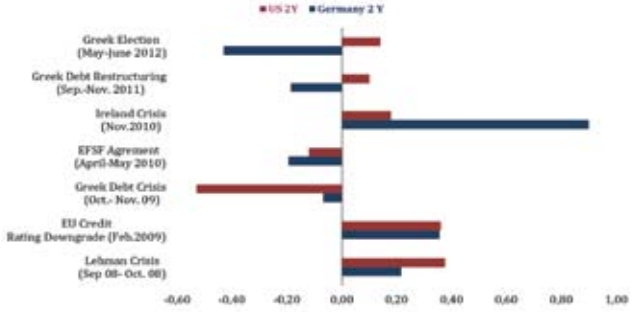
The intrinsic value of an asset is a function of its expected cash flows, growth and risk. Since gold is a non cash-flow generating asset, most of the investors focus on the value of gold from a perspective of diversification. Central Banks are very long term investors. They manage the wealth of the economies. Viewed from that perspective, gold operates as insurance for an investor whose assets are primarily financial and thus exposed to these catastrophic risks. Put in less abstract terms, if you add gold to your portfolio, it is not to make money, per se, but to buy protection against "black swan" events that could swamp your other investments.

The chart depicts correlations with gold and US and German government bonds during main financial turmoils. US and German bonds which are generally accepted as almost risk free instruments does not always move in the same direction with gold.

Gold has a place in reserves because of two reasons:Diversification and Insurance.

Correlation with Gold Spot

(US and Germany 2 Year Government Bond)



Source: Bloomberg.

Turkish Case

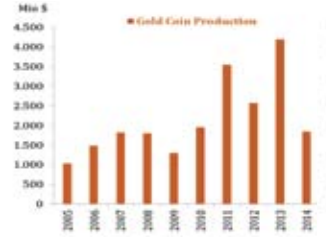
When it comes to Turkish case, I would say, though main stream dynamics are not different than many other countries, gold carries a special value for Turkish people. Turkey geographically is situated in a region where the first known human settlements were located and nourished with that heritage for ages. One anecdote came into my mind when it comes to gold is about King Midas. He ruled Phrygia in late 8th century (BC), an ancient civilization in Anantolia and the capital city was near Turkeys current capital Ankara. King Midas is known for the myth called «golden touch». In short, king was so obsessive about gold that he prayed and asked whatever he touched should be changed into gold. The other morning he was so happy when he found that his wish came true. Soon after he realized that the idea of having that talent is not good and indeed is a curse. Because he could not eat and drink. He found that when he touched his daughter she turned to gold as well. He prayed and got rid of that curse by washing his hands in the river (water represents true soruce of life). His greed invites us to understand that we should not be slaves of our own desires.

Many other stories on gold embellish Turkish culture and that makes gold a traditional asset in our land.

When a friend of yours gets married or have babies or have his kid circumcised the best gift is gold. Again, for our people gold has been proved to be the best storage of value for ages.

Gold has been a traditional asset for Turkish people.

Traditional Demand for Gold





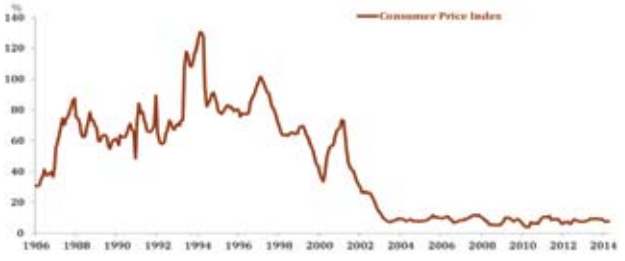
Source: Turkish State Mint
Last Observation : 2014

Source: Turkish Statistical Institute
Last Observation : 2013

Financially under high level of inflation experienced for years made people to hold gold at least to keep the value of assets.

High level of inflation experienced for years induced households to hold gold.

Inflation Rate (YoY, %)

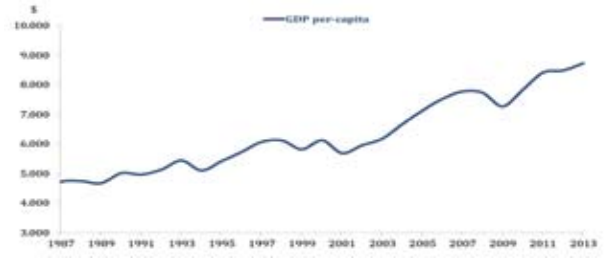


Source: CBRT, Bloomberg Last Observation : March 2015

With the help of rapid economic growth, the income level and wealth has increased which supported demand for gold.

As the economy prosper gold become available for many.

GDP Per-Capita (USD)



Source: World Bank, Bloomberg *Last Observation : 2013*

Another factor, bringing gold in front of other alternatives was the fluctuation in foreign exchanges. The chart presents a clear picture of return on gold investment in Turkey during the last decade. If you were invested in gold rather than USD you would have 16 times return on your investment for the last 10 years.

Gold served as a safe investment tool under frequent and sharp FX fluctuations.

Gold and USD Return (% Change since 30/06/2000)



Source: World Bank, Bloomberg *Last Observation : 2013*

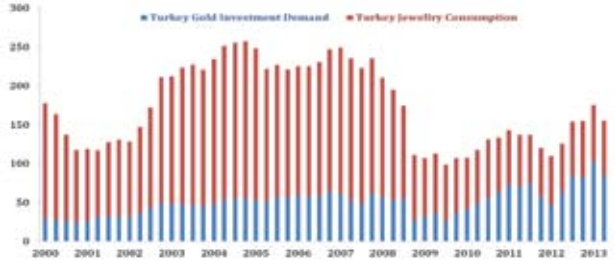
All of these mentioned factors reinforced demand for gold in Turkey. Though it slides during the recent financial crisis gold demand never loose momentum in Turkey.

A very important result of long-standing desire for gold has resulted in households accumulating a large stock of gold tucked under the pillow.

Although it is not easy to accurately calculate the total level of this kind of storage, some analysts mention around 3500 tonnes which amounts around 150 billion dollars or around 12 percent of total GDP.

Turkey has a fair amount of gold demand.

Gold Demand (in tonnes)

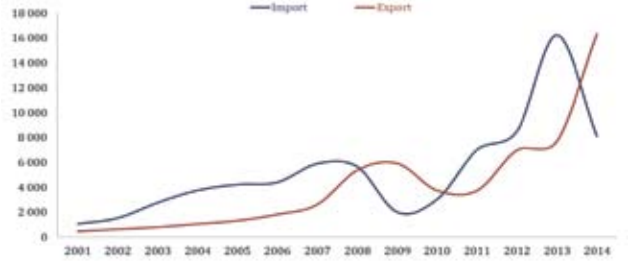


Source: Reuters *Last Observation : March 2014*

Turkey as one of the biggest exporters of jewellery covers some of that production with imports. As it can be seen from the picture gold exports accelareted year by year for the last decade.

Turkey covers its domestic demand and some of its export production with imports.

Jewellery Trade (Million USD)

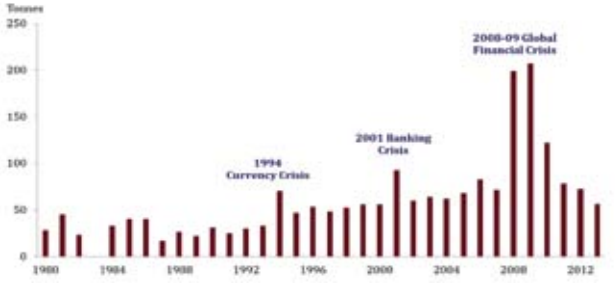


Source: Turkish Statistical İnstitute *Last Observation : 2014*

The chart shows one source of supply for gold in Turkey, recyled gold reserves.

Mining and recycled gold reserves are not enough to meet the demand for gold.

Turkish Recycled Gold Reserves (in tonnes)



Source: World Gold Council *Last Observation : 2013*

New Mechanism

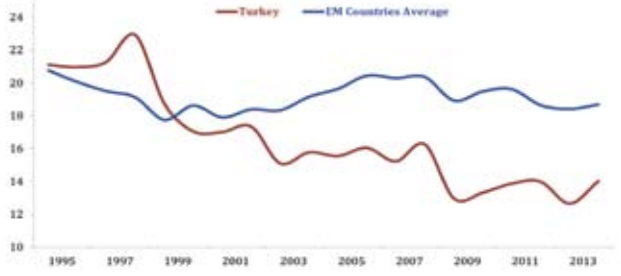
Developing countries to facilitate a sustainable growth path needs sources of financing. Limited wealth and low income levels make it impossible to generate the needed development process. Poor voluntary savings together with incomplete and shallow financial markets are hindering private savings.

The most widely known challenge that the Turkish economy faces for decased is the sustainability of economic growth. One reason lies behind is the low levels of domestic savings, reflected in 2014 year end ratio of 15% total savings to GDP. Low levels of savings make the economy depend on capital flows and vulnarable to the markets events triggering outflows.

Turkey took action to overcome scant domestic savings and dependence on foreign funds by encouraging domestic savings, establishing private pension systems.

Turkey like many other emerging economies suffers from low levels of savings.

Gross National Savings (% of GDP)



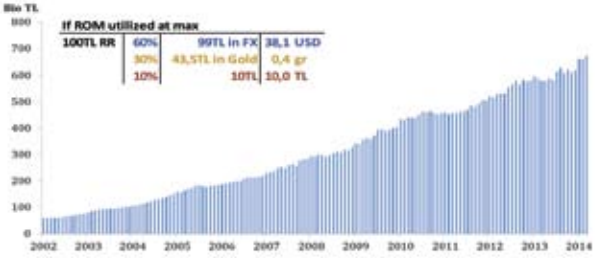
Source: IMF, Bloomberg
EM countries : S.Africa, Hungary, Brazil, Argentina, Colombia, Chile, Mexico; Czech Rep. , Poland
Last Observation 2014

Central Bank of Turkey on the other hand devised a new mechanism at the end of 2011 called reserve option mechanism in order to alleviate the adverse impact of capital flow volatility on the domestic economy. This mechanism provides the banks with the option to hold a fraction of their mandatory required reserves for TL liabilities in USD, EUR and gold. The amount of foreing currency or gold for meeting one unit of TL required reserve is called reserve option coefficient. For example, if ROC is 2 that means banks must hold 2 TL worth of foreing currency or gold for each 1 Turkish Lira.

The chart shows that the total deposits at banking system is amounting around 650 billion TL and of which around 11,3 % must be held at the central bank as required reserves. Conventionally, banks need to hold this amount in the same currency. However, with the inclusion of this new facility, banks can hold at most 60 percent of that RR in either USD or EUR, 30% in gold and 10% in TL. For example, instead of 100 TL of reserve requirement a bank can hold 99 tl worth USD and 43,5 TL worth of gold and 10 TL.

CBRT introduced a new mechanism (ROM) which provides banks with the option to hold a fraction of their RR for TL liabilities in USD, EUR or gold.

Total TL Deposits



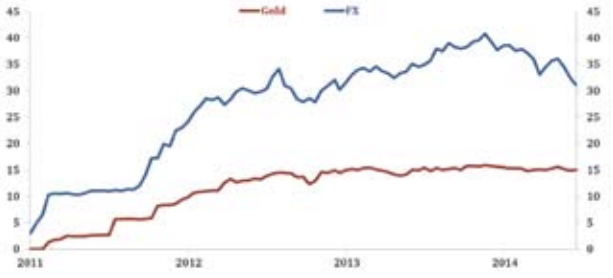
Source: BRSA *Last Observation : February 2015*

Since funding costs are lower for gold and fx banks rapidly started to utilize from the new mechanism .

Banks accumulated around 40 billion USD of reserves and 15 billion USD worh of gold reserves through TOM at the CBRT accounts since the inception of the mechanism.

Relative cost of funding has helped banks accumulate gold under ROM rapidly.

Holdings of FX and Gold Reserves Within ROM
(in Billion USD)



Source: CBRT *Last Observation : February 2015*

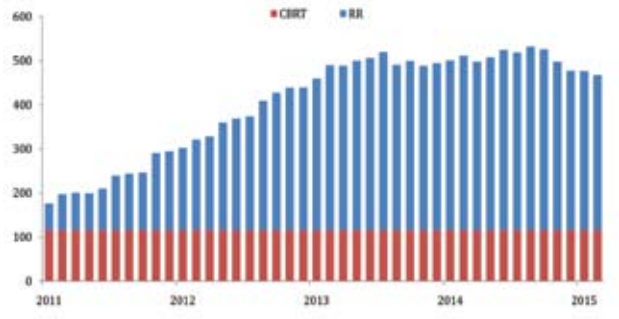
CBRT gold reserves has increased from 176 tonnes in 2011 to 467 tonnes in 2015.

However, if you take a closer look at the CBRTs foreign reserves, you will realize that the accumulated gold comes from the gold reserves under ROM.

CBRT gold reserves has increased from 176 tonnes to 467 tonnes.

Gold in Central Bank Balance Sheet

(in tonnes)



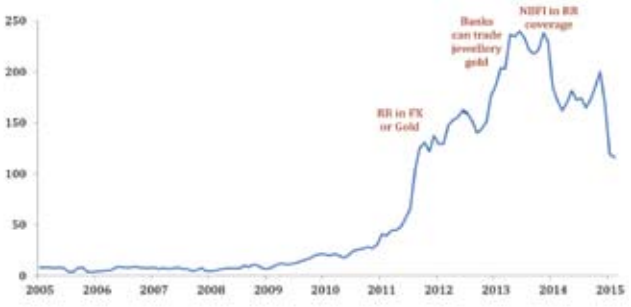
Source: CBRT. *Last Observation : April 8, 2015*

The new mechanism introduced by Central Bank stimulated banks to reach more of gold. Thanks to the new and innovative gold banking products such as gold accounts to trade gold, interest bearing fixed term gold savings accounts, gold-dispensing ATMs and mobile apps gold stored under pillow started to be injected into the financial system. As a result of new regulations and implemantation of new mechanism gold deposits grew more than 200 tonnes.

- First, in September 2011, the CBRT allowed commercial banks to hold some of their TL reserve requirements in FX or in gold.
- Then, in May 2012, the CBRT started to ask banks to hold more FX or gold for each TL of reserves not held in TL by setting reserve option coefficients (ROC) for reserve holding tranches.
- January 2013, BRSA entitled banks to buy & sell jewellery and coin gold.
- At the end of 2013, Non-Bank Financial Institutions (NBFI) have also been included in the reserve requirements coverege

Banks started to accumulate gold in deposit accounts by pulling physical gold in to the financial system and incentivizing gold accounts.

Growth of Gold Deposits (in tonnes)



Source: BRSA, Bloomberg Last Observation : February 2015

Countries with gross national savings to the GDP below 20% are also the ones that do not hold gold reserves. The tool CBRT devised recently may provide insight to these.

Emerging countries with lower level of savings may also utilize from the mechanism.

Central Banks' Gold Reserves (in tonnes)

	Current	A year Ago	% Change
World	29.164	28.989	0,60
Turkey	465	454	2,51
South Africa	114	114	0,05
Mexico	112	112	-0,30
Poland	94	94	0,00
Brazil	61	61	0,00
Argentina	56	56	0,00
Czech Republic	0	0	-3,72
Columbia	0	0	0,00
Hungary	0	0	0,00
Chile	0	0	0,00

Source: Bloomberg *Last Observation : April 2015*

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

2015第三届中国（招远）国际黄金矿业峰会
China (Zhaoyuan) Gold Mining Forum 2015

2015.8.28-30 > Zhaoyuan, Shandong province, China

Hosts: China Gold Association World Gold Council

About the Forum

With 10 years' resource integration, mergers and reorganization and industry upgrading, China gold industry has stepped into a new developmental stage. China gold industry has the honor to be the biggest gold producer and consumer in the world. With the development of gold industry, gold technology made tremendous achievements. Meanwhile, the gold industry confronts with new challenges, the scientific and technological progress and industrial upgrading have been put forward higher requirements, therefore, accelerating the connection and cooperation with global industry is in grand need for gold industry.

China (Zhaoyuan) Gold Mining Forum 2015 focuses on the technology innovation of gold prospecting, mining, smelting, environmental protection, forecasting the development trend of gold science and technology, promoting science and technology research and development and application, strengthening global connection and cooperation, boosting the development of gold industry.

Invited Speakers including:

- Song Xin, President, China Gold Association
- Aram Shishmanian, CEO, World Gold Council
- Representatives from China Government Authorities
- Wang Jiahua, Vice President, China Mining Association
- Sun Chuanyao, Academician, Chinese Academy of Engineering
- Sun Jiping, Vice President, China Mining and Technology University
- Wu Aixiang, Vice President, Beijing Science and Technology University
- Liu Bin, Vice General Manager, China National Gold Group Corporation
- Yu Changqing, President, Shandong Gold Group
- Chen Jinghe, President, Zijing Mining Group
- Lu Dongshang, President, Zhaojin Group
- Zhao Jinju, President, Zhongkuang Group
- He Bin, President, Yunnan Gold Group
- Wei Huanan, President, Changchun Gold Research Institute

And the leading gold mining companies and technologies service providers





Program at a glance

	Morning	Afternoon	Night
Aug.27	Registration		
Aug.28	Opening and Keynote Forum	Frontier Technology Session and Technology Equipment Presentation	Russia Gold Investment Dinner
Aug.29	Top Miners Technology Innovation Forum	Safety Mining Producing Session and China Gold Year Book Lanuch	Gold Night Awards Gala

Price

Sponsorship: CNY150,000-CNY30,000. Benefits information is on request.
Delegate Fee: CNY4,000 with 3 nights accommodation
Booth Fee: CNY7,000 with one Delegate pass and 3 nights accommodation
Presentation: CNY15,000 with one Speaker pass and 3 nights accommodation
Print Advertisement: CNY5,000 for one page in the Forum Guide

Contact

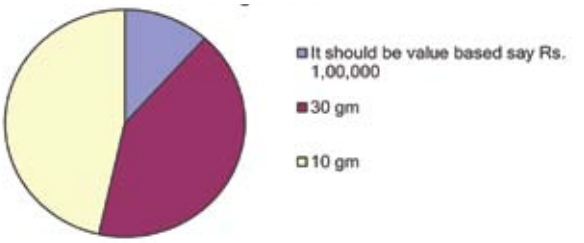
Registration Deadline:
July. 31, 2015
Tel: +86 10 57740455
Fax: +86 10 52283933
Email: info@china-gold.org.cn

Feedback and Suggestions on Draft Gold Monetization Scheme

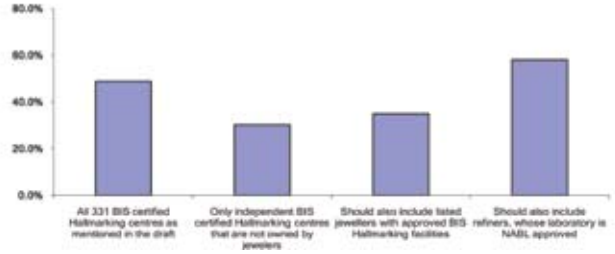
Bullion Bulletin conducted a nationwide survey on the draft guideline of Gold Monetization Scheme released by the government. Total 43 industry leaders participated in the survey. The respondents comprised participants from across the value chain that includes jewellers, nominated agency, bullion dealer, refiner, assayer and hallmarking agency, global gold research and consultancy houses, trade intermediaries, commodity exchange.

Response is summarised below.

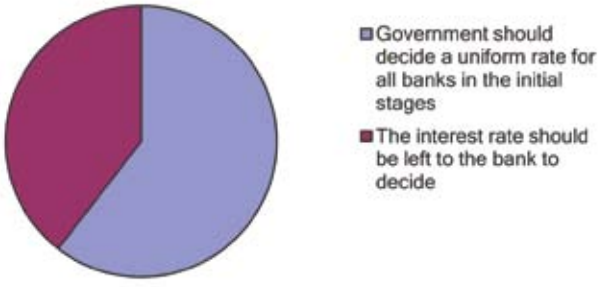
Q1. What should be the minimum quantity of gold that a customer can bring under GMS?



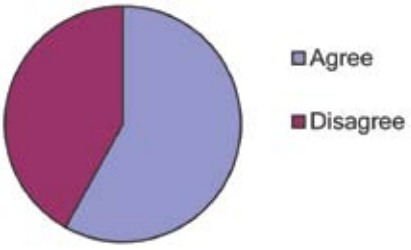
Q2. Who should be designated as Purity Testing Centres?



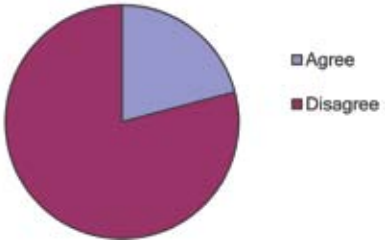
Q3 Interest payment to customer on the gold deposited



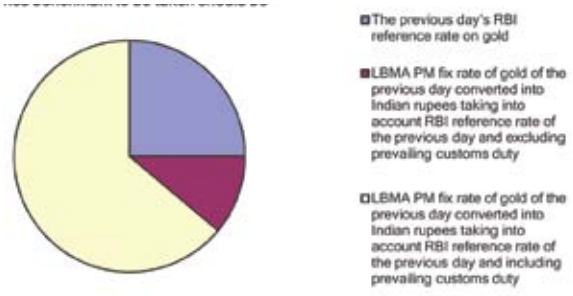
Q4. Redemption of deposit 'in gold' be made for gold deposits of above a certain size only- say 100 gm to overcome operational challenges



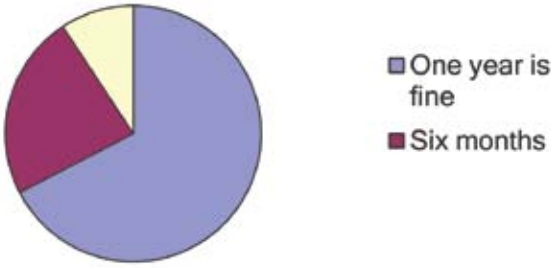
Q5. Redemption under the scheme should only be in cash



Q6. While redemption in cash option is availed, the appropriate price benchmark to be taken should be



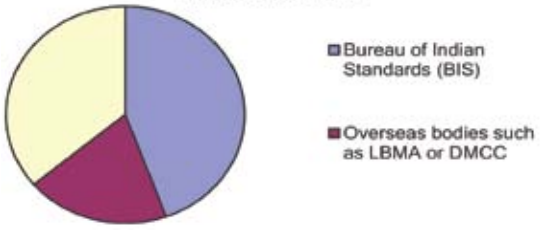
Q7. Minimum tenure of deposit under the scheme should be



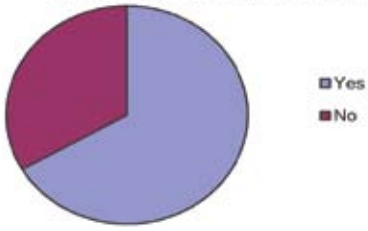
Q8. Should refineries identified under the scheme be accredited?



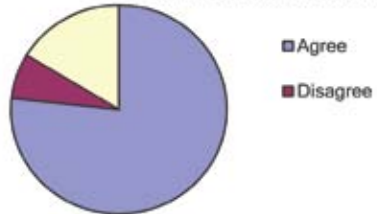
Q9. If, yes for question 8, who should accredit the bullion refineries?



Q10. Should bank be allowed to sell gold collected under the scheme to generate foreign currency



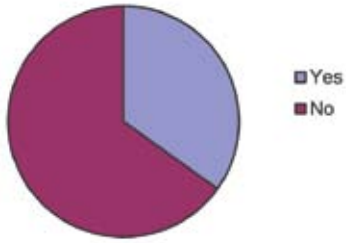
Q11. It is must that gold mobilized under the scheme be considered as a part of CRR/SLR of the bank, so as to make the scheme attractive



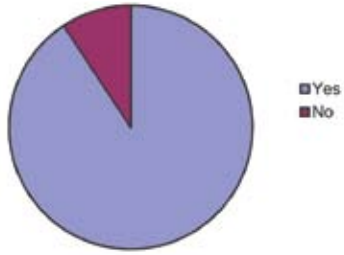
Q12 Should there be a cap on maximum quantity of gold that can be deposited?



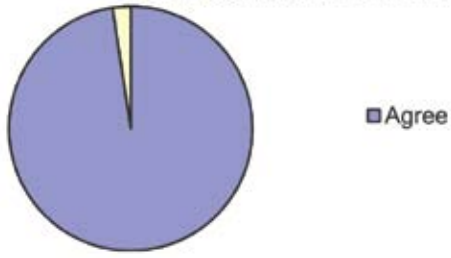
Q13 Should KYC norms and documentation requirement be based on quantum of gold deposited?



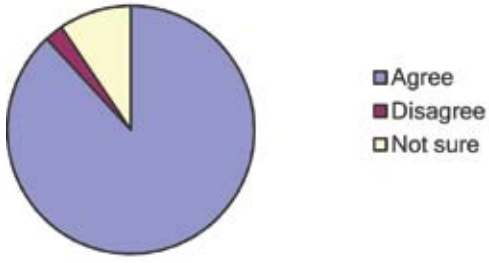
Q14. Can a depositor be permitted to hold the gold deposit certificate in demat form?



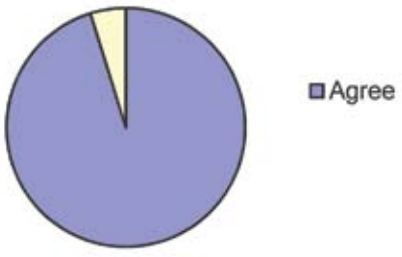
Q15 Government must facilitate tax-free movement of gold from purity testing centres to refiners to bank vaults across various states for ensuring lower transaction costs and overall success



Q16 A central online registry should be established to monitor and manage information, material flow, ownership details, stock positions at refiners and so on



Q17. BIS or any other agency should come up with a India Good Delivery Standards



Q18. In your opinion what is the interest rate (% pa) that a depositor should get?
Most responses in the range of 3-4%

Q 19. What is the interest rates (% pa) that banks should charge while lending the GMS gold to the jewelers?
Most responses in the range of 5.5-6.5%.

Q 20. If you have any other suggestion to make the GMS successful, please mention

- Standardise the gold bar that is produced. Make the complete process digitised thereby bringing full transparency
- Custom duty at the time of GMS should be applicable for replenishment of gold for banks or other agency.
- NBFC's & jewellers should also be allowed to take GMS.
- No return of gold. Only return by cash and income tax department should not ask for source of gold to make it successful
- Permit bearer bonds and freely tradable. The bond should be like currency at any banks counter
- Jewellers should be accredited by BIS and government agencies and they should be the collection centres
- Make VDS for first six months and then mandatory KYC
- It's important to give good interest rate to depositor because jewellery has to be melted and making charges are high. So depositor might think again.
- The demat certificate should be transferable/ pledgeable / divisible
- Facility to get back same form (Jewellery) of gold as given.
- They should come up with accreditation at all levels

NEWS

NCDEX launches Gold futures contract



NCDEX, the leading commodity exchange, today announced the launch of Gold futures contract that will provide a transparent and credible price benchmark to the Indian consumer. For the first time, consumers, jewellers, traders, banks, and gold refiners will get a scientific and rigorous assessment of the daily premium for gold prevailing in the physical market to derive the final wholesale price.

To make it possible, NCDEX has introduced an independent gold premium polling mechanism that will give the Indian market an unbiased price bench mark for the first time. The Gold premium benchmark will be used for arriving at the settlement price of the Gold futures contract. This contract will be available for trade from May 21, 2015.

"NCDEX is a strong supporter of information transparency in the commodities markets and has pioneered highly innovative methods of price discovery . With newly launched Gold futures contract, we hope to bring much-needed clarity into the way gold is priced in India," said Samir Shah, MD & CEO. NCDEX-polled Gold premium will connect the prevailing international price for gold with the wholesale value of gold kilobars in India, the world's largest consumption market. This premium – sometimes a discount - will reflect the logistical cost and market fundamentals affecting gold in India. The daily value of the premium or discount, in US dollars per troy ounce, will be based on an independent unbiased survey of banks, traders and dealers in various Indian cities for a kilobar of fine gold quality 995, available in Ahmedabad.

The new contract will improve price discovery and further extend the NCDEX bullion suite, that includes GoldHedge and SilverHedge, to meet the growing industry demand to effectively manage their price risk. It is a deliverable gold contract with the final settlement price calculated by taking into account the international price of gold, currency exchange rate, polled Gold premium and taxes.

Source: www.diamondworld.net

Electronic Waste: A Small but Growing Source of Secondary Supply to the Precious Metals Market



Erica Rannestad

There is an estimated 800,000 metric tonnes of capacity to smelt e-waste ash. GFMS estimates that around 460,000 metric tonnes of e-waste ash was smelted in 2014, which suggests a 57% capacity utilization rate for the year.

The generation of electronic waste has increased significantly over the past few decades, giving way to increased need for greater management of this waste stream. The regulatory environment has become increasingly stringent, particularly in the European Union and the United States, home to the largest sources of e-waste globally. Western Europe and the US accounted for 40% of the 42 million metric tonnes of e-waste generated in 2014, according to a report produced by the United Nations University. As a result, more end-of-life (EOL) electronics are being recycled. GFMS estimates that recycling rates have increased from 14% of total e-waste generation in 2000 to 27% in 2014. This means that more raw materials used in the fabrication of these EOL electronics are re-entering commodities markets as secondary supply. This is especially true for precious metals, whose relatively higher value-to-volume ratio make recycling of precious metals-bearing e-scrap economically attractive.

At present, the most common precious metals-bearing electronics entering the recycling circuit are computers and cell phones. Major components of these electronics containing precious metals include printed circuit boards, SIM cards, connectors, brackets and solders. GFMS estimates that 2.7 million metric tonnes of computer and cell phone scrap was generated last year. This volume amounts to a mere 6% of total e-waste generated. Scrap generation of these products has increased at a 10% compounded annual growth rate (CAGR) since 2000. Meanwhile the volume of computers and cell phones recycled has increased at a 15% CAGR. This faster rate of growth is a testament to the impact of more stringent e-waste regulation, but also to improving recycling economics due to higher commodities prices and better recycling technology.

When e-waste is generated, the scrap will go to landfill, be recycled for its raw materials value, or refurbished and reused by a second owner. At present, around 35% to 45% of global e-waste generated is actually collected by recyclers and/or reburbishers. This low collection rate suggests the scope for growth in recycling is significant going forward, as governments and industry push toward reducing the flow of recyclable waste to landfill. An estimated 16% of e-waste collected goes to refurbishers and as mentioned earlier, about 27% is estimated to be entering the recycling circuit. In recent years, the growth in recycling has been curbed by rapid growth in the refurbishment market. This is particularly true in the United States where reuse is increasingly being given more focus. E-scrap entering the recycling circuit first goes to a disassembler who will separate electronic

components by value profile. The precious metals-bearing components will then be shredded to reduce the size of the scrap feed. This material will then be sent to a recycler who will incinerate the feed, further reducing the particle size and homogenizing the material. The output from the incinerator, called ash, will then be shipped to a smelter. There is an estimated 800,000 metric tonnes of capacity to smelt e-waste ash. GFMS estimates that around 460,000 metric tonnes of e-waste ash was smelted in 2014, which suggests a 57% capacity utilization rate for the year. E-waste feedstock to precious metals smelters increased by 19% in 2014 and has increased at a 13% CAGR since 2000, nearly in line with the 15% CAGR of recycling volumes of computer and cell phone scrap.

Most of the smelters worldwide that accept e-scrap feedstock started out as copper ore smelters, building capability to handle e-scrap in the 1990s or early 2000s. The other e-scrap smelters are highly specialised in precious metals product fabrication. Most of the smelting capacity, around 55%, is located in Western Europe. The balance is mostly in Canada, Japan, and South Korea.

GFMS estimates that 3.7 million ounces of precious metals were recovered from recycled computers and cell phones in 2014, a 5% increase over the previous year and more than five times the volume recovered in 2000.

GFMS estimates that 3.7 million ounces of precious metals were recovered from recycled computers and cell phones in 2014, a 5% increase over the previous year and more than five times the volume recovered in 2000. This volume only represents around 2% of precious metals scrap supply to the market in 2014. Approximately 10% of last year's total volume was gold, 84% was silver, and 6% was palladium. Additionally, 97% of precious metals recovered came from computer scrap while the balance came from cell phone scrap. While there are other EOL electronics with precious metals value, GFMS has focused on computers and cell phones as these two products are the most sought after EOL electronics among precious metals recyclers at present due to their positive recycling economics. Most precious metals e-scrap recyclers focus on these sources of feedstock while receiving additional material from recyclers that focus on other electronics for their bulk metals value. That said it should be noted that total precious metals recovered from e-waste may be higher than the 3.7 million ounces coming from computers and cell phones.

Going forward, there are many positive factors that point toward rising precious metals supply from e-waste recycling. The ongoing diversion of e-waste from landfill to the recycling circuit, better and more profitable recycling and smelting technologies, more stringent regulations over e-waste management, and increasing concern about mine supply constraints all point toward increased e-scrap recycling. Negative factors, expected to weigh on scrap supply growth, include increasing diversion of potential recycling volumes to the refurbishment market, consumer electronics miniaturization which reduces to an extent the per unit precious metals content, and medium-term commodities price weakness. GFMS expects precious metals supply from recycling of computers and cell phones to increase at a 0.3% CAGR from 2014 through 2019. This reduced growth rate relative to the past 14 years is mostly due to lower precious metals content in computers and cell phones that are expected to enter the recycling circuit in the medium term.

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Bio:

Erica Rannestad is a Senior Precious Metals Analyst on the GFMS team at Thomson Reuters, specializing in the development of demand and scrap statistics and forecasts. Erica is the first North American-based analyst for GFMS, managing and executing GFMS' primary field research program in the region.

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

डोरे की नयी निर्बाध सप्लाई के लिये फायनान्स महत्वपूर्ण

महेन्द्र नाइक, प्रेसीडेन्ट तथा सीईओ, फर्स्ट गोल्ड इन्टरनैश्नल, ने डीपीएमसी 2015 के दौरान बुलियन बुलेटिन के साथ बातचीत मे गोल्ड माइनिंग उद्योग के बदलते परिवेश, अफ्रीकी महाद्वीप मे इसके विकास, नये गोल्ड माइन सप्लाई के लिये नये फायनान्स की जरुरत तथा अन्य महत्वपूर्ण विषयों पर बातचीत की। सारांश.....



पिछले 20-25 सालों के दौरान गोल्ड माइनिंग उद्योग मे आपने किस तरह का परिवर्तन देखा है? यह किस तरह से एक स्थान से दूसरे स्थान की ओर जा रहा है?

यह काफी दिलचस्प सवाल है। माइनिंग उद्योग निश्चित रुप से अब काफी ग्लोबल तथा अंतराष्ट्रीय हो गया है। कनाडा व टोरन्टो से शुरु होकर जो कि विश्व मे गोल्ड माइनिंग फायनान्स का सबसे बड़ा केन्द्र है, हमने कई कनाडियन तथा नार्थ अमेरिकन कंपनियों को इससे बाहर जाते भी देखा है। जो कि साउथ व सेन्ट्रल अमेरिका, अफ्रीका, रशिया तथा सुदूर पूर्व तक फैले हुये है। गोल्ड माइनिंग उद्योग अब पहले से ज्यादा वैश्विक बन चुका है, जो कि एक महत्वपूर्ण परिवर्तन है। एक और महत्वपूर्ण परिवर्तन यह है कि पहले तरह अब बड़े ज्यादा अयस्क भंडार वाले टीले या पुरानी खदाने नही बचे है। इन सभी का उत्खनन हो चुका है इसलिये अब नयी खदाने भी माइनरों के लिये चुनौतियां है। उन्हे अब और ज्यादा नये अयस्क भंडारों की खोज करनी होगी तथा उन्हे कमर्शियल खनन के लिये उपयुक्त बनाना होगा। माइनिंग कंपनियों के लिये एक और मुख्य चुनौती यह है कि सभी देश माइनिंग इन्फ्रास्ट्रक्चर के लिहाज से उतने विकसित भी नही है। कई देशों मे माइनिंग से संबंधित कोई अन्य उद्योग भी देखने को नही मिला है जो कि अपने आप मे एक तरह की चुनौती है। नयी माइनों के विकास की लागत काफी ज्यादा होती है, साधारणतया, इन देशों मे माइन का अनुभव रखने वाले मजदूरों की उपलब्धता काफी कम होती है। इन सबके बावजूद काफी माइनिंग कंपनिया इन सभी चुनौतियों का सामना सफलता पूर्वक कर पाने मे सक्षम हो सकी है।

यदि हम विशेषरुप से अफ्रीकन क्षेत्र की बात करें, क्या आपकों लगता है कि यहां पहले से ही सही तरह का इन्फ्रास्ट्रक्चर विकसित हो चुका है? या फिर इन्हे कनाडा जैसी सुविधा पाने के लिये और ज्यादा विकास करने की आवश्यकता है?

यहां का उद्योग काफी लंबे समय से है, यहां के भिन्न–भिन्न क्षेत्रों मे अलग–अलग तरह का विकास देखने को मिला है। अफ्रीका मे विशेषकर दक्षिणी भाग मे माइनिंग का उद्योग पहले से ही काफी विकसित रहा है इसलिये यहां संबंधित इन्फ्रास्ट्रक्चर तथा सेवायें मौजूद है; सभी प्रकार के सप्लायर, उपकरण, अनुभवी कर्मचारी तथा क्षेत्र उपलब्ध है। लेकिन मौजूदा खदानों के विस्तार तथा नई माइनों की स्थापना, विशेषकर पश्चिमी अफ्रीका मे फ्रेन्च अफ्रीका, से हम अब कुछ परिवर्तन देखने को मिलेगा। अब इन क्षेत्रों मे ज्यादा से ज्यादा इन्फ्रास्ट्रक्चर का विकास संबंधित सेवाओं की उपलब्धता देखने को मिल रही है। बुरकीना फासों जैसे देशों मे सात से आठ गोल्ड माइनिंग कंपनिया कार्यरत है; 20 से 25 साल पहले यहां केवल एक और वह भी काफी छोटे स्तर की खदान हुआ करती थी। इसी तरह से सेनेगल मे तथा माली मे भी छह से ज्यादा खदाने अभी संचालन मे है। ये क्षेत्र निश्चित रुप से या तो विकसित और या फिर माइनिंग मे विकास कर रहें है।

इन्हे अभी काफी लंबी दूरी तय करनी है लेकिन यहां लोग, सरकार, अंतरराष्ट्रीय सप्लायर मौजूद है जो कि यहां संचालन कर रहें है और माइनिंग के क्षेत्र तथा माइनिंग कंपनियों इन देशों मे निवेश भी कर रहें है। इन देशों मे काफी संभावनायें मौजूद है तथा नये माइन क्षेत्र जो कि उत्पादन के लिये तैयार हो रहे है मे बेहतर अवसर मौजूद है

निवेश के लिहाज से दक्षिण अफ्रीका कितना आकर्षक देश है?

यहां अवसर काफी अच्छे है। पश्चिमी अफ्रीका मे काफी आकर्षक अवसर मौजूद

है। माइनिंग कंपनियों के संदर्भ से यहां कि खदानों को और भी बड़ा होना चाहिये। अब १ या २ मिलियन औंस का संसाधन भंडार होना पर्याप्त नही है। अब २ से ३ मिलियन औंस का संसाधन कुछ हद तक बड़ी कंपनियों के लिये बेहतर होगा जो कि उनके द्वारा किये गये बड़े निवेश का समर्थन कर सकता है। इस तरह से यहां अवसर तो मौजूद है लेकिन पूंजी की भी उतनी ही आवश्यकता है। वर्तमान मे नार्थ अमेरिका के लिहाज से माइनिंग के लिये कोई केपीटल बाजार मौजूद नही है इसलिये यहां के उद्योग दूसरे केपीटल स्त्रोतों की तलाश मे है।

यह बात तय है कि भंडार मौजूद है लेकिन इसका कमर्शियल दोहन करने के लिये काफी बड़ी मात्रा मे पूंजी तथा ज्यादा समय की आवश्यकता है।

कॉम्पीटीटिवली डोरे सोर्सिंग शब्द मे कॉम्पीटीटिव का क्या अभिप्राय है?

रिफायनर के लिहाज से डोरे की उपलब्धता उतनी पर्याप्त नही है जितनी रिफायनिंग की क्षमता तथा गोल्ड की मांग मौजूद है। माइनर के लिहाज से, उन्हे अपना डोरे बेचने मे कोई कठिनाई नही हो रही है क्योंकि इसका तैयार बाजार आसानी से उपलब्ध है। इस कम्परेटिवनेस को एप्रोच करने के लिये आपको अतिरिक्त फायनान्स तथा पूंजी के लिये दरवाजे खोलने की आवश्यकता है। एक तरफ आपके पास रिफायन, बुलियन डीलर तथा बड़ा भौतिक बाजार उपलब्ध है और दूसरी तरफ आपके पास रिफायनिंग कंपनियां है जिनके पास पर्याप्त पूंजी नही है। इसलिये जब आप इन दोनों को साथ लायेंगे तथा उत्पादन को बढ़ाने या नया डोरे गोल्ड उत्पादन करने के लिये पूंजी की आपूर्ति करेंगे जो कि रिफायनर व बुलियन डीलर के लिये जरुरी है, मेरे ख्याल से यह समाधान हो सकता है। मै यह नही कहता है कि यह संपूर्ण समाधान है लेकिन यह एक तरीका है जिससे कि हम डोरे की कॉम्पीटीटिव सोर्सिंग कर सकते है। यहां एक तरफ काफी मांग है लेकिन दूसरी तरफ पूंजी की कमी है। हां यह बात है कि नये अयस्क भंडार खोजने मे काफी चुनौतियां है लेकिन मुझे लगता है कि यहां पर्याप्त अवसर मौजूद है और यदि यहां पर पर्याप्त पूंजी भी उपलब्ध हो जाती है तो उत्पादन मे निश्चित रुप से बढ़त देखने को मिलेगा।

इसमे क्या कनाडा अग्रणी भूमिका निभा रहा है?

कनाडा के पास माइनिंग का पुराना इतिहास तथा अनुभव मौजूद है। यहां के लोग माइनिंग समझते है तथा इसके लिये बाजार से किस तरह से इक्विटी तथा डेट के रुप मे पूंजी उगाहना चाहिये भी जानते है। कनाडियन तथा नार्थ अमेरिकन अब अफ्रीका तथा विश्व के अन्य देशों से कारोबार करने के आदि हो चुके है। इसलिये इनके पास मौजूद वृहज जानकारी तथा अनुभव निश्चित रुप से सहायक साबित होगा।

एशिया मे काफी रिफायनर आ रहें है। अगर हम माइन से सप्लाई की जा रही मात्रा तथा मौजूदा रिफायनिंग क्षमता की तुलना करें तो इसमे काफी अंतर देखने को मिलेगा। इन रिफायनरों को किसी प्रकार डोरे की कॉम्पीटीटिव सोर्सिंग करने की आवश्यकता है। इस क्षेत्र मे रिफायनरों के लिये क्या समाधान है?

मेरे ख्याल से समाधान यह कि माइनिंग तथा इसकी जरुरतों को बेहतर ढंग से समझा जाये। सबसे पहले मै यह समझना चाहता हूं कि किस तरह से रिफायनरों की ओवर केपेसिटी को तय किया जाये यहां पर निश्चित रुप से सप्लाई की ओर से पर्याप्त समझ उपलब्ध नही है इसलिये हमे इस अंतर को पाटने की जरुरत है। साथ ही हमे पूंजी के लिये राह बनाने की आवश्यकता है। दोनो पक्ष एक दूसरे को बेहतर ढंग से समझ सकते है और मिलकर कार्य कर सकते है। इसलिये मुझे लगता है कि यह वर्तमान समस्या के काफी हिस्से का समाधान कर सकता है।

आपकों इस कॉन्फ्रेन्स मे आकर कैसा लग रहा है?

मुझे यहां आकर अच्छा लगा। मुझे माइनिंग की समझ है लेकिन हमने वास्तविकता मे भौतिक कारोबार, रिफायनिंग कारोबार, बुलियन कारोबार को समझने के लिये समय व प्रयास नही किया है। इसलिये इस कॉन्फ्रेन्स मे आने तथा लोगो के साथ मिलकर काफी अच्छा लग रहा है। इस कॉन्फ्रेन्स मे मुझे आमंत्रित करने के लिये मै आपका आभार प्रकट करता हूं।

■■■

Bullion - Data & Statistics

Gold Spot Market, International (Per Troy Ounce)			
Spot gold	**01st May**	**29th May**	**% Change**
Australia (AUD)	1500.35	1555.09	3.58
Britain (GBP)	778.02	778.10	0.01
Canada (CAD)	1432.15	1482.33	3.44
Europe (Euro)	1051.73	1082.74	2.91
Japan (Yen)	141565.80	147763.20	4.28
Switzerland (CHF)	1098.29	1119.46	1.91
USA (USD)	1177.70	1189.90	1.03

Silver Spot Market, International (Per Troy Ounce)			
Spot Silver	**01st May**	**29th May**	**% Change**
Australia (AUD)	20.55	21.90	6.37
Britain (GBP)	10.65	10.93	2.65
Canada (CAD)	19.62	20.84	6.05
Europe (Euro)	14.40	15.22	5.53
Japan (Yen)	1939.46	2075.74	6.79
Switzerland (CHF)	15.04	15.74	4.53
USA (USD)	16.13	16.73	3.65

Monthly Exchange Data (Gold) (From May 01-29)						
Exchange	**Commodity**	**Open**	**High**	**Low**	**Close**	**% Ch.**
MCX	Gold Aug'15	26876.00	27910.00	26679.00	27125.00	0.77
NCDEX New	Gold July'15	24271.00	25370.00	24271.00	24536.00	0.36
COMEX	Gold Aug'15	1184.00	1232.80	1170.00	1189.80	0.54
TOCOM	Gold Aug'15	4584.00	4734.00	4510.00	4727.00	3.09

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

Fortnightly Exchange Data (Silver) (From May 01-29)						
Exchange	**Commodity**	**Open**	**High**	**Low**	**Close**	**% Ch.**
MCX	Silver July'15	37239.00	40574.00	36710.00	38349.00	3.19
NCDEX	Silver July'15	37901.00	40664.00	37737.00	38497.00	1.54
COMEX	Silver July'15	16.15	17.78	15.90	16.70	3.34
TOCOM	Silver Aug'15	62.70	67.70	62.00	66.50	5.09

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

Gold Spot Market, India			Rs/10gm
Spot Gold	**01st May**	**29th May**	**% chg**
Delhi	27000.00	27275.00	1.01
Mumbai	26950.00	27225.00	1.02
Bangalore	27177.00	27254.00	0.28
Chennai	27090.00	27280.00	0.70
Kolkata	27155.00	27335.00	0.66
Hyderabad	27000.00	27280.00	1.03
Ahmedabad	26762.00	26843.00	0.30

Currency Change (Monthly)		
	01st May	**29th May**
EUR/USD	1.1201	1.0988
USD/JPY	120.17	124.14
USD/INR	63.49	63.83
USD/AUD	1.2736	1.3082
USD/GBP	1.5141	1.5291

Silver Spot Market, India			Rs/kg
Spot Silver	**01st May**	**29th May**	**% chg**
Mumbai	37800.00	39000.00	3.13

Bullion - Data & Statistics

LONDON FIXING (Per Troy Ounce)										
	GOLD AM			GOLD PM				SILVER		
DATE	USD AM	GBP AM	EUR AM	USD PM	GBP PM	EUR PM	DATE	USD CENTS	GBP PENCE	EUR CENTS
05/01/2015	1179.00	771.04	1049.24	1175.95	773.74	1044.41	05/01/2015	16.17	10.58	14.35
05/05/2015	1187.40	785.59	1070.94	1197.00	789.46	1075.83	05/05/2015	16.42	10.85	14.76
05/06/2015	1191.25	785.22	1063.14	1194.25	782.91	1053.92	05/06/2015	16.41	10.78	14.60
05/07/2015	1183.00	776.94	1039.84	1187.00	781.81	1053.24	05/07/2015	16.35	10.74	14.42
05/08/2015	1185.25	767.46	1054.26	1186.00	769.57	1056.19	05/08/2015	16.31	10.57	14.54
05/11/2015	1184.75	768.37	1062.20	1189.25	764.48	1065.95	05/11/2015	16.39	10.59	14.69
05/12/2015	1184.45	755.49	1051.07	1191.50	761.10	1058.90	05/12/2015	16.46	10.50	14.63
05/13/2015	1193.00	761.55	1062.43	1210.50	770.81	1068.05	05/13/2015	16.65	10.62	14.84
05/14/2015	1214.75	768.91	1063.59	1225.00	775.96	1074.84	05/14/2015	17.40	11.02	15.22
05/15/2015	1216.30	772.95	1071.23	1220.50	774.59	1073.56	05/15/2015	17.25	10.98	15.19
05/18/2015	1228.15	784.12	1079.41	1223.50	780.84	1078.54	05/18/2015	17.70	11.29	15.50
05/19/2015	1219.65	785.31	1090.24	1214.30	782.54	1088.60	05/19/2015	17.40	11.22	15.52
05/20/2015	1206.75	777.57	1085.33	1210.50	777.73	1090.20	05/20/2015	17.07	11.00	15.39
05/21/2015	1209.60	772.60	1084.36	1205.00	768.75	1082.39	05/21/2015	17.18	10.94	15.39
05/22/2015	1211.00	772.96	1083.45	1204.10	776.28	1092.60	05/22/2015	17.25	11.03	15.42
05/26/2015	1194.00	774.77	1095.56	1185.40	771.04	1087.30	05/26/2015	16.79	10.89	15.40
05/27/2015	1187.85	770.64	1088.07	1185.85	773.36	1092.14	05/27/2015	16.66	10.83	15.31
05/28/2015	1189.45	775.94	1087.08	1185.00	775.65	1087.81	05/28/2015	16.68	10.91	15.26
05/29/2015	1190.40	778.24	1083.86	1191.40	778.90	1082.65	05/29/2015	16.67	10.94	15.21

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