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Dear Readers,

Jewellers finally got some respite as government rolled back 1% tax collection at sources (TCS) on cash purchase of gold jewellery worth Rs. 2 lakhs. Now, it has been set at earlier Rs. 5 lakh for gold jewellery and Rs. 2 lakh for gold bullion. The business has been stalled totally since the government put 1% excise duty on jewellery in Union Budget. It is very unlikely that excise duty will be rolled back, but increase the threshold limit to Rs. 5 lakh is certainly a welcome move by the government to help the industry to return to normal.



The announcement came at a time when monsoon is about to hit Kerala coast in few days and IMD predicted that there will be above normal rainfall this year. India received less rainfall than normal last two years which impacted the farm output. Rural India is the largest buyer of gold, and if monsoon appears as is expected, rural income will certainly increase and that will create more demand for gold jewellery.

In inside pages, we have presented view points of global experts on various issues circling the global gold market. Somasundaram P R, MD, WGC, opines that changes happening in Indian market are big changes and industry needs to adopt it. He also believes that India must produce some gold, albeit whatever the quantity, in the sense that local supplies will eradicate all the spurious arguments that gold is a foreign currency and burden to economy. Jeffrey Rhodes, CEO, Zee Gold DMCC, believes that disparity in market place distorts business environment. He is especially critical on difference in rules between refiners in DTA and EFZ in India. Gerhard Schubert, Schubert Commodities DMCC, feels that gold should be exempted from VAT net in UAE. Philip Newman, Director, Metals Focus, Cameron Alexander, Thomson Reuters GFMS, Frederic Panizzutti, CEO, MKS Precious Metals DMCC are all bullish in gold, while Tony Dobra, CEO, Baird & Co. sees physical gold demand is returning to untraditional market like UK. Thomas Scaria, from Joyallukkas, observes high duty in gold in India is giving lot of incentives to Dubai jewellery trade.

Foretell Business Solutions Pvt. Ltd. has announced the dates of 13th India International Gold Convention (11-14 August, Jaypee Palace Hotel, Agra). The expert committee of the convention has set 'Gold is India's DNA' as the theme of the conference. The discussion topics chosen are highly relevant at current context of the market in the sense that all stakeholders related to gold supply chain – be it foreign supplier banks, nominated banks, nominated agencies, refiners, bullion dealers, jewellers, logistic service providers, assaying and hallmarking centres, regulators, industry bodies, commodity exchanges – could participate and engage into discussions towards making the industry better and bigger. Playing the right chords can only create the perfect music.

Best wishes

Debajit Saha
Editor

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Industry should Start Adopting New Policy Changes Happening around It

Somasundaram P R, Managing Director-India, World Gold Council, opines that the recent policy changes should be considered as reality and Industry should start adopting this new reality. He also argues that jewellery centres could be utilized as processing centre for Pan Card and government should introduce the alert system while customer is using the Pan Card in jewellery store because the buyer is sharing the confidential details. Excerpts...



The excise issue has disappointed the industry as they believe that excise personnel will harass them, though government has promised that they will not. We should not comment on the reaction or mode the jewellery industry chosen to protest against the imposition of excise. As far as the policy is concerned, we believe that 1% excise duty should not be an issue and we also believe government's view that this is nothing but the prelude to the introduction of Goods and Services Tax (GST). It is important that since industry has grown so big that they should start adopting the new reality. These are the good changes, but I guess these are big changes for the industry and they need to adopt it.

We have been seeing lot of changes in Indian market. What is your observation on the same?

We have been seeing changes taking place since 2015. Government discussed with the industry participants and finally on 5th of November Hon'ble Prime Minister Mr. Narendra Modi launched three schemes. Although people are saying schemes are not working, but in our view, it is on the initial stage and all the three schemes will

definitely succeed in the long run. On the other hand, very recently government has announced few more measures like mandatory Pan Card for buying jewellery above \$3000, or Rs. 200,000 and the government also imposed 1% excise duty on jewellery in the Union Budget 2016-17. The excise issue has disappointed the industry as they believe that excise personnel will

harass them, though government has promised that they will not. We should not comment on the reaction or mode the jewellery industry chosen to protest against the imposition of excise. As far as the policy is concerned, we believe that 1% excise duty should not be an issue and we also believe government's view that this is nothing but the prelude to the

... government should introduce alert system while using the Pan Card in a jewellery store. It is because the buyer is sharing the details of confidential information honestly with the jeweler. But later on, if that information is used dishonestly, then there would be an issue. So, sms alert system might be good option to making the system really robust.

introduction of Goods and Services Tax (GST). It is important that since industry has grown so big that they should start adopting the new reality. These are the good changes, but I guess these are big changes for the industry and they need to adopt it.

Pan Card has been an issue for long time since jewelers always say that farmers do not have the Pan Card and they are the largest purchaser of gold. Do you believe that along with Pan Card, some other identity proof (like Aadhar Card) could be accommodated while purchasing the jewellery?

We have given some views on that. First of all, you can not argue that people have to buy with Pan Card, because gold is an important investment vehicle in the country and we as Council want gold to be part of it. The question is Pan Card details shared with unregulated sector like jewellery store certainly poses some risk, because the information is very confidential. This raises the issue and also to the

penetration of Pan Card. Both we have presented to the government. But what we believe that industry should be used to increase the penetration of Pan Card. For example, every jewellery centre could be used as processing centre for Pan Card and they could be paid for that. In next three years, industry could say that we will increase the penetration of Pan Card from 24 crore to 50 crore and that is the good way. In the meantime, probably we can look at higher limit of using the same for purchase of the jewellery. If there is no Pan Card, there should be other means where jewelers could ask the buyer to fill the application form to get the details of the buyer. It is not about they can not buy without Pan Card and I feel industry should adopt. But important issue is government should introduce alert system while using the Pan Card in a jewellery store. It is because the buyer is sharing the details of confidential information honestly with the jeweler. But later on, if that information is used dishonestly, then

there would be an issue. So, sms alert system might be good option to making the system really robust.

The last tranche of Sovereign Gold failed to attract the buyer. The high price was the issue?

This is the nature of thing – it evolves with time. It is not like an IPO that at the end of the day we would say it is over or under subscribed and so it is a success or failure. This is sovereign bond, and in a sense we do not support it because it is not backed by gold. We do believe that government can not carry the risk. Those who invested in the first tranche are already getting good return. But, for

India has the potential to mine gold and this is very important in the sense that the moment the country would start producing something locally, albeit whatever the quantity, all the spurious arguments that gold is a foreign currency or it is a burden in economy will disappear. Mining will also generate lot of jobs.

the last one, I would say that it was in March and this is certainly not time for this kind of product. March is basically for insurance payments and taxes. Secondly, it came at a time when prices jumped suddenly. People are still waiting to see if this price is sustainable or it is a short term blip. Both these combined resulted in poor response in the last tranche. It is a good product, but would be better if at some point of time government backs it with gold.

Some people are suggesting why this bond is coming in tranches – why is this not available 365 days? Is this possible?

I feel this is very much possible. We had given our suggestions on that basis only. But, what I said already, government can not take huge price risk. Already they said that they will issue upto USD two billion. So, if it is not going to be not backed by gold, then government will sit on a huge price risk. So, by its very nature, they can issue only to a limited quantity, which eventually means there is not going to be huge change in the whole process. Secondly, if it is backed by gold, it is like an ETF and you are encouraging people to buy gold and in that perspective, it should be available all 365 days. This is the only way that government could make the product highly successful.

Recently government has taken decision to revive gold mining

... we are ready to extend our help to government to develop gold mines in the country. We have world class miners and experts in our body and any help sought by Ministry of Mines, we are ready to help. Mining is also a state affair. We are ready to help any state government on the issue of bringing new technology to do safe mining and protect environment and so on and so forth.

in the country. Is WGC working with government in this particular subject?

We are not working specifically on that front, but we did have indicated in our report that government should look at mining, rather than putting unnecessary restrictions on imports. They should try and develop the local supply. This is one of the reasons that we said in the gold monetization scheme that it is market driven scheme where people would find gold very attractive and thereby would start depositing gold. Mining is certainly one of the things that we suggested. India has the potential to mine gold and this is very important in the sense that the moment the country would start producing something locally, albeit whatever the quantity, all the spurious arguments that gold is a foreign currency or it is a burden in economy will disappear. Mining will also generate lot of jobs. Moreover, we are looking at Gold Exchange and mining will tremendously help towards developing the same.

You are basically miners' body. Are you ready to extend your help to the government in developing a comprehensive mining industry?

Yes, certainly, we are ready to extend our help to government to develop gold mines in the country. We have world class miners and experts in our body and any help sought by Ministry of Mines, we are ready to help. Mining is also a state affair. We are ready to help any state government on the issue of bringing new technology to do safe mining and protect environment and so on and so forth.



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We are Looking for a Level Playing Field in Indian Market

Jeffrey Rhodes, CEO, Zee Gold DMCC, opines that disparity in market place distorts the market and there is need for level playing field. Disparity in rules between refiners operating in DTA and EFZ in India is distorting the market competitiveness. On the other hand, he believes that UAE authority must think seriously before imposing VAT in jewellery sector in UAE, because it is one of the important sectors of the economy. Excerpts...



Indian government has increased excise duty on gold dore in this year's budget. As you are now part of India's largest refinery (in capacity), what is your response on this?

This is a question of reality that government indeed has increased the duty on refining of gold dore. In fact, we do refining, but that is not the only thing that we do. Here in Dubai we are building a global business. So, we have a global footprint with a local focus. India is one of the important markets in global industry and obviously it is important to

India is one of the important markets in global industry and obviously it is important to us. Probably I would be happier if there is level playing field so that the entire industry could play under the same rules. There is disparity in rules between refiners operating in DTA (Domestic Tariff Area) and EFZ (Excise Free Zone). It distorts the market.

us. Probably I would be happier if there is level playing field so that the entire industry could play under the same rules. There is disparity in rules between refiners operating in DTA (Domestic Tariff Area) and EFZ (Excise Free Zone). It distorts the market. Market circumstances in India and Dubai are very much different. I have seen premium and discounts in Dubai market in kilobars in last twenty years and it is maximum plus or minus two dollars. But, we are seeing a huge discount in Indian market and that is impacting Dubai market as well. Obviously, it will change. What is important that market should return to level playing field?

VAT is going to be introduced in entire GCC region. What is your

observation on this particular issue?

First of all Dubai is the cheapest place in the world to buy gold jewellery. Government has done fantastic job here to grow the industry. I understand the need to impose VAT, but I would urge the government to give a serious thought before imposing VAT in gold sector, because it is one of the important sectors of economy. In my estimate, 85% of tourists coming here go to the gold souq and probably 50% of them buy jewellery. I hope due consideration would be given to the gold sector before imposing VAT on it.

We have seen falling demand of gold in last two years. What was the reason?

I would say world was better place

I would urge the authority to really think seriously that gold is money and not commodity and it is just the substitute of dollar, or dirham or sterling and when banks are fully allowed to operate as bullion banks, only then financial products will be developed. The future of trade in Asia is bullion banking.

in 2014/15 and we had seen the falling demand of gold all across. Today, situation is different. Forget about jewellery, let's see first the ETF. ETF outflow in 2014 and 2015 was total \$11 billion. In three months of 2016, \$11 billion came back to ETF. I strongly believe that jewellery demand will return as well. In a world of negative interest rate, it is better to keep money in gold.

Do you believe gold could hit \$3000/oz in few years time?

I do not believe in extremes. Gold

is the sound money – it is the hard currency. For this year, I am looking at gold price somewhere around \$1375 to \$1400 seeing the volatility in prices. In fact, I strongly believe that one should not buy gold speculatively - it is better if you lose money in gold on the ground that if you invest 10% of your wealth in gold and gold price goes down, it means the rest of the 90% is doing fantastic. Gold should be considered as hedge in portfolio, as wealth insurance. Investors should be ready to pay the premium on gold as insurance; in similar fashion as we insure our car and pray we should not meet with an accident, or do health insurance to remain fit.

Like in India, we see demand of gold jewellery and physical investment bar in Dubai. But, there is no financial product developing. What is the reason?

I agree. First of all, there is no bullion banking either in India or UAE. Bullion banks are all situated in London or New York. So, why is there no bullion bank in either of the location? Why are not these banks coming and developing innovative products to finance the jewellery industry, because in both India and UAE,

jewellery industry is highly profitable business? When the business is profitable, the need there is adequate finance to grow bigger. In that perspective, there is need to develop financial products to support the industry. I would urge the authority to really think seriously that gold is money and not commodity and it is just the substitute of dollar, or dirham or sterling and when banks are fully allowed to operate as bullion banks, only then financial products will be developed. The future of trade in Asia is bullion banking.

According to you, which is the country of opportunity in next few years?

India is certainly the country of opportunity as the economy is expected to grow at high rate. I strongly believe that if India does well, Dubai or UAE equally does well. It is intrinsically linked. Not only me, world is looking at India.

How did you enjoy the conference?

It has been fantastic. I would like to congratulate DMCC and Foretell and of course members of the organizing committee for conducting such a wonderful event.



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Replication of Knowledge Happening in the Market Place

Frederic Panizzutti, CEO, MKS Precious Metals DMCC, commented on the issue of gold is moving from west to east. He believes that east needs to build infrastructure related to gold to really catch up with west. On the price front, he is bullish on gold expecting price to above \$1300/oz by the end of the year. Excerpts...



Commenting on issue of gold is moving from West to East, do you think that gold is changing hands from weaker to strong hands?

I do not feel that west is weak hand. West has been a strong hand for centuries. We also can not tell that there is no market in the west. In fact, west still has a strong market. We have to understand here that lot of markets has emerged in the East and subsequently, lot of physical gold is moving towards east. It is not about competition – it is about new markets are coming in and creating demand. For example, China is consuming around 1000

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tons of gold and India is a strong physical market. So there is a physical shift from one part of the world to the other.

This east and west theory is applicable to central banks buying as well?

If we look at central banks in east and their foreign exchange reserves and compare with central banks in the west, they have far less than most of the central banks in the west. So, central banks' buying of gold in the east is nothing but the catch up games. For good reason central banks in Europe, America and elsewhere in the West have decent business of gold as asset of last resort. We have gone through lot of economic shocks last twenty years and gold has always appeared as asset of last resort. I think east is now catching up, trying to reach to a reasonable level.

China is already a strong economy and India is growing at fast space. These two countries are largest buyers of



physical gold. Do you believe with growth of economy, that demand will increase in both these countries?

That is fairly possible. China has been growing and we are expecting that China's demand of gold will increase with time. This is applied to central bank purchases as well, as they publicly announced that they are buying gold from local sources. Chinese market is also



We think that this year is the year of consolidation and expecting prices to reach above \$1300/oz by the end of this year. If we could manage to close over \$1300/oz, then we could see the gradual rise in gold prices in next two to three years.

different in the sense that this is new market compared to markets like India or Europe. So, there are lots of potential in Chinese market.

East needs to build infrastructure to store the gold that is coming from west?

Absolutely. When we talk about gold is moving from west to east, it is not about movement of physical gold, it is also applicable to creating infrastructure,

fixing mechanism, and in short, everything that is moving around gold. So gold will become more global, having more global centres. Until recently we had main three trading centres, North America, London and Switzerland. At the same time, we have India as physical consumption centre, but not a trading hub. Now Hong Kong becomes a trading hub, China is emerging as a trading hub and they already came with its own fixing mechanism. So, certainly there is replication of knowledge happening in the market place.

Switzerland is the refinery hub in the world and it will continue to remain. But at the same time we are seeing lot of refineries are coming up close to consumption hub. Is this a transition?

I agree that Switzerland will continue to remain as refinery hub in the world. What we are seeing today that small and medium refiners are coming up close to the consumption markets.

What is your expectation of the movement of gold price this year?

We were expecting gold price to remain weak in the first half of the year and will rise in the second half. It has not happened; gold actually had a strong start at the beginning of the year. Now, we believe that we will see gradual rise in gold prices.

We think that this year is the year of consolidation and expecting prices to reach above \$1300/oz by the end of this year. If we could manage to close over \$1300/oz, then we could see the gradual rise in gold prices in next two to three years.

How did you enjoy the conference?

This is an excellent conference – it is growing every year. Topics are becoming more and more interesting. We had a debate on futures of trade in next 10 years. It was really academic.

■ ■ ■

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Interest Rate will Continue to Drive Gold Demand

Philip Newman, Director, Metals Focus, speaks about various factors that impacted the global gold trade last year. He believes that interest rate issue will continue to drive the demand of gold. Excerpts...



Negative interest rate in some key locations is one of the fundamental reasons why investors are coming back to ETFs, or COMEX or OTC markets etc. US interest rate is another issue – investors are anticipating one or two rate hikes, but that is very dovish approach. We are particularly bullish on gold market this year because of these fundamental factors.

feature of market last year.

Another aspect that I have seen in your report that demand of gold has been decreased in entire GCC region except Saudi Arabia. In fact, demand has been increased. What is the reason?

First, if we look at the decreases, one of the main reasons was big slump in oil prices. It hurt the consumer sentiments in quite a few places. Top of this was political crisis in Syria, Yemen etc. On the other hand in Turkey, there was collapse of Turkish Lira which pushed the gold price extremely high in local market. This deterred consumer to buy jewellery.

Now I am coming to the point of rise in demand in Saudi Arabia. Fall in oil price was an issue there in Saudi Arabia, but what government had done that they pushed back the oil

subsidies to next year and the New King paid the salary of government employees. In this process people of Saudi managed to keep some disposable money which they had spent on jewellery.

Like China, people are shifting from lower carat jewellery to higher carat jewellery. What is the reason?

If we look at China, the change is really dramatic. Possible reason might be that between 2011 and 2013, there was dramatic fall in gold prices and as a result there was buying frenzy for jewellery. Manufacturers increased their capacity. In 2014 and 2015, Chinese economy slowed down and people started spending less in jewellery. There was excess supply than demand. Now, higher carat jewellery is a highly margin game. It satisfied the jewellery component of 21 karat

As we could find in your latest Metals Focus book, in 2015, there was drop of 3.5% of consumer demand in gold. **Where exactly have you seen the pressure points?**

There were few pressure points and among them was China, where we had seen decrease in jewellery demand. This is not at all surprising as economy slowed down substantially in China. But what is very interesting to note that in China, there was shift from 24 karat jewellery to 9999 jewellery. But, on the other hand, this was complemented by growth in Indian market. So, this was the basic



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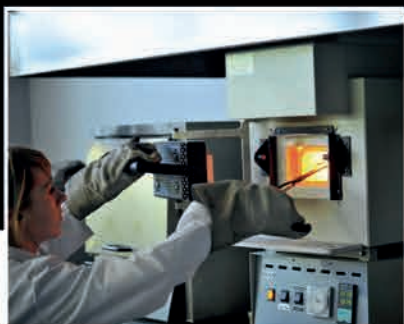
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Last year mine production had been increased and in dollar terms you might say that price was not so attractive. But, what we have mentioned in Metals Focus Yearly Book, one has to look at prices on local currency terms. We have shown that production weighted gold price in local terms, which was massively higher than dollar denominated gold price.

or less and at the same time, because it is 9999, it satisfies the investor demand.

How are you looking at negative interest rate policies undertaken by various developed world central banks and what would the possible impact in the gold market?

Negative interest rate in some key locations is one of the fundamental reasons why investors are coming back to ETFs, or COMEX or OTC markets etc. US interest rate is another issue – investors are anticipating one or two rate hikes, but that is very dovish approach. We are particularly bullish on gold market this year because of these fundamental factors.

Mine production has been increased last year. What was the reason? Price of gold was not so attractive to miners?

Last year mine production had been increased and in dollar terms you might say that price was not so attractive. But, what we have mentioned in Metals Focus Yearly Book, one has to look at prices on local currency terms. We have shown that production weighted

gold price in local terms, which was massively higher than dollar denominated gold price. There was collapse not only in Rubble or Rand, but substantial weakness we saw in Canadian dollar, or Australian dollar. There were companies who cut costs in exploration, sustaining capex. These things will manifest in coming years, but already 2015 had been benefitted.

Do you think mining companies would continue to take hedging strategies this year?

We feel mining companies will remain cautious in undertaking complicated hedging strategies. In 1999, when gold prices started going up, there were instances that few mining companies got bankrupted. Their complicated hedging strategy did not work. We are expecting more of plain vanilla or straightforward hedging strategy companies would undertake.

Did you find any mismatch between refining capacity of the world and raw material available to do refining?

In simple terms, production from mine is 3000 plus tons at present and

we have supply of recorded 1000 plus tons of scrap. Apart from that, there are some supplies we do not count in our report. For example, exchange of old jewellery to new one in India is not included in the total calculation of scrap. At the same time, there are some material emanates from production process from mines. That scrap can also be treated in refinery. Yes, of course, there is a stiff competition in refining sector as margin is very thin. What refiners are basically looking at making more specialized products for particular markets?

Demand of gold in industrial segment basically in electronics sector has substantially come down if we compare between 2011 and 2016. Price was more than 30% higher in 2011 and now, we are seeing decrease in demand in 2016. what is the issue?

Of course the demand has been decreased especially in consumer electronics segment. Manufacturers are using the alternate material to cut down the cost. For example, life of a cell phone is two years now. People love to change cell phone in two years. So, companies are thinking why to invest money for longevity when there is no need? Gold bonding wire is another segment in electronic applications where there was substantial demand. That has been replaced by copper bonding wire in many of the applications.



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Gold is Needed to be Exempted from VAT Net

Gerhard Schubert, Founder, Schubert Commodities DMCC, discussed about how critical it would be of introduction of VAT in gold market in UAE particularly Dubai, need for introducing the hallmarking, why investors must keep some gold in portfolio. Excerpts...



Central Bank of UAE is regulating all financial institutions. ESCA (Emirates Securities and Commodities Authority) is regulating securities. But nobody is regulating gold, whereas gold is a liquid currency which could be liquidated 24 hours a day. So there might a Federal Law under which Central Bank of UAE, may be along with DMCC who has plenty of experience, could regulate gold.

What kind of consumer behavior have you been observing at present in UAE and Middle East market?

In 2014 and early 2015, when prices came down heavily from extremely high level touched in earlier years, there was strong buying taken place. Another aspect of the market is people do not buy when the price is cheap – speculators will buy only when price is high and they would feel it would run away very fast. Price has been stabilized by the end of the last year. In the current year, based on the performance of the first quarter what we have seen

the rise in price by 16 to 17%, I feel investment demand will continue to remain for the rest of the year globally. Especially in UAE and Middle East, physical demand is still negative. But, I think high price will not deter too long to consumers to buy as gold is negatively co-related against lot of the asset classes.

VAT is going to be introduced in entire GCC region. What would be the possible impact in gold market?

VAT is very critical issue for gold market especially in UAE. 5% VAT will be introduced in January 2018, but I wish especially in UAE, gold should remain under exemption list. 5% VAT will take out lot of competitiveness of Dubai

gold market. So far, Hong Kong and Dubai are most competitive physical gold markets in the world. Introduction of VAT will certainly take away this competitiveness from Dubai.

Do you think investment demand will increase this year in the region as we already have seen big surge in price in first quarter?

We certainly have seen more than 15% rise in gold price in global market, but the reason behind this surge is basically global economic or political problems. We have not seen any local factor yet behind this rise. Federal Reserve is now anticipating near zero interest rate market. Near zero or negative rate interest actually helps gold to

It is always good that investors would allocate 8 to 10 percent in gold in portfolio. Even if investor loses money in gold, it ensures the rest of 90 percent has done well. Or, in other scenario, if gold is bought in \$1200 and it rises to \$3000, it means the rest of portfolio has done miserably bad and above that, investor has to sell his gold at \$3000 as he has to manage the margin call in other assets.

remain attractive as asset class. I always advise to have gold as hedge in portfolio. It is always good that investors would allocate 8 to 10 percent in gold in portfolio. Even if investor loses money in gold, it ensures the rest of 90 percent has done well. Or, in other scenario, if gold is bought in \$1200 and it rises to \$3000, it means the rest of portfolio has done miserably bad and above that, investor has to sell his gold at \$3000 as he has to manage the margin call in other assets. The allocation of gold as hedge in portfolio can not make up the entire loss in portfolio, but certainly it could maintain a balance over a period of time.

What would be the next thing that are you looking at could add significant value to UAE market?

What we are looking at Federal Hallmarking law for gold. There is certainly stringent law in UAE protecting customers, but introduction of hallmarking will add tremendous scope to advertising hallmark gold as premium

product. When you place two products of similar fineness to customers, but one is hallmarked and other is not, you can anticipate which product customer would choose? That is the benefit of the hallmarking. In India also BIS is looking to make hallmarking mandatory and bars and coins would be hallmarked as well. Similar things should be introduced here in UAE.

Who will regulate?

DMCC is a regulator in JLT Free Trade Zone area and they have done fantastic job. Also there is Department of Economic Development who issues trade licence to Gold Souq area. Obviously, these are two regulators. But, I am looking at Federal Law in which entire UAE will be covered. If you take it further, there could be gold federal regulator. Central Bank of UAE is regulating all financial institutions. ESCA (Emirates Securities and Commodities Authority) is regulating securities. But nobody is regulating gold,

whereas gold is a liquid currency which could be liquidated 24 hours a day. So there might a Federal Law under which Central Bank of UAE, may be along with DMCC who has plenty of experience, could regulate gold.

Political and economic problems did have the impact on Dubai market?

The oil prices had dropped enormously last year and it certainly had an impact on the earnings of the residents. On the other side, there are political crisis in few countries in Middle East region. Now, oil price has been stabilized a bit, hopefully political crisis in those countries should be resolved. Once everything will return to normal, there would be enormous opportunity for Dubai to explore those markets.

Demand for higher carat of jewellery has been increased.

What is the reason behind this?

The reason behind the rise in demand of higher carat jewellery is, that it is comparable as investment bars. So, in short, I would say it is just the choice and likes of customers and nothing more than that.



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10% Duty in Gold in India Giving Lot of Incentives to Dubai Jewellery Trade

Thomas Scaria, Group Finance Head, Joyalukkas Jewellery, speaks about differences in demand of jewellery between Dubai and India, the constraints in implementing RFID technology to large organized jewelers. Excerpts...



population will be buying more of 18 carat or rather 21 carat Jewellery. The expats especially from the sub-continent love the yellow color Gold which is 22 carat. So there is a diversified demand in the market.

In recent years have you seen any major shift in Jewellery demand from tourists in Dubai market?

I think with the introduction of customs duty to 10 % in India most of the Indians who visit their relatives or visit Dubai just to see the place, they are buying back. So there is clear 10 to 12 % price difference. As per their baggage rule, ladies are allowed to carry Ra. 1 lakh and 50,000 for gents. So it is really giving incentive to Dubai Trade.

Do you think the introduction of VAT would have major impact on jewellery trade in the region?

The VAT impact will be determined only when we get more clarity on that. For example, we have to see if VAT is implemented on the gross sales or only on the labor charges like in Turkey. It is to be seen whether the authority will allow to reclaim when leaving the country (like a visitor visiting a country and is paying tax on the purchases done in that foreign country and he can claim it back). And again what percentage it will be is another factor to look at. Whether it will be 5 % as the indicator or because Dubai is known as the city of gold they can give some concession to

that particular industry. We are not sure on these 3 or 4 major points. I am sure government will take the proposal and consider this industry in the larger perspective.

Will RFID Technology be a very good product for someone like you for inventory financing and other benefits?

I don't think RFID will be an attractive proposal for an organized retailer like us, because the number of products we deal in especially in 22 carat segment is high. Our daily invoicing is 100+ and we deal with 1 gram to 100 gram products. It is very difficult to tag operationally. When you analyze the product theoretically it really works well. **Financing, especially for a large retailer, is not a problem. The banks are supporting the large players. I don't think any large Jeweler will adopt RFID unless there is a constraint for finance.**

Can you elaborate a bit?

It actually takes out the efficiency in the inventory holding. The number of bills you generate in a particular store and the way the customers are dealt with (one salesman will be handling 3 to 4 customers. So if he has to remove the tag and again re-tag that will take away the efficiency of the system), it is going to increase the cost actually. This is my personal opinion. ■ ■ ■

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What kind of difference do you see in retailing between India and this part of the world?

Primarily I can say in India the demand is related to weddings; almost 60 to 70 % jewellery demand is wedding related. But in this part of the world it is not necessarily wedding - regional local festival and tourists drive lot of demand. There are 3 or 4 different seasonal vacations when Jewellery demand increases. It's not only restricted to wedding.

How is the demand distributed between local UAE citizens and expatriates?

If you look at UAE or Dubai as such local population is much lesser than expatriate population. The local

Gold may Come Down in the Short Term – Bullish in the Long Term

Cameron Alexander, Manager, Precious Metals Demand Asia and the Middle East, Thomson Reuters GFMS, speaks about various factors that affected the demand of gold last year. He also believes that gold may come down temporarily in the short term, but anticipates would rally in the latter half of the year and of course, in the next year. Excerpts...

Come to UAE or Dubai in particular, tourist numbers were weaker in last year than used to be. Historically, tourists come from Europe and Russia extensively in UAE. These two regions are heavily hit by economic slowdown. At the same time, the regional markets surrounding Dubai have slowed down as well. Dubai does lot of businesses in these markets. So, collectively we have seen less demand for jewellery.

Your recent annual report shows that mine production has been increased in 2015.

What is the reason behind the increase when gold price was not so attractive for miners last year?

Mine production actually is on the rise for eight years now, and probably we would see some decline from this year onwards to next four to five years. It is because of slowdown in exploration two to three years ago as gold price came down. So, we are looking at small decline this year and gradual decline from next year onwards.

Jewelry fabrication has been declined last year. What is the reason?

I think large part of the decline is attributed to China. Actually jewellery demand has come down in China for last two years. Demand was strong in 2013 as market

grew extraordinarily by 40%. The expectation of price to fall further down has created less demand of jewellery in the market. People did not rush to market to buy jewellery as they did in 2013. This year too, the market looks pretty weak. Demand was 20% down till Chinese New Year. Depreciation of yuan against dollar, weakness in economy are some of the factors affecting the jewellery demand in China. On the other hand, Indian demand was exceptionally strong in 2015.

In other markets like Middle East, except Saudi Arabia, demand was relatively weak. Continuous weakness in gold price encouraged buyers not to jump into purchase of jewellery in hurry. This delaying phenomenon contributed decline in jewellery demand in the Middle East. Also attributed the factor in



the Middle East was the low oil price which affected the local economy. People had less money to spend on the economy. Perhaps, this particular issue created the need for raising tax in entire region.

Come to UAE or Dubai in particular, tourist numbers were weaker in last year than used to be. Historically, tourists come from Europe and Russia extensively in UAE. These two regions are heavily hit by economic slowdown. At the same time, the regional markets surrounding Dubai have slowed down as well. Dubai does lot of businesses in these markets. So, collectively we have seen less demand for jewellery.

It is a little bit of surprise that the rally started at the beginning of the year. We were expecting the rally in the second half. This has made many investors really off guard. In few months we could see gold really goes down to below \$1200. But, I do not think price will go down below \$1170 level. There is strong support around that level.

many investors really off guard. In few months we could see gold really goes down to below \$1200. But, I do not think price will go down below \$1170 level. There is strong support around that level. And on the other hand, if we look at the market fundamentals like mine production might decrease, demand will remain substantially strong particularly from the emerging market like Asia, we are betting on second half. We believe price would be higher in next year than this year. So, in short, we are anticipating short term decline, but, eventually, price will move higher.

What is your estimate of the possible impact of the Indian regulations and subsequent protests that we saw in the overall demand?

I am not sure or nobody is sure what would be the possible impact of that in the market. Indian market is in big discount – bullion import is not happening. On the other hand, there is markedly low demand in Asia. These two are largest physical markets in the world and gold is not coming to these two markets. What we are seeing that large refiners in Switzerland, Australia etc. are sending their bars to London rather than these two markets.



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Last year what we observed that there was increase of demand of higher 'karat' jewellery. What was the reason?

It is not entirely correct. For example, in China, it is basically 24 karat market. That market demand has been declining steadily while demand for 18 karat jewellery has been increasing substantially. Trend has been started in few years back when gold was trading at \$1600 or \$1700. Nowadays, people love to have plain, light weight jewellery rather than heavy jewellery. In some markets, even 14 karat jewellery is in demand.

Industrial demand has been decreased substantially over the years. Are you anticipating it would decrease further?

For last 10 years, there has been a huge change. It happened because gold is substituted by other metals. Especially in electronic segment, the demand has been down in bonding-wire segment, basically in semi-conductors where gold was earlier used. Earlier, all semi-conductors were using 90% of gold. Today, the ratio has come down to

40%. This gold has been substituted by palladium coated copper, followed by silver and aluminum. We are expecting further decline in industrial demand for gold. It will not be a surprise that gold's market share in industrial segment drops to 35%.

But it does not mean that gold has totally lost its importance in the industrial usage. In high end products, gold is still being used. The product design is also a factor nowadays. For example, nobody wants to use same mobile phone for more than few years. So manufacturers are using cheaper copper which itself can not last more than few years. Earlier, people loved to use for longer time and gold was used.

We have seen one of the best quarterly gains in last twenty odd years. Are you anticipating the trend will continue for the rest of the year?

It is a little bit of surprise that the rally started at the beginning of the year. We were expecting the rally in the second half. This has made

It Makes Sense in Setting up a Refinery near Consumption Markets

Tony Dobra, CEO & Director, Baird and Co. Ltd., speaks about various factors that have energized the physical gold market. Physical demand has returned to untraditional market like UK in last six months. He also believes that setting up a refinery near to consumption markets is an excellent business proposition. Excerpts...



What kind of investment demand are you seeing coming up in UK?

Investment demand is certainly picking up. I feel this year it will be double than last year. Companies like The Royal Mint or Sharps Pixley are doing fantastic jobs. Earlier, four or five years back, whatever we produced majority remained within UK. But now we are shipping our gold to Asia and Middle East market and I hope this will further increase.

As a company, currently we are relying on UK recycled market as feed stock and that is 10 to 11 tons in a year. To export more of our products, we might have to import now some raw material, which will be new to us. But for doing that,

we need to resolve lot of regulatory issues. Hopefully, by the end of this year, things will get resolved and we will send more refined gold to Asia.

What kind of Gold ETF demand currently are you seeing?

The demand has certainly come back to ETF this year. What we have observed that people are selling ETF and buying physical gold because storing and insuring physical gold is much cheaper than management charge of gold ETF? The integrity of buying physical gold and storing has just started to attract people.

How unallocated trading has become popular in United Kingdom and elsewhere in the world?

Traditionally, unallocated accounts are operated by banks. The banking crisis has made the unallocated accounts unpopular. Nowadays, lot of investment is coming from pension funds. Pension funds do not want to invest in unsecured asset – they are investing more in secured physical gold. They do not want to risk the pensioners' money in risky unallocated account. So, this is another area of growth.

Earlier, people were not sure where to and how to invest in gold. Now, they are realizing the benefits in

investing in physical gold. So market for physical gold is picking up.

We have been arguing that gold is moving from west to east. What exactly does it mean?

Gold was always moving from west to east, but what we have been seeing today is the flood. There is new demand for 9999 gold in Asia especially in China. India is traditionally 995 or 999 market, but we may see demand of 9999 will be growing in India as well. Earlier there was no demand of physical gold in London (9999). Now, there is premium in 9999 gold because it has to be shipped to China. As a refiner we are producing more of 9999, because there lays the demand.

What is the growth prospect of refineries in Middle East and Asia in your view?

It makes sense to start a refinery here in Middle East or in India, because real consumption is here. Switzerland refiners have managed to maintain their market to all these years because of determined marketing. Otherwise, there is no mine in Switzerland, or it is not a physical consumption market; it is not the cheap place to transport to and fro.



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We Recommend to do the Full Analysis of a Sample all the Time

Andy Smith, Business Executive, Alex Stewart International, speaks about intricacies of refining process and how could it be handled. He recommends always better doing full analysis of a sample to get the finest result. Excerpts...



Lots of refineries are coming in Middle East, India etc. Tell us the importance of having state of the art laboratory for these refiners to manufacture quality products.

It is important to have engaged with internationally accredited laboratories. We are one of such laboratories having our office in United Kingdom and of course one in Dubai. We do not have laboratory in India. The Dubai laboratory is specifically meant to serve the region's customers. It is always good to be associated with a third party independent laboratory because if any discrepancy arises between buyer and seller, then there is a need for independent witness to check manufacturing procedure and do the analysis as well.

We are one of the LBMA accredited supervisors who inspect the LBMA

We are one of the LBMA accredited supervisors who inspect the LBMA accredited refiners. Every three years we go to the accredited refiners to do the proactive monitoring of the refining process. We are doing the same thing for DMCC, COMEX and LPPM as well.

accredited refiners. Every three years we go to the accredited refiners to do the proactive monitoring of the refining process. We are doing the same thing for DMCC, COMEX and LPPM as well.

Refining is a very complex process. What is required to produce world class products?

We come across to a wide variety of melting and sampling method. It depends upon the preference of the refiner which method they would adopt. LBMA follows a certain guideline for sampling, while COMEX and DMCC have other methods. Our representatives have enough experience to handle the all process and sampling. Of course we have to adopt the modern technology, high quality expensive machines to produce really high quality bars.

Is it possible to determine the purity of product without applying destructive method like 'fire assay' exactly?

It is high quality XRF method that has been followed globally. There are multiple varieties of this method.

For example, surface detection goes through centre of the bar. But for definitive identification of each content of the sample, you have to go through the traditional 'fire assay' process. For trading purposes one could have sophisticated portable, desktop analyzer. They are certainly acceptable.

Detecting PGM content in an alloy is highly complex. How could we determine percentage of PGM in an alloy definitively?

It is certainly complex. In our laboratory we do first the traditional fire assay analysis and then we do additional chemical analysis like ICP to determine the PGM content. We always recommend to do the full analysis, otherwise there could remain some PGM content even after 'fire assay' analysis. The most important thing is we take sample to test the entire depth of the bar, so that there will be no element of impurity remains undetected. This process could be undertaken into any bar of any size.

■ ■ ■

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The Eurozone is the Greatest Danger

Alasdair Macleod, Head of Research, Gold Money



It should become clear in the coming weeks that price inflation in the dollar, and therefore the currencies that align with it, will exceed the Fed's 2% target by a significant amount by the end of this year. This is because falling commodity prices last year, which subdued price inflation to under one per cent, will be replaced by rising commodity prices this year.

World-wide, markets are horribly distorted, which spells danger not only to investors, but to businesses and their employees as well, because it is impossible to allocate capital efficiently in this financial environment. And with markets everywhere disrupted by interventions from central banks, governments, and their sovereign wealth funds, economic progress is being badly hampered, and therefore so is the ability of anyone to earn the profits required to pay down the high levels of debt we see today. Money that is invested in bonds and deposited in banks may already be on the way to money-heaven, without complacent investors and depositors realising it.

It should become clear in the coming weeks that price inflation in the

dollar, and therefore the currencies that align with it, will exceed the Fed's 2% target by a significant amount by the end of this year. This is because falling commodity prices last year, which subdued price inflation to under one per cent, will be replaced by rising commodity prices this year. That being the case, CPI inflation should pick up significantly in the coming months, already reflected in the most recent estimate of core price inflation in the US, which exceeded two per cent. Therefore, interest rates should rise far more than the small amount the market has already factored into current price levels.

Most analysts ignore the danger, because they are not convinced that there is the underlying demand to sustain higher commodity prices. But in their analysis, they miss the point. It is not commodity prices rising, so

much as the purchasing power of the dollar falling. The likelihood of stagflationary conditions is becoming more obvious by the day, resulting in higher interest rates at a time of subdued economic activity.

A trend of rising interest rates, which will have to be considerably more aggressive than anything currently discounted in the markets, is bound to undermine asset values, starting with government bonds. Rising bond yields lead to falling equity markets as well, which together will reduce the banks' willingness to lend. In this new stagnant environment, the most overvalued markets today will be the ones to suffer the greatest falls.

Therefore, prices of financial assets everywhere can be expected to weaken in the coming months to reflect this new reality. However, the Eurozone is likely to be the greatest

victim of a change in interest rate direction. The litany of potential problems for the Eurozone makes Chidiok Titchborne's Elegy, written on the eve of his execution, sound comparatively upbeat. Negative yields on government debt will have to be quickly reversed if the euro itself is prevented from sliding sharply lower against the dollar. Bankrupt Eurozone governments are surviving only because of the ECB's money-printing, which will have to be restricted, and government borrowing exposed to the mercy of global markets. Key Eurozone banks are undercapitalised compared with the risks they face from higher interest rates, so they will do well to survive without failing. There is also a growing undercurrent of political unrest throughout Europe, fuelled by persistent austerity and not helped by the refugee problem. And lastly, if the British electorate votes for Brexit, it will almost certainly be Chidiok's grisly end for the European project.

We know the powers-that-be are very worried, because the IMF warned Germany to back off from forcing yet more austerity on Greece, which is due to make some €11bn in debt repayments in the coming months. The only way Greece can pay is for Greece's creditors to extend the money as part of a "restructuring", which then goes directly to the Troika, for back-distribution. It will be extend-and-pretend, yet again, with Greece seeing none of the money. Greece

will be forced to promise some more spending cuts, and pay some more interest, so the fiction of Greek solvency can be kept alive for just a little longer.

One cannot be sure, but the IMF's overriding concern may be the negative effect Germany's tough line might have on the British electorate, ahead of the referendum on 23rd of June. That is the one outlier everyone seems to be frightened about, with President Obama, NATO chiefs, the IMF itself, and even the supposedly neutral Bank of England, promising dire consequences if the Brits are uncooperative enough to vote Leave.

All this places Germany under considerable pressure. After all, her banks, acting on behalf of the government and Germany's populace, have parted with the money and cannot afford to write it off. Greece is bad enough, but Germany must be even more worried about the effect that a Greek compromise will set for Italy, which is a far larger problem.

Officially, the Italian government's debt-to-GDP ratio stands at 130%, and since the public sector is 50% of GDP, government debt is 260% of the Italian tax base. It is also the nature of these things that these official numbers probably understate the true position. If the Eurozone is the greatest risk to global financial and systemic

stability, Italy looks like being the trigger at its core. The virtuous circle of Italian banks, pension funds and insurance companies, funding ever-increasing quantities of debt for the government, is failing. Pension funds and insurers cannot match their liabilities at current interest rates, and importantly, the banks are under water with non-performing loans to the tune of €360bn, about 18% of all their lending. It also represents 19.4% of GDP, or because the NPLs are all in the private sector, it is 39% of private sector GDP.

Within the private sector, NPLs are more prevalent in firms than in households. And that is the underlying problem: not only are the banks undercapitalised, but Italian industry is in dire straits as well. The Banca D'Italia's Financial Stability Report puts a brave gloss on these figures, telling us that the firms' financial situation is improving, when an objective independent analysis would probably be much more cautious.

All financial prices in the Eurozone are badly skewed, most obviously by the ECB, which will be increasing its monthly bond purchases from next month to as much as €80bn. So far, the price inflation environment has been benign, doubtless encouraging the ECB to think the inflationary consequences of monetary policy are nothing to worry about. But from the beginning of this year, things have been changing.

Because the recent pick-up in commodity prices will begin to show in the dollar's inflation statistics, markets will begin to smell the end of negative euro rates, in which case Eurozone bond yields seem sure to rise steeply. Given their extreme overvaluations, price volatility should be considerably greater than that of the US Treasury market. Imagine, if instead of yielding 1.5%, Italian ten-year bond yields more accurately reflected Italy's finances, by moving to the 7-10% band.

This would result in write-downs of between 40% and 50% on these bonds. The effect on Eurozone bank balance sheets would be obvious, with many banks in the PIGS[ii] needing to be rescued. Less obvious perhaps would be the effect on the ECB's own balance sheet, requiring it to be recapitalised by its shareholders. This can be easily engineered, but the political ramifications would be a complication at the worst possible moment, bearing in mind all EU non-Eurozone central banks, such as the Bank of England, are also shareholders and would be part of the whip-round.

Assuming it survives the embarrassment of its own rescue, the ECB will eventually face a policy choice. It can continue to buy up all loose sovereign and corporate debt to stop yields rising, in which

case the ECB will be signalling it has chosen to save the banks and member governments' finances in preference to the currency. Alternatively, it can try to save the currency by raising interest rates, giving a new and darker meaning to Mario Draghi's "whatever it takes". In this case insolvent banks, businesses and the PIGS governments could go to the wall. The choice is somewhat black or white, because any compromise risks both a systemic failure and a collapse in the euro. And there is no guarantee that if the banks fail, the euro will survive anyway.

The ECB is likely to opt for supporting the banks and over-indebted governments, partly because that is the mandate it has set for itself, and partly because experience after the Lehman crisis showed it could expand money supply without destabilising price inflation. But the danger, once it dawns on growing numbers of investors and bank depositors, is stagflation. In other words, rising goods prices, falling asset prices, and interest rates not being allowed to rise enough to break the cycle, all combining to further undermine the euro's purchasing power.

Financial and economic prospects for the Eurozone have many similarities to the 1972-75 period in the UK, which this writer remembers vividly.

Equity markets lost 70% between May 1972 and December 1974, cost of funding was reflected in a 15-year maturity UK Treasury bond with a 15.25% coupon, and monthly price inflation peaked at 27%. There was a banking crisis, with a number of property-lending banks failing, and sterling went through a bad time. The atmosphere became so gloomy, that there was even talk of insurrection.[iii]

This time, the prospects facing the Eurozone potentially could be worse. The obvious difference is the far higher levels of debt, which will never allow the ECB to run interest rates up sufficiently to kill price inflation. More likely, positive rates of only one or two per cent would be enough to destabilise the Eurozone's financial system.

Let us hope that these dangers are exaggerated, and the final outcome will not be systemically destabilising, not just for Europe, but globally as well. But a wise man, faced with the unknown, believes nothing, expects the worst, and takes precautions.



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Miner Sees Silver Price Surging Ninefold as Global Gadgets Boom

A major Japanese electronics maker approached First Majestic Silver Corp. for the first time last month seeking to lock in future stock, a sign of supply concerns that could boost the metal's price ninefold, according to the best-performing producer of the metal.



“For an electronics manufacturer to come directly to us — that tells me something is changing in the market,” said Keith Neumeyer, chief executive officer of First Majestic, the top stock in Canada and among its global peers this year. “I think we’ll see three-digit silver,” he said, predicting the metal could surge to \$140 an ounce by as early as 2019.

That’s a bold forecast. While silver has rallied 19 per cent this year to leapfrog gold as the best-performing

precious metal, it settled lower Wednesday at \$16.26 an ounce on the Comex in New York and reached a record of just under \$50 in 2011. The highest projection among analysts surveyed by Bloomberg is \$57 an ounce in 2019.

“That seems aggressive,” Dan Denbow, a portfolio manager at the USAA Precious Metals & Minerals Fund in San Antonio, said by email. “There has been a lack of investment in silver exploration, but with significantly higher prices you will get

new supplies. The current cost curve wouldn’t support that price.”

Still, there are other optimistic signs for silver rising. Hedge funds expanded their bullish bets on the metal to an all-time high earlier this month. Because the commodity holds appeal both as a store of value as well as for its multiple industrial uses, it surged earlier this year on speculation that the pace of U.S. interest-rate hikes will slow and that Chinese manufacturing may be improving.

First Majestic is the second-biggest silver producer in Mexico, which supplies more of the precious metal than any other country. As such, the company has been a primary beneficiary of the silver rally after choosing not to diversify into other metals like many of its peers. The company earns more than 63 per cent of its sales from silver and its share price has more than tripled this year, more than any other company on the S&P/TSX Composite Index. The stock rose 2.2 per cent to C\$14.65 at 9:51 a.m. in Toronto, giving it a market value of C\$2.36 billion (\$1.82 billion).

While long coveted for use in jewelry, coins and utensils, silver is increasingly in demand for its industrial applications. Last year, about half of global silver consumption came from such use, including mobile phones, flat-panel TVs, solar panels and alloys and solders, according to data compiled by GFMS for the Washington-based Silver Institute.

“Silver is not a precious metal, it’s a strategic metal,” Neumeyer said in an interview in Vancouver, where the company is based. “Silver is the most electrically conductive material on the planet other than gold, and gold is too expensive to use in circuit boards, solar panels, electric cars. As we electrify the planet, we require more and more silver. There’s no substitute for it.”

Industrial demand is set to increase, driven by rising incomes and growing penetration of technology in populous, developing nations, as well as thanks to new uses being found for Silver’s anti-bacterial and reflective properties in everything from hospital paints to Band-Aids to windows.

“Over the next 10 or 20 years, more and more people are going to be using these devices, and silver is a very limited commodity,” Neumeyer said. “There’s just not a lot of it around.”

Use of silver, including investment demand, coin sales and what goes into inventories to settle trades, has outstripped annual supply of the metal in every year since 2000, according to data from GFMS, a research unit of Thomson Reuters Corp. Still, not everyone agrees that the world is headed for a shortage of the metal.

“I would tend to disagree that silver is rarer than thought,” David Lennox, a resource analyst at Fat Prophets in Sydney. “Silver cannot be easily substituted but there’s been no need as it’s in abundance. I’d expect the search for silver would intensify and the search for substitutions would happen long before silver got to” \$140 an ounce.

About 50 per cent of global demand last year came from price-sensitive

sources such as retail coins, jewelry and silverware, which would help curb price increases, said Erica Rannestad, a senior analyst at GFMS in Chicago. “Increased market penetration in emerging economies certainly will result in higher per capita consumption of silver in industrial uses, but this is over the long run and would not happen overnight.”

Neumeyer said his company has no immediate plans for acquisitions, dividends or to take on any debt. The company raised C\$57.5 million from a share sale earlier this month. It plans to use funds internally for development and exploration of its mines, which had suffered from underinvestment during the recent downturn. “The capital will be used to look internally,” he said.

Neumeyer acknowledges his forecasts aren’t always correct. First Majestic had estimated silver at \$14 an ounce for this year’s budget. “I think I’ve been wrong every year for the past four or five years.”

Still, he’s unfazed by his past record.

“The silver rally is just beginning,” Neumeyer says. “What we’ve seen in the last two months is just the beginning of the next bull market.”

Appeared in Bloomberg news on 26th of May, 2016



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

MMTC-PAMP Unveils “The TOLA”



Traditional Vedic Measure, Today's Treasure

Celebrating India's uniqueness of culture, heritage and ancient traditions on the auspicious occasion of Akshaya Tritiya, MMTC-PAMP, India's first and only internationally accredited gold and silver refinery, today unveiled the first preview of its much awaited Vedic gold offering titled “The **TOLA**”. Conceptualized and designed as a unique and historical product for the first time in India, as an epitome of our ancient legacy, “The **TOLA**” has been resurrected and reimagined in a modern design of the same exacting weight to four decimal points, precisely retaining its intrinsic value, worth its weight in gold of the finest purity. MMTC-PAMP brings to the market a brand new dimension to the term “tola”, which continues to be one of the widely used standardized units of gold measurement across the world.

Based on a concept of over one thousand years old Vedic measure of gold, one tola in entirety was the weight of one hundred ratti seeds, traditionally carried by bullion merchants in a cloth bag. Encapsulating the concept of the tola and redefining the original in feel and look, MMTC-PAMP's “**TOLA**” is an octagonal shaped coin with distinctive knurled edges and an intricate finish, weighing precisely 11.6638 gms in 999.9 pure gold. The obverse depicts the classic design of a traditional weighing balance; the reverse features the “potli” containing one hundred ratti seeds.

Speaking to the media on the occasion, Mr. Rajesh Khosla, MD, MMTC-PAMP India Pvt. Ltd said “For centuries trade in gold was inexorably linked with the tola, a measure of weight when dealing in gold, with India having its pride of place as the gold hub of the world. The advent of the metric system overtook this historical association, and the tola as a unit of weight was fast becoming a wistful, romantic memory, consigned to the sands of time.

This traditional Vedic measure, a treasure house of history and wealth has been resurrected in product form, showcasing not only our master craftsmanship but also edifying the pride of our cultural heritage.”

In its initial phase, “The **TOLA**” will be available for purchase at select outlets of Stock Holding Corporation of India (SHCIL), Indian Potash Limited, MMTC-PAMP retail outlets as well as reputed jewellers in cities like Ahmedabad, Allahabad, Bangalore, Baroda, Chandigarh, Chennai, Coimbatore, Delhi, Dharwad, Faridabad, Gandhidham, Gandhinagar, Ghaziabad, Gurugram, Hyderabad, Jaipur, Jodhpur, Kanpur, Karkala, Ludhiana, Mangalore, Mumbai, Nagpur, Noida, Palwal, Raipur, Salem and Secunderabad.

“MMTC-PAMP also integrates a buy back option at prevailing market price of gold that can presently be availed at its company-owned retail outlets in Bangalore, Chennai, Coimbatore, Delhi and Hyderabad. By transforming our rich cultural heritage into everlasting prosperity with the finest purity, MMTC-PAMP believes this historic product, “The **TOLA**”, will enrich the lives of all its valuable customers and restore the glory of India.” added Mr. Khosla.

About MMTC – PAMP India Pvt. Ltd.

MMTC-PAMP India Private Limited – a joint venture between MMTC Ltd., a Govt. of India Undertaking and PAMP SA Switzerland – operates the world's most advanced precious metals processing facility, under the direct technical supervision of PAMP. PAMP is one of only three refineries in the world accredited as a Good Delivery Referee by both the London Bullion Market Association (LBMA) and London Platinum & Palladium Market (LPPM).

As India's first and only LBMA Accredited Good Delivery refinery for Gold and Silver, MMTC-PAMP India is setting new global standards for product excellence, customer service, environmental management and safety.

We provide the consumer in India and beyond with the finest quality Gold & Silver casted and minted products created with complete transparency and assurance. Today, the market has a distinct preference for our product range, the quality of which is fast becoming the de-facto benchmark in the Indian market.

Please visit our website www.mmtcpamp.com for a virtual tour of our facility and a perspective on our production & refining abilities.

For further details please contact: Sasha Bahukhandi@9811690626/sasha@image-publicrelations.com or Varun Dwivedi@9999153454/varun@image-publicrelations.com or Preeti Kaur@9582647450/pk@mmtcpamp.com



PRESS INFORMATION BUREAU, GOVERNMENT OF INDIA

Finance Ministry reviews the progress of Gold related Schemes; Total gold collected under Gold Monetisation Scheme (GMS) is 2891 kgs; Banks asked to put concerted efforts to mobilize more gold under the GMS in order to achieve the Scheme's objectives

New Delhi, May 16, 2016

A meeting under the Chairmanship of Shri Shaktikanta Das, Secretary, Department of Economic Affairs (DEA), Ministry of Finance was held here on Gold Monetisation Scheme (GMS) and Sovereign Bond Scheme (SBS) on 13.05.2016 with the senior executives of all Public and Private Sector Banks, RBI and Bureau of Indian Standard (BIS). Shri H R Khan, Deputy Governor, RBI also attended the meeting. It may be recalled that the Prime Minister Shri Narendra Modi had launched these schemes on 5th November, 2015 to review the progress of the schemes.

Under the Gold Monetisation Scheme (GMS), total gold collected under Short Term Bank Deposit (STBD) and Medium and Long Term Government Deposit (MLTGD) is 2891 kgs. There are 46 Collection and Purity Verification Centers (CPTCs), 8 Refiners and 01 Jeweler certified/accredited by the BIS. Secretary, DEA appealed to the banks to put concerted efforts to mobilize more gold under the GMS in order to achieve the Scheme's objectives. He asked the banks to increase the number of tripartite and bipartite agreements with CPTCs and refiners. He directed the Banks and Indian Bankers' Association (IBA) to rope in the eligible jewelers to act as CPTCs in the scheme especially in the areas where CPTC presence is negligible. Banks were also directed to adopt a practical approach while asking for guarantees or collaterals from the CPTCs. It was decided that IBA in association with World Gold Council will design an exhaustive media campaign which will be supported by the Government.

On the Sovereign Gold Bond Scheme, it was discussed that tradability of the Bonds will be started by the end of May and fourth tranche of the SGB will be launched soon.



ICBC Standard Bank Reclassified as Market Maker

ICBC Standard Bank has been reclassified as a spot Market Making Member of the London Bullion Market Association with effect from today.

In order to qualify as a LBMA Market Maker, a company must offer two-way quotations in both gold and silver to the other Market Makers throughout the London business day. Reclassification is the responsibility of the LBMA Management Committee. In deciding on the issue of reclassification, the Committee takes account of the views of the other Market Makers on the performance of the candidate company during an approximately three month probationary period.

Total LBMA membership stands at 146, consisting of 13 Market Making Members, 67 Ordinary Members and 66 Associates Members. The membership list can be found on the LBMA's website.

For further information please contact:

Aelred Connelly PR Officer Aelred.connelly@lbma.org.uk Tel: +44 (0)20 7796 3067

About the London Bullion Market Association The LBMA is the international trade association that represents the wholesale over-the-counter market for gold and silver bullion. The LBMA undertakes many activities on behalf of its members and the wider market, including the setting of good delivery and refining standards, the organisation of conferences and other events, and serving as a point of contact for the regulatory authorities. For more information, please visit www.lbma.org.uk.





IIGJ to tie-up with Welingkar Institute to Introduce Management studies in its 3 years Graduate Program

The year 2016-17 will be the first academic year to offer these courses

Mumbai, 5th May 2016: Indian Institute of Gems & Jewellery (IIGJ) Mumbai, a project of the Gem & Jewellery Export Promotion Council of India (GJEPC), has come-up with a one of its kind 3 Year Graduate Program in Jewellery Design & Manufacturing Techniques with an introduction to Management studies in collaboration with Welingkar Institute of Management. With these courses in the offering, IIGJ will be the first institute in the country to offer a complete graduate course on Gems and Jewellery including Operations Management for the emerging Jewellery Professional & Entrepreneurs.

The academic year 2016-17 will be the first year of this course and the admission process is already in progress.

While commenting during the press conference Mr Vasant Mehta, Chairman, IIGJ Mumbai, was certain that this programme would definitely be accepted by the aspiring youth who are keen to make their career in the Jewellery Industry. He further mention that it is appropriate that this Institute is venturing for this Programme considering that it is also the first of its kind to introduce intensive academic course for professional in Jewellery Industry almost more than 12 years ago.

Mr Praveenshankar Pandya, Chairman, GJEPC, said, "IIGJ has been fundamental in creating and nurturing the future of the gems and jewellery industry. The gems and jewellery industry has been growing rapidly over the years due to domestic and international demands and we are on the cusp of shortage of skilled staff in the industry. Most of the jewellers in the industry are of multiple generations. With such professional management courses we can bring new talent in the industry as well as the existing talent can be groomed."

Also, Prof. Dr Iyer- Dean, Welingkar Institute of Management, said, "We are happy to partner with IIGJ to offer India's first graduate programme in Gems and Jewellery. We at Welingkar have always believed in building a pool of talent who can be industry leaders of tomorrow. With these courses we will be able to contribute in the nation's "Make In India" initiative, as skilled and trained work force will always be required in the gems and jewellery industry."

BA in Jewellery Design & Manufacturing Techniques and Diploma in Jewellery Techniques & Management, are the full three year programmes for students with minimum Higher Secondary qualification (12th standard) in any stream. They are 6 semester courses; with each semester of 6 months period. In initial semesters, the syllabus for these courses includes introduction of jewellery, fundamentals of design, manufacturing and technology, introduction of diamond grading, jewellery designing, merchandising research etc. Gradually, the syllabus further covers specialization in design, manufacturing and merchandising, personality and skill development, jewellery management, sales & marketing etc; in later stages of semesters. The last semester has been dedicated for students for a full 6 months of internship with reputed and established jewelers or manufacturers.

IIGJ offers several other intensive courses for specific career in Jewellery Industry extending from 6 months to 1 year in Jewellery Design, Manufacturing & Cad all with a benefit of on the job training. The institute aims at nurturing the fresh talent who wish to pursue career in the gems and jewellery industry.

Post Graduate Diploma in jewellery Techniques & Management is designed specifically keeping in mind the knowledge required to train an aspirant to become an entrepreneur. Whereas other short term courses in CAD, Manufacturing, Merchandising, Diamond Grading & Gemology are designed for up gradation & skill enhancement courses which enable the students to learn key skills sets of the Industry there by allowing them to be placed in the Industry with professional skill sets.

Apart from regular jewellery educational classes for students, the Institute also conducts customized courses for working professionals, jewellery manufacturing and retailing companies (e.g.Titan Industries Ltd.), Financial Institutions and BIS sponsored Gold appraisal courses. Years of experience of conducting diverse jewellery functional training programs, has given the Institute the

whereby to conduct any tailor made-need based training programmes for strategic and competitive advantages for profitable fiscal results.

About Indian Institute of Gems and Jewellery:

Indian Institute of Gems and Jewellery (IIGJ), an initiative of GJEPC, under the aegis of Ministry of Commerce & Industries. The Institute is fortunate to have its own fully airconditioned standalone four storied building, with a total built- up area of over 12000 Sq. ft. The campus reflects a commitment to quality and dedication to the creative and intellectual needs of students. The educational needs of the students are also promoted in unprecedented experiences of academic energy, exploration and challenges. The Institute is in its 12th year of existence and over 8000 students have passed out from various educational courses.

At IIGJ, a student's education doesn't end at the classroom door. The Institute provides an incredible variety of opportunities for students to enhance and supplement in-class learning with hands-on experiences in top jewellery companies, a list which will read like the who's who of the jewellery industry.

The Institutes educational programs are well supported by 16 full time qualified and experienced faculties and professionals from the industry are also invited as guest speakers. Three CAD labs with an overall capacity of 100 computer stations with all licensed 3D design software, two design studios, a 45 station work bench training setup for jewellery manufacturing, 3D CAM printer, Laser welder and Fisher XRF laser spectroscope are some of the other state of the art facilities available at the institute.

The Institute also has its own 60 seater air conditioned auditorium with audio-visual support.

IIGJ has recently restructured its courses to bring it in line with the requirement of the industry. The courses are now more intensive and comprehensive aiming to bring out the best in each individual. Management studies has been added as a core subject to make the students fully industry ready.

Andheri and Tardeo are the two facilities in Mumbai of the IIGJ institute.

About GJEPC

The Gem & Jewellery Export Promotion Council (GJEPC) was set up by the Ministry of Commerce and industry, Government of India (GoI) in 1966. It was one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country's export thrust, when India's post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of the gems & jewellery industry and today it represents over 6,000 exporters in the sector. With headquarters in Mumbai, the GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, the GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

For more information on the release contact:

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Tanzania to provide subsidies to artisanal miners this September

Tanzania will provide grants to the small scale miners' phase III that aims in developing small-scale mining activities in the country by September this year.

This was said by the Minister of Energy and Minerals Professor Sospeter Muhongo during a meeting session which involved Regional Commissioner Office of Geita some Members of Parliament, District Commissioners of the region, representatives of the miners, Officials from Ministry of Energy and Minerals, Mineral Audit Agency Tanzania (TMAA) and State Mining Corporation (STAMICO).

The minister explained that recently he spoke with the World Bank which has pledged to provide between \$3 million (Tsh.6.6 billion) and \$4 million (Tsh.8.8billion) and will be granted to different groups of miners in the country.

He added that the funds will be used also to develop seven centers of exploration and small-scale mining that will be chosen by the Ministry after evaluating the areas that should be settled.

"A research will be conducted by the Agency of Geology Tanzania (GST) in those seven exemplary centers, to determine the sediment of gold contained in the relevant area before awarded to the miners," Professor Muhongo stressed.

"We are looking for these grants so that miners will move into the extraction medium level that brings more productivity and to the nation", he commented. He urged the small scale miners in the country to join in groups in order to get grants because it will not offered to individuals, and insist the miners to cooperate with the STAMICO to be able to write applications to apply for grants applicable.

The World Bank through the Ministry of Energy and Minerals has continued to provide grants to small scale mining whereas in the financial year 2015/16 allocated roughly Tsh.7.2 billion that were awarded to

111 groups of miners and various services provided to the small scale mining sector.

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

Australian Mines Ltd to drill near Northern Star's Plutonic Gold Mine

Australian Mines Ltd (ASX:AUZ) will commence a 2,000 metres reverse circulation drill program at the Dixon gold prospect, located near

Northern Star's (ASX:NST) Plutonic Gold Mine, which has produced over 5 million ounces of gold to date. The Dixon prospect, which is 180 kilometres north of Meekatharra, is hosted by a similar greenstone belt to that containing the nearby Plutonic Gold Mine and which has poured a massive 200,000 ounces of gold every year since the mine opened 26 years ago. The new round of drilling will target the high-grade gold zone discovered by the company in October 2015.

The October 2015 drilling intersected 10 metres at 8.79 grams of gold per ton from 130 metres and included individual lenses that graded almost 1 ounce of gold per ton.

In April 2014, AUZ had signed an agreement to farm into Riedel Resources Ltd's (ASX:RIE) Doolgunna-Marymia Project which hosts the Dixon gold prospect. AUZ currently owns 51% of this project and will expend a further \$850,000 by May 2018 to acquire an 80% interest. AUZ had raised \$1.5 million last month from a share placement and will be undertaking a pro-rata entitlement offer to existing shareholders to raise a further \$1.46 million.

Source: <http://www.proactiveinvestors.com.au>





Predictive Discovery Ltd's JV partner hits high-grade gold at Kokoumbo

Predictive Discovery Ltd (ASX:PDI) has received assays from its first three holes drilled at the Kokoumbo Project in Cote D'Ivoire. Highlights include 7.5 metres at 16.0 g/t gold from surface including 1.5 metres at 74.2 g/t gold. Predictive holds 49% equity in the project alongside operator, Toro

Gold Limited (Toro).

A total of 15 holes were drilled at Kokoumbo with more assay results expected in the next few weeks.

Paul Roberts, managing director commented: "These are very encouraging initial drill results from surface and confirm the potential to discover good grade mineralisation at Kokoumbo.

"We will continue to release drill assay data from both of these programs over the next 2-3 months."

Source: www.proactiveinvestors.com.au

Philippines mine overtakes Macraes production

Oceana Gold's Philippine gold and copper mine has for the first time surpassed quarterly gold production at the mining company's mainstay Macraes mine.

Across all operations, Oceana increased gold delivery 2.7% on a year ago, to 122,782 ounces.

Macraes and the tail-end of Reefton mining produced 38,988oz, while four-year-old Didipio in the northern Philippines contributed 46,811oz.

Revenue for the quarter to March was \$US161.1million, (\$NZ231.4million) earnings before interest, tax, depreciation and amortisation was \$US77.9million and after tax profit, before hedging, was \$US36.7million. However, a loss of \$US18.3million on undesignated hedging came off the profit line, delivering a

\$US23.5million after-tax profit, down on last year's \$US24.6million profit.

Operational and financial results, underpinned by record quarterly production from Didipio and a continued improvement in safety.

Oceana's consolidated all-in sustaining costs per ounce were slightly up on the previous quarter at \$US716 per ounce, while cash costs of production were slightly down at \$US436 per ounce.

Oceana chief executive Mick Wilkes said Oceana's assets continued to deliver positive results and the company was well-placed to achieve its plans for 2016, with construction of the Haile gold mine in South Carolina, while the Didipio underground mine was progressing on time and budget.

Source: www.odt.co.nz

AngloGold maintains full-year production guidance, despite lower Q1 output

Gold mining company AngloGold Ashanti's outlook for the full year remains unchanged, with production of between 3.6-million and 3.8-million ounces expected. Total cash costs are estimated at \$680/oz to \$720/oz and all-in sustaining costs (AISC) at \$900/oz to \$960/oz, based on assumed exchange rates against the dollar of R15, R\$4, A\$0.70 and AR\$14.90.

Free cash flow for the quarter was \$70-million, which was a significant improvement to the outflow of \$40-million in the first quarter of 2015.

CEO Srinivasan Venkata-krishnan (Venkat) noted that the company had delivered on a range of "self-help measures" to reduce debt using internally generated funds without diluting shareholders.

He pointed out that the gold miner, which had 17 mines in nine countries, had made significant cuts to corporate overheads and AISC as it sought to effect sustainable improvements to cash flow and returns. "Notwithstanding our strong cost performance, we are redoubling our efforts to ensure we continue to capture as much margin as possible," Venkat asserted.



Cardinal Resources Ltd's Infill Drilling hits Wide Gold Zones in West Africa



Cardinal Resources Ltd (ASX:CDV) has received further infill drill results at its Namdini gold project in Ghana, which include an intersection of 55 metres at 1.62 g/t gold.

The results of these two diamond drill holes follow recent similar intercepts of 72 metres at 1.72 g/t gold and the discovery of visible gold measuring 1 metre at 68.3 g/t gold.

These drill results continue to confirm wide gold mineralised zones of over 200 metres and extend the gold zone by 50 metres along strike at depth.

Three rigs continue to drill on site with 9 holes at the laboratory, which will provide ongoing news flow.

Continued drilling is building towards an initial exploration target, expected to be estimated in Q3 2016.

www.proactiveinvestors.com.au

Roxgold Produces First Gold at Yaramoko Project in Burkina Faso



Roxgold has produced the first gold from its Yaramoko project in Burkina Faso, totalling 1,020oz.

The company expects to ramp-up to commercial

production at the Yaramoko mine in the third quarter of 2016.

Roxgold president and CEO John Dorward said: "We are extremely pleased to be a producing company, and are delighted to continue our track record of reaching milestones ahead of schedule.

"Pouring gold 13 months from breaking ground is an achievement that we can all be proud of and is a true testament of hard work, dedication and exemplary teamwork by the Roxgold team."

The company already completed processing performance tests and recovery assumptions that have confirmed the mine's design capacity.

Roxgold developed four sublevels in the underground operation to the eastern end of the resource.

Furthermore, ore development is being undertaken on three levels to the western end of the first mining block and is expected to increase next month once Block 2 development on the western side deposit starts.

Roxgold is advancing a high-grade gold discovery at Yaramoko's 55 Zone, which was fully permitted for construction in January 2015.

Results of a positive feasibility study for the property were released on 22 April 2014.

www.mining-technology.com

Ivory Coast Farmers Ditching Cocoa for Gold Mining



For many years Ivory Coast has been known for its cocoa production, but an unexpected gold rush in the West African nation is quickly

turning farmers into artisanal miners as they seek better earnings.

According to a special report by the Economist, farmers in one of the fastest growing economies on the continent have been frustrated by meager earnings in the cocoa fields and are quickly turning to gold mining for better fortunes.

"You can work for years in cocoa and not get anything. You won't even have food," Joseph Bado, a former cocoa farmer who shifted to gold mining, told the Economist. Ivory Coast is the world biggest cocoa producer, but this could change if more small scale farmers abandon the crop for better earnings in the gold business.

A slump in the cocoa prices on the international market and a jump in those of minerals has prompted a boom in artisanal mining in the country.

The government estimates that some half a million people are dealing in small-scale mining. There were none only a decade ago.

Extracting the precious metal has become so lucrative that small boom towns are emerging with near 24-hour micro-economies as miners work around the clock to eke out enough gold to feed their families.

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Government rolls back decision to apply 1% TCS on cash purchase of gold jewellery

In a move that may boost demand for gold jewellery, the government has rolled back its budget decision to apply 1% tax collection at source (TCS) on cash purchase of gold jewellery of ` 2 lakh and above and raised the threshold to the earlier ` 5 lakh with effect from June 1.



The decision comes at a time when jewellers are finding it difficult to offload their inventory that piled up following a 42-day strike — in protest against imposition of 1% excise duty on gold and diamond jewellery — that ended unsuccessfully in mid-April.

Bachhraj Bamelwa, director at All India Gem & Jewellery Trade Federation (GJF) , said the increase in TCS threshold limit is "a major relief to those who would purchase wedding jewellery". "` 2 lakh was a very small sum for wedding jewellery," he told ET.

Gold demand in the country hit a seven-year low in the first quarter of 2016 when sales declined 41% year on year at 88.4 tons. This is 44% below the five-year quarterly average of 156.7 tons. India's annual consumption of gold is 850-900 tons.

TCS — introduced as a measure to curb tax evasion and check black money transactions — is collected by the seller from the buyer at the time of sale and is deposited with the government.

The person from whom the TCS is collected gets credit for the same amount in his income tax return. TCS of 1% was imposed on cash purchase of jewellery worth ` 5 lakh or more and of bullion worth ` 2 lakh or more in 2012.

The government in this year's budget had reduced the TCS threshold on jewellery to ` 2 lakh. Gold jewellery demand was already tepid in February down due to a sharp rise in the local gold price and anticipation of a correction in prices and a reduction in customs duty.

www.economictimes.indiatimes.com

Hallmarking rule on cards to ensure quality

Jewellery buyers in the country would now be sure of the purity of gold and silver used in the ornaments they buy, as hallmarking could soon be compulsory.

The government had passed the Bureau of Indian Standards (BIS) Act, 2016, on March 21 this year. The new rule is yet to be implemented, but market players expect hallmarking to become mandatory by Diwali. This Act makes it mandatory that all precious metal jewellery and articles sold in India are hallmarked according to the defined standards. This is a game-changing move that will bring significant benefits for customers and make the industry more accountable and transparent.

It has been an age-old experience of Indian gold consumers that they have usually ended up getting

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that the hallmarking scheme will be rolled out nationwide at one go. It will likely be a phase-by-phase implementation." GFMS estimates half of jewellery produced is hallmarked at present.

The other key question is whether the existing hallmarking centres are capable of handling the additional business. Some believe they are. K Anand Kumar, secretary, Indian Association of Hallmarking Centres, says: "The existing capacity is enough."

He, however, clarifies that after the rule is implemented, such centres can

low purity jewellery than what they paid for.

With the new law cleared by both Houses of Parliament in March; all gold, silver and platinum jewellery would have a BIS-certified quality. Coins and bars would also have to be hallmarked.

China, incidentally, implemented mandatory hallmarking of jewellery from this month.

However, there would be implementation challenges also. Tanya Rastogi, director, Lala Jugal Kishore Jewellers, said: "For those not doing hallmarking, the cost would go up by one per cent." At present, hallmarked gold jewellery is costlier by around ₹ 500 per 12g piece than one which is not. In silver, 95-purity hallmarked jewellery (considered the best quality) is sold at a mark-up of 25-30 per cent compared to the non-hallmarked variety. The question is who will foot the additional bill.

Gold jewellery hallmarking began in 2001 and of silver jewellery in 2005. However, it was not mandatory.

Sudheesh Nambiath, lead analyst for precious metals at GFMS Thomson Reuters, adds: "It is very unlikely

hallmark only 14 (585 purity, used mainly for exports), 18 (750 purity, for diamond studded jewellery) and 22 (916 purity, used for jewellery making) carat jewellery.

Coins and bars of gold, as well as 24-carat gold, will be hallmarked by BIS-certified refineries and these products will contain the BIS mark and refinery code number. So far, the demand for hallmarked coins has been met through import. It will be the first time that domestically hallmarked coins will be introduced.

While it is still unclear on how and when the scheme will be implemented and who will pay the new costs, Sudheesh sums up on a positive note. He says, "The Act finally makes room for the much-awaited 'Indian Standard' gold, certified by BIS. The current trade practice is to import one kg of LBMA (London Bullion Market Association) or DGD (of the Dubai Multi Commodities Centre-accredited gold bars. This (new move) could be another important step towards making the Gold Monetisation Scheme acceptable to banks, due to the standardisation of gold bars."

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गोल्ड को वैट के जाल से मुक्त रखना जरूरी

गेरहार्ड सुबर्ट, संस्थापक, सुबर्ट कमोडिटीज डीएमसीसी, ने बुलियन बुलेटिन के साथ साक्षात्कार के दौरान यूएई के गोल्ड बाजार विशेषकर दुबई में वैट लागू किये जाने से होने वाले प्रभाव, हॉलमार्किंग की आवश्यकता तथा निवेशकों द्वारा किस कारण से अपने पोर्टफोलियो में गोल्ड को स्थान चाहिये इत्यादि विषयों पर विस्तृत बातचीत की। सारांश.....



यूएई तथा मिडिल ईस्ट बाजारों में आपको किस प्रकार ग्राहकी रुख दिखायी दे रहा है?

वर्ष 2014 तथा 2015 के दौरान जब गोल्ड की कीमते इसके पहले वर्षों के उच्चतम स्तर से नीचे आयी तो खरीदी में काफी बढ़त देखी गयी थी। इस बाजार का दूसरा पहलु यह है कि लोग इसके सस्ते होने के दौरान खरीदी नहीं करते हैं- सटोरिये उस समय खरीदी करते हैं जब कीमतें तेज होती हैं तथा उन्हें लगता है कि यह जल्द ही और तेज होने वाला है। पिछले साल के दौरान से कीमतों में स्थिरता आयी है। इस वर्ष में, पहली तिमाही के दौरान प्रदर्शन जिसमें 16-17% की तेजी गोल्ड की कीमतों में देखी जा सकती है, मुझे लगता

है कि निवेश के लिहाज से इसकी वैश्विक मांग जारी रहेगी। विशेषकर यूएई तथा मिडिल ईस्ट में भौतिक मांग नकारात्मक रही है। लेकिन मुझे लगता है कि गोल्ड की उंची कीमत ज्यादा समय तक ग्राहकों को खरीदने से बांधे नहीं रख पायेगी क्योंकि गोल्ड का काफी परिसंपत्ति वर्गों के साथ नकारात्मक सह-संबंध है।

जीसीसी क्षेत्रों में वैट लागू होने जा रहा है। आपके अनुसार इसका गोल्ड बाजार पर क्या प्रभाव पड़ेगा?

वैट गोल्ड के लिये एक जटिल मुद्दा है विशेषकर यूएई के लिहाज से। जनवरी 2018 से 5% वैट लागू किये जाने वाला है और मैं यह चाहता हूं कि खासकर यूएई में गोल्ड को इसके मुक्त रखा जाये। 5% वैट दुबई गोल्ड बाजार से इसकी प्रतिस्पर्धात्मकता छीन लेगा। अभी तक दुबई तथा हांगकांग गोल्ड के लिये विश्व भर में सबसे बड़े प्रतिस्पर्धी बाजार हैं। यूएई में गोल्ड पर वैट लगाये जाने से इसकी प्रतिस्पर्धात्मकता खत्म हो जायेगी।

क्या आपको लगता है कि इस वर्ष गोल्ड की निवेश मांग इस क्षेत्र में जारी रहेगी जैसा कि साल की पहले तिमाही में इसके कीमतों में बड़ी तेजी आयी है?

वैश्विक बाजारों में निश्चित रूप से गोल्ड की कीमतों में 15% से ज्यादा बढ़ोतरी देखी गयी है लेकिन इस तेजी का मुख्य कारण वैश्विक अर्थव्यवस्था तथा राजनैतिक हालात हैं। हमने अभी तक इस तेजी के पीछे कोई स्थानीय कारण नहीं देखा है। फेडरल रिजर्व द्वारा अब जीरो ब्याज दर की परिकल्पना की जा रही है। जीरो के समीप या निगेटिव ब्याज दर वास्तव में गोल्ड को एक परिसंपत्ति वर्ग के रूप में आकर्षक बनाये रखेगी। मैं हमेशा निवेशकों को उनके पोर्टफोलियो में गोल्ड को हेज के रूप में रखने की सलाह देता हूं। निवेशकों के लिये यह अच्छा है कि वे अपने पोर्टफोलियो का 8-10% भाग गोल्ड के रूप में रखें। यदि निवेशक गोल्ड में घाटा भी सहता है तो उसके

पोर्टफोलियो के 90% उत्पाद इस नुकसान की भरपायी कर देंगे। या दुसरे परिवेश में, यदि गोल्ड की खरीदी 1200 डालर में की गयी थी और वर्तमान में यह 3000 डालर है तो इसका मतलब है कि पोर्टफोलियो के बाकी उत्पादों का प्रदर्शन खराब हुआ होगा और इसके साथ ही निवेशक को अपना गोल्ड 3000 के स्तर पर बेचना होगा क्योंकि उसे अन्य उत्पादों के अतिरिक्त मार्जिन के लिये रकम की आवश्यकता होगी। गोल्ड का हेज के रूप में पोर्टफोलियो में शामिल किया जाना इसमें होने वाले पूरे नुकसान की भरपायी तो नहीं कर पायेगा लेकिन समय के साथ यह इसमें संतुलन अवश्य ही बना सकता है।

आपके अनुसार अगली ऐसी कौन सी चीज है जो कि यूएई बाजार को और महत्वपूर्ण बना सकती है?

हम गोल्ड के लिये फेडरल हॉलमार्किंग कानून की अपेक्षा कर रहे हैं। यूएई में हालांकि काफी कड़े कानून हैं जो कि ग्राहकों के हितों की रक्षा करते हैं लेकिन यहां हालमार्किंग लागू किये जाने से उत्पादों को प्रीमियम के रूप में प्रचारित किया जा सकता है। जब आप ग्राहक को एक समान शुद्धता वाले दो उत्पाद दिखाते हैं जिसमें से एक में हालमार्क है और एक में नहीं तो क्या आप सोच सकते हैं ग्राहक किसे पसंद करेगा? यह हालमार्किंग के लाभ हैं। भारत में बीआईएस के द्वारा हालामार्किंग को अनिवार्य करने की दिशा में कार्य कर रहा है जिसमें बार व सिक्कों को भी शामिल किया जायेगा। इसी तरह की गतिविधियां यूएई में भी चलायी जानी चाहिये।

इसे रेग्युलेट कौन करेगा?

डीएमसीसी जे एलटी फ्री ट्रेड जोन का रेग्युलेटर है और अब इसने बेहतरीन कार्य किया है। इसके साथ ही यहां इकॉनॉमिक डेवलपमेंट विभाग भी है जो कि गोल्ड सौक क्षेत्र के लिये ट्रेड लाइसेन्स जारी करता है। ये दोनों वास्तव में रेग्युलेटर ही हैं। लेकिन मैं एक फेडरल कानून की अपेक्षा करता हूं जो कि पूरे यूएई में लागू किया जाये। यदि इसे और आगे बढ़ाया जाये तो यहां एक गोल्ड फेडरल रेग्युलेटर भी हो सकता है। यूएई का सेन्ट्रल बैंक सभी वित्तीय संस्थानों पर नियंत्रण रखता है। ईएससीए (अमीरात सिविलिटीज़ एंड कमोडिटीज़ अथॉरिटी) सिविलिटीज़ पर नियंत्रण रखता है। लेकिन गोल्ड को कोई भी नियंत्रित नहीं कर रहा है जबकि गोल्ड एक लिक्विड कमोडिटी है जो 24 घंटे में किसी भी समय लिक्विड हो सकता है।

इसलिये इसके लिये एक फेडरल कानून न बनाया जा सकता है जिसके अंतर्गत यूएई सेन्ट्रल बैंक, संभवतया डीएमसीसी जिससे पास काफी अनुभव है, के साथ मिलकर गोल्ड का रेग्युलेटर हो सकता है।

क्या दुबई बाजार को राजनैतिक तथा आर्थिक समस्यायें प्रभावित करती हैं?

पिछले वर्ष कच्चे तेल की कीमतों में भारी गिरावट आयी है जिससे यहां के नागरिकों की आय निश्चित तौर पर कमी आयी है। दूसरी तरफ, मिडिल ईस्ट के कुछ देशों में राजनैतिक संकट चल रहा है। अभी, कच्चे तेल की कीमत काफी स्थिर हो गयी है और आशा है कि राजनैतिक संकटों का भी जल्द समाधान हो जायेगा। एक बार जब सब सामान्य हो जायेगा तो दुबई के पास इन सभी बाजारों के अवसरों को भुनाने के लिये पर्याप्त समय मिलेगा।

ज्यादा कैरेटों वाले गोल्ड ज्वेलरी के मांग में काफी वृद्धि देखी जा रही है। इसका क्या कारण है?

ज्यादा कैरेटों वाले गोल्ड ज्वेलरी की बढ़ती मांग के पीछे कारण यह है कि इसे भी बार के समकक्ष निवेश समझा जा रहा है। लेकिन ये ज्वेलरियां अच्छी दिखनी चाहिये बजाय बार के समान दिखने के। इस तरह से मैं यह कहना चाहता हूं कि यह एक ग्राहकों की पसंद या ख्वाहिश ही है और इसके अलावा कुछ भी नहीं है।

■■■

Bullion - Data & Statistics

Gold Spot Market, International (Per Troy Ounce)			
Spot gold	02 nd May	30 th May	% Change
Australia (AUD)	1682.85	1681.56	-0.08
Britain (GBP)	879.37	826.61	-6.19
Canada (CAD)	1616.07	1577.65	-2.41
Europe (Euro)	1119.06	1085.13	-3.08
Japan (Yen)	137225.20	134093.10	-2.31
Switzerland (CHF)	1232.02	1199.49	-2.68
USA (USD)	1289.71	1209.70	-6.40

Silver Spot Market, International (Per Troy Ounce)			
Spot Silver	02 nd May	30 th May	% Change
Australia (AUD)	22.87	22.24	-2.78%
Britain (GBP)	11.94	10.92	-8.91%
Canada (CAD)	21.96	20.87	-5.11%
Europe (Euro)	15.20	14.35	-5.78%
Japan (Yen)	1866.35	1744.09	-6.78%
Switzerland (CHF)	16.74	15.86	-5.38%
USA (USD)	17.54	16.01	-9.09%

Monthly Exchange Data (Gold) (From May 02-30)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Gold Aug'16	1296.60	1308.00	1209.00	1216.70	-6.05
MCX ¹	Gold Aug'16	30502.00	30760.00	28640.00	28848.00	-5.45
NCDEX HEDGE ¹	Gold July'16	28059.00	28135.00	26338.00	26338.00	-6.33
TOCOM ³	Gold Aug'16	4368.00	4495.00	4289.00	4298.00	-1.89

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

Monthly Exchange Data (Silver) (From May 02-30)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Silver July'16	17.92	18.06	16.14	16.27	-0.09
MCX ¹	Silver July'16	42319.00	42745.00	38357.00	38577.00	-0.09
NCDEX NEW ¹	Silver Aug'16	38863.00	38863.00	35401.00	35401.00	-0.10
TOCOM ³	Silver Aug'16	61.40	61.40	57.00	57.20	-0.07

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

Gold Spot Market, India			Rs/10gm
Spot Gold	02 nd May	30 th May	% chg
Ahmedabad	30209.00	28408.00	-6.15
Bangalore	30210.00	29140.00	-3.61
Chennai	30700.00	29160.00	-5.15
Delhi	30250.00	28665.00	-5.38
Mumbai	31720.00	30590.00	-3.63
Hyderabad	30700.00	29250.00	-4.84
Kolkata	31220.00	30090.00	-3.69

Currency Change (Monthly)		
	02 nd May	30 th May
EUR/USD	1.1532	1.1147
USD/AUD	1.3045	1.3901
USD/GBP	1.4673	1.4633
USD/INR	66.45	67.165
USD/JPY	106.42	110.84

Silver Spot Market, India			Rs/kg
Spot Silver	02 nd May	30 th May	% chg
Mumbai	42590.00	39370.00	11.83

Bullion - Data & Statistics

LBMA Gold & Silver Price (Per Troy Ounce)										
GOLD AM			GOLD PM				SILVER			
DATE	USDAM	GBPAM	EURAM	USDPM	GBPPM	EURPM	DATE	USDPM	GBPPM	EURAM
05-03-2016	1296.50	881.32	1118.15	1294.00	885.56	1119.40	05-03-2016	17.49	11.92	16.10
05-04-2016	1280.30	883.59	1114.18	1283.00	885.99	1117.73	05-04-2016	17.18	11.86	14.96
05-05-2016	1275.75	879.23	1114.95	1280.25	884.34	1122.45	05-05-2016	17.30	12.02	16.21
05-06-2016	1280.25	883.04	1121.06	1289.00	890.69	1128.13	05-06-2016	17.31	11.93	15.15
05-09-2016	1277.75	884.68	1121.54	1265.25	878.46	1110.70	05-09-2016	17.33	11.99	16.22
05-10-2016	1264.85	875.90	1111.04	1262.80	874.24	1109.38	05-10-2016	17.04	11.82	16.00
05-11-2016	1271.80	882.45	1116.19	1276.85	883.84	1117.40	05-11-2016	17.51	12.14	16.36
05-12-2016	1268.30	878.28	1111.30	1279.25	880.88	1121.03	05-12-2016	17.23	11.91	16.12
05-13-2016	1275.15	885.16	1123.51	1265.90	881.60	1120.52	05-13-2016	17.09	11.87	16.06
05-16-2016	1281.00	892.87	1132.04	1285.75	893.80	1134.38	05-16-2016	17.32	12.07	16.30
05-17-2016	1270.10	877.50	1121.43	1277.00	883.44	1126.00	05-17-2016	17.08	11.80	16.09
05-18-2016	1270.90	882.05	1127.21	1272.90	872.25	1128.83	05-18-2016	17.05	11.77	16.13
05-19-2016	1253.75	857.37	1117.74	1246.25	853.94	1113.10	05-19-2016	16.60	11.35	14.82
05-20-2016	1256.50	862.75	1120.18	1254.20	862.76	1117.75	05-20-2016	16.56	11.37	14.77
05-23-2016	1250.40	860.89	1115.84	1245.90	861.04	1113.59	05-23-2016	16.31	11.27	14.55
05-24-2016	1242.65	852.71	1111.18	1236.85	847.49	1108.84	05-24-2016	16.27	11.14	14.55
05-25-2016	1220.75	834.63	1094.77	1220.60	829.52	1094.63	05-25-2016	16.21	11.06	14.54
05-26-2016	1226.65	834.37	1097.24	1223.85	833.69	1093.76	05-26-2016	16.46	11.20	14.73
05-27-2016	1221.25	833.50	1092.16	1216.25	830.70	1090.73	05-27-2016	16.30	11.12	14.58

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