Volume 02 Issue 02 June 2022

BullionWorld

World of Bullion Research

www.bullionworld.in

Mounting Recessionary Signal helps to Underpin Gold's Investment Demand
Ms Janie Simpson

The case for new high-capacity vaults and Transparency by design
Mr Gregor Gregersen

Global security concerns and inflationary risks provide a further incentive for investors to consider exposure to 'green' platinum
Mr Trevor Raymond


SEQUEL
GLOBAL PRECIOUS LOGISTICS
SEBI Appoints SEQUEL as the First Vault Manager for the Domestic Gold Spot Exchange.
18 High-Grade Vaults of Sequel are currently registered with SEBI
bulliondesk@sequel.co.in | +91 901 902 4444 | www.sequelglobal.com

EDITORIAL

Dear Readers,

Covid pandemic resulted in huge slump in demand for jewellery in India. Given that, its heartening to notice increased footfalls and buying interest from Indian consumers during this Akshaya Tritiya season, especially when gold prices have significantly moved from INR 3270/gm during 2019 to the current levels of INR 5300/gm. Consumer confidence towards gold may be mainly attributed to recent performance of gold, increased global tensions and high inflation. Brisk business activity was seen in all channels - brick-and-mortar stores, online and digital platforms. Digital gold platforms also witnessed higher transaction volumes with the new generation smart phone lovers buying small denomination gold. The buying for Akshaya Tritiya was further complemented by Eid celebration. Regaining gold consumer confidence, upcoming wedding season and possible good rural economy favored by pre monsoon and monsoon rains would boost gold consumption in the country.Industry sources also point to significant investments in bullion apart from jewellery. Industry has pegged the value of business done during 2022 Akshaya Tritiya season at around INR 15,000 crores, well above INR 10,000 crores done during 2019 (pre-pandemic) season.

Comprehensive Economic Partnership Agreement (CEPA) between UAE and India, which has come into effect from May 1, 2022 would give a boost to Indian jewellery exports with GJEPC estimating the business to be more than USD 10 billion. The pact, apart from providing free access for Indian finished jewellery to UAE markets would facilitate direct exports of jewellery to UAE customers. In the meanwhile, DGFT has opened online registration process for those willing to avail import of gold bullion under TRQ. The deadline for submitting the application has been extended till May end. Mr Harish Chopra of India Gold Policy Centre has written an excellent article for those interested in imported gold through the scheme. Please do read it.

Other interesting articles include how ABC Bullion is catering to meet market demands through analysis and increased product offerings from Ms Janie Simpson, Managing Director. On other precious metals, Mr Trevor Raymond, Director of Research, World Platinum Investment Council speaks about global security concerns and how inflationary risks would provide incentive for investors to consider exposure to 'green' platinum. On storages and vaults, Mr Gregor Gregersen, Founder, Silver Bullion Pte Ltd expresses his views on the case for new high-capacity vaults and transparency by design. Ms Pawan Nawawattanasub, CEO, YLG Bullion has highlighted the bullion market of Thailand and South East Asia. On market competition Mr Sunil Kashyap, Director, Finmet talks about the challenges faced by regional market players in Asia. Mr Cameron Alexander, Manager Business Development & Industry Research at The Perth Mint, worlds only government owned precious metal enterprise speaks about the initiatives of the company.

Hope you all enjoy reading...

Do you have any interesting story to share? Please write to us at editor@bullionworld.in It can be on the Indian or global precious metals market and jewellery industry.

Best wishes,

G Srivatsava

Editor

PUBLISHING OFFICE
Bullion World
#146, 1-2 Floor, Gopal Towers
Ramaiah Street, HAL Airport Road, Kodihalli
Bangalore - 560008

Tel: + 91-80-41535476
Email: editor@bullionworld.in
Web: www.bullionworld.in

NSE | Commodity Derivatives

www.nseindia.com

Introduction of 1 gram Gold contract with delivery-based settlement on NSE Commodity Derivatives segment.

In addition to the Gold Futures (1 Kg) contracts and Gold Mini (100 gms) contracts, NSE is pleased to launch 1 gram Gold contracts w.e.f. June 07, 2021, on its NSE Commodity Derivatives segment.

Key Highlights

- Assured delivery of 999.0 purity gold
- Competitive making charges
- Delivery only from NSE approved Domestic Refiners or London Bullion Market Association (LBMA) certified Refiners
- One step closer to Atmanirbhar Bharat

List of NSE Approved Refiners

- M/s Augmont Enterprises Pvt. Ltd.
- M/s GGC Gujarat Gold Centre Pvt. Ltd.
- M/s Kundan Care Products Ltd.
- M/s M. D. Overseas Ltd.

For more details, log onto **www.nseindia.com** or contact your **SEBI registered broker**

Mounting Recessionary Signal helps to Underpin Gold's Investment Demand

Ms Janie Simpson
Managing Director, ABC Bullion

Comment on the demand for Gold/Silver bars and coins of ABC in the calendar year 2021 and the first quarter of 2022.

In the first quarter of 2022, demand surged for cast, minted and coins in gold and silver. This was driven by investors who were and continue to be concerned about the Russian invasion of Ukraine, and rising inflation.

We also observed that bar and coin investment maintained good momentum, as global high inflation readings kept investors focused on gold's role as an inflation hedge and wealth-protection asset. Interest in gold bars and coins was almost entirely one-way, with selling-back activity very limited in the 2021

calendar year. Gold's performance during 2021 was 2% higher on average compared to the previous year in USD, thus reflecting gold's purpose in an investment portfolio as a highly liquid investment hedge.

What are the initiatives taken by ABC to increase the demand for Gold/Silver in the investment portfolio of Australian citizens?

There are a number of measures that we undertake – we highly value educating the general investing public on the benefits of holding ABC gold and silver products in their investment portfolios through our social media presence, regular educational EDMs, seminars and conferences, as well as podcasts, such as our 'Pod of Gold' which features Nick Frappell. Additionally, we ensure that all ABC staff are adequately trained so that all our representatives can discuss financial markets with clients.

Please list down the moves ABC has taken to increase the accessibility for Gold/Silver (making it available in Physical/ Paper and Digital forms 24*7)?

Our moves in the pursuit of increased accessibility include our continual analysis of the market and increasing our product offerings to cater to market demand. We are always looking for new and innovative ABC products to feature on our website.

Moreover, we are in the process of developing an ABC app which is the accumulation of listening to the needs of our clients and providing them with the functionality they are desiring.

Kindly give an update on the Gold Price outlook. Help us understand the impact of high inflation on Gold price performance.

Despite equities and bonds falling amid spiking volatility, gold fell slightly in April as rates and the US dollar shot higher, as well as high inflation data and fears of a slowing global economy pushing equity markets down. By mid-April 2022 gold rose to one-month highs just shy of USD2000.00, as concerns around the Russia-Ukraine conflict and rising inflationary pressures increased safe-haven bids for the precious metal.

Gold's main drivers in 2022 are recessionary concerns, rising inflation, and geopolitical uncertainty. The main headwinds are aggressive monetary policy tightening and a higher USD; inflation in the U.S. is running at 8.5% annually, which is its fastest pace since 1981. These inflation projections already incorporate more than 250 bps of cumulative tightening by the end of next year.

In light of the Fed's hawkish policy stance, there have been growing recessionary concerns, with the Central Bank itself slashing economic growth forecasts for this year to 2.8% from previously 4%. As the year goes on, the Fed and the European Central Bank are also very likely to keep revising their inflation projections upward and growth estimates downward. Mounting recessionary signals should help to underpin gold's investment thesis as investors seek to mitigate portfolio risk, as well as to hedge against inflation.

Any other thing you would like to share with our readers?

Currently, the gold price rally stalled as investors digest the Fed's more aggressive super tightening cycle, for two key reasons: the first is an expectation that inflation will soon peak courtesy of higher interest rates, and the second is that higher interest rates undermine demand for gold because gold yields nothing and costs money to store safely. Gold is trading in an environment of high inflation and geopolitical risks, which is somewhat offset by the Federal Reserve's aggressive tightening plan, therefore resulting in a new pricing floor of $1,800. Investors are seeking refuge in gold as equity markets are hit much harder.

In a very exciting new chapter, ABC Bullion is opening a luxury retail boutique right in heart of the Sydney CBD. Our boutique will be revolutionary, with cutting edge interior architecture and a specialist team of experts working to ensure a holistic and personalised customer experience. Located in the high-end retail domain of Martin Place, which famously has a high frequency of foot traffic, we believe having a street presence in a prominent, illustrious location while maintaining our Perth, Melbourne, and Brisbane offices will increase our visibility as an industry leader in the gold investment market. We foresee that it will generate more engagement to the value of investing in gold to not only potential and existing investors, but also the general public.

EXCHANGE TRADED BULLION CONTRACTS -

FAIR AND TRANSPARENT MEANS OF INVESTMENT

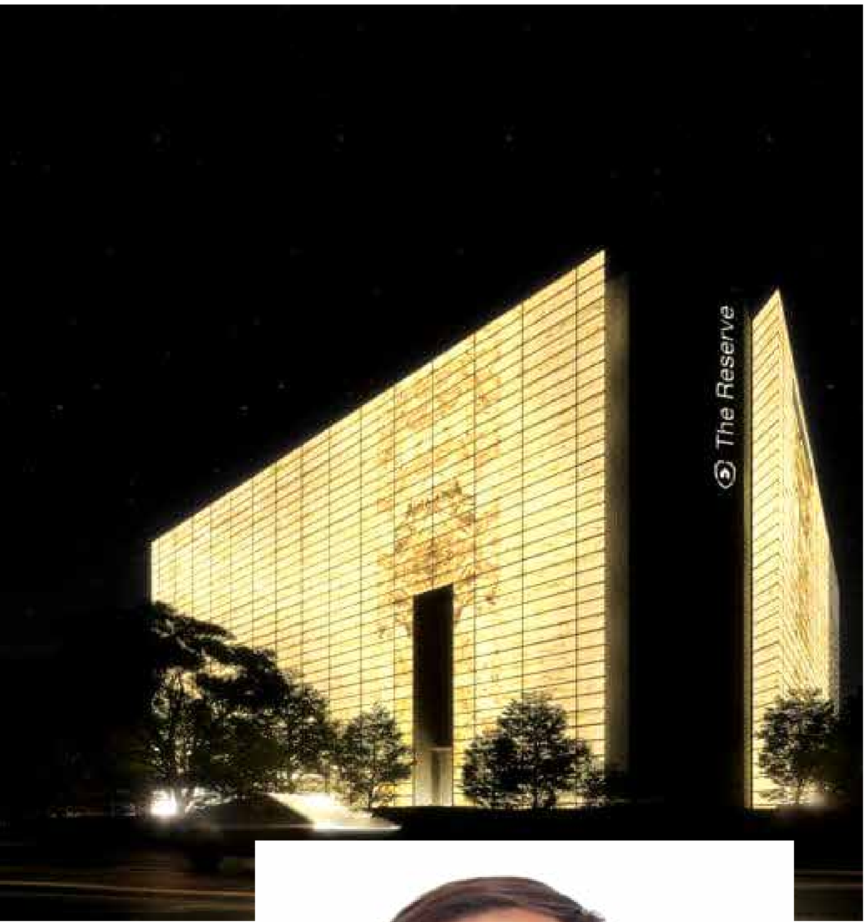
SMALLER DENOMINATION GOLD & SILVER FUTURES CONTRACTS

Developing gold and silver as an asset class. Investment in smaller denomination contracts backed with delivery is witnessing an increasing interest from retail participants.

Smaller denomination contracts are designed to cater to the organized retail investor demand. They also capture the imagination of a fast emerging new-age clientele with an evolving view on gold and silver as an investment class.

SALIENT FEATURES

- Smaller denomination contract
- Providing a systematic investment plan (SIP) type of flexibility
- Coins and bars can be held and accumulated in the electronic format and physical delivery also available
- It comes with an individual assaying certificate with quality assurance
- Convenience of transaction and liquidity of exchange platform are key advantages
- Better Cash flow management and margin protection
- Inventory hedging amid volatile prices



The case for new high-capacity vaults and Transparency by design

The future is becoming less predictable. After the Covid-19 pandemic, the world is struggling with serious geopolitical tensions and the resurgence of 1970's style stagflation, aggravated by decades of record deficit spending and unfunded pension systems.

Given this backdrop, the demand for inflation-proof physical assets – which can be owned outright as private property with minimal counterparty risk – is a sensible wealth refuge that will continue to grow at a faster and faster pace as attractive physical wealth solutions are created. Interconnectivity between physical assets and public blockchains will further enhance this trend.

By developing reliable storage, authentication, liquidity, digitization and collateralization services, we help to create the infrastructure, services and technologies that enable such physical wealth solutions for ourselves and third parties.

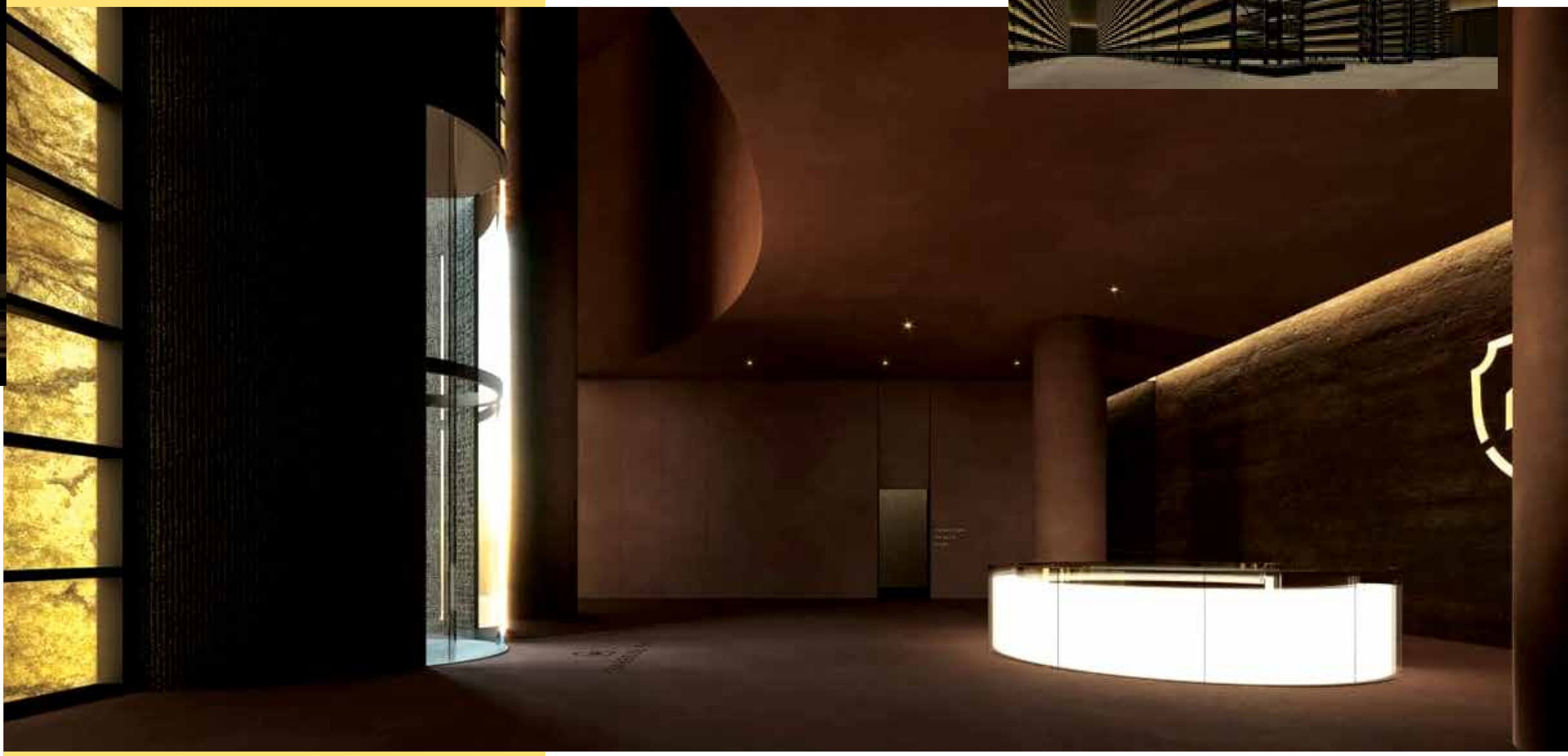
Our largest project is currently the establishment of a new type of high-capacity vault and alternative asset centre – The Reserve (https://thereserve.sg) – which is designed to synergistically service four asset classes: precious metals, rare and strategic industrial metals, luxury watches, and art and other types of collectable assets.

Mr Gregor Gregersen
Founder, Silver Bullion Pte Ltd

Four asset classes require three types of vaults.

The Reserve has three vault layouts optimized for the needs of its tenants:

High-Value UL Rated Class 2 Vaults - ideal for gold and other precious, high-value assets
Gold, diamonds and luxury watches are very compact and valuable. Banks, logistics providers and fund managers who store



large quantities of gold can usually save on insurance premiums by using highly secure UL Class 2 vaults. Even if empty, these vaults often weigh as much as 25 metric tons and are made of 15 cm thick composite steel panels.

Typically, these vaults will each hold between \$100 to \$800 million worth of valuables and can be either exclusively operated by a tenant, operated by vault operators on behalf of the tenant or through a hybrid arrangement whereby access is permitted only when both the client and vault staff are present simultaneously (similar to a traditional safe deposit box). Given the weight and costs, these vaults tend to have limited space. Such vaults are perfect for high-value items but unsuited for bulky items. We will provide 14 such vaults for third-party use.

Flexible Vaulting – ideal for art and collectables
Wealthy art collectors usually prefer to segregate their owned assets from others in a dedicated vault, usually comprised of high-strength concrete panels. Because art pieces can be both bulky and fragile, art vaults usually need to be between 600 to 1,200 sqft in size and require reliable humidity and temperature control as well as nitrogen fire suppression systems.

These vaults are a compromise between High Value and Bulk Storage Vaulting. The Reserve will offer 13 of these “art vaults” complete with supporting infrastructure, including a photo studio and auction facilities.

Bulk Vaulting – ideal for silver and valuable metals
Bulk storage allows for much more efficient storage, limited only by the floor load capacity and ceiling

height. Heavy lifting equipment can also be used in bulk vaults. Because most vaults usually do not incorporate bulk Vaulting, there is an industry shortage for bulk storage of valuable metals.

In this context, we define valuable metals as those with a value between 200 USD to 5,000 USD per kilogram. Such metals are too valuable to store in regular warehouses yet too bulky to store in traditional high-value vaults. The Reserve boasts an extremely high floor loading capacity (45 times that of a typical car park) that can securely store up to 15,000 metric tons of silver or other semi-valuable metals. For reference, 15,000 tons represent nearly 28% of the above-ground silver reserves.

The ‘Transparency by design’ philosophy

Since the founding of our first company in 2009, we have developed and continue developing our own proprietary vault storage solutions with a strong emphasis on Transparency as a first principle. We rely heavily upon third-party auditors and physically testing metals for purity and recording these events with “GramChain“, our real-time tamper-evident asset tracking system.

In addition to our own vault, GramChain currently tracks gold bars in Dallas, Zurich, Dubai and Frankfurt. GramChain enforces industry standards for proof of origin while at the same time adjusting gross weight by purity;

GramChain facilitates fungibility, enabling practical swapping of gold and other precious metals between storage locations as well as physical redemption through fungible tokens.

GramChain currently functions as a Proof of Reserve for ERC-20 compliant publicly traded tokens, and we will eventually enable reliable asset collateralization in addition to other approved services in third-party vaults. CACHE Gold recently adopted GramChain's transparent architecture to monitor the gold reserves backing its tokenized gold product known as the CACHE Gold token (CGT). CACHE Gold also uses Chainlink Proof of Reserve to automatically monitor its gold bullion inventory as reported by the GramChain API, delivering this data on-chain so that its reserves are transparent and verifiable by anyone. View the Chainlink Proof of Reserve feed for Cache Gold Reserves.

GramChain and Chainlink Proof of Reserve combine to establish a solid technical infrastructure to enable linking physical assets to fungible tokens (such as CACHE Gold) and eventually non-fungible tokens (NFTs) backed by real, physical assets stored in GramChain partner vaults.

The way forward

While physical assets such as gold might still be deemed a "barbarous relic" by some, such sentiments are misguided because physical assets represent distributed systemic wealth protection mechanisms that centralized financial assets can never replace.

As we head towards rapidly increasing stagflation and geopolitical strife, physical assets securely stored in safe jurisdictions represent sensible wealth insurance, which can be easily adopted by all investors, large and small.

Challenges faced by regional market players in Asia

Mr Sunil Kashyap
Director, FinMet Pte Ltd.

The bullion market in Asia is going through a slow transformation which has already resulted in increased marginalization of the mid-tier players. Asia's regional corporates and institutions are being hampered by onerous onboarding requirements and reduced access to international counterparties. Therefore, costs of doing business are rising and margins are under pressure.

In our view, there are major five challenges for Asia's market players which need to be addressed through innovative and customized solutions. They are, in no particular order, the following :

1. Minimal direct physical metal trade between producing and consuming countries in Asia
2. Reduced access to market liquidity
3. Limited role of Regional commercial banks
4. Lack of financing options for metal inventory
5. Hurdles for Asian "champions" to become Global "winners"

At FinMet, we are taking a closer look at each of these issues, dissecting the reasons behind them and building possible pathways to solutions. In this article we will share some of the work we have done on the subject.

One of the most vexing aspects market observers note is that the vast share of gold and silver that is produced and exported from countries like Australia, Indonesia, Korea, Philippines and China is sold to non-Asian players who in turn deliver the metal to consuming countries like China, Thailand, India, Vietnam, Cambodia and Malaysia. The value of direct trade between these countries accounts for less than 15% of the market. The predominant reasons behind this are to do with lack of trust, visibility, and financing. Accordingly, we are working on building direct relationships between large producers and consumers by providing more market intelligence and understanding to both sides. We are creating trust through dialogue and open communication. The benefit of forging these relationships is that it enables both buyers and sellers to share the discounts and premiums that prevail in the market which are currently being retained by intermediaries.

The reduced activity in Asia of some major international bullion banks has crimped the ability of mid-tier players here to access liquidity especially in the over-the-counter market. Opening a trading account with an established liquidity provider can often take 4-6 months

and involves furnishing numerous disclosure documents. Very often it may also require revealing proprietary business information. Players outside the major financial centers of Tokyo, Hong Kong and Singapore are particularly hard-hit by these enhanced due diligence requirements. The consequent reduced market access adversely affects profit margins and increases market risk for these companies.
To address this issue, we are introducing new trading platforms to the market and educating players on how to use these new tools. These Asian based platforms are more attuned to the market norms and are nimble enough to respond to specific customer needs in the region.
Commercial banks in Asia tend to cater specifically for their local bullion market needs and have not really expanded their services beyond their home country into other countries in the region. The local banks in China (ICBC, BOC, CCB), India (ICICI, HDFC), Hong Kong (BOCHK, OCBC Wing Hang), Taiwan (BOT), Singapore (OCBC, DBS) and UAE (Emirates NBD, NBF, RAK) have developed considerable expertise in their physical trading, hedging and metal financing in their home markets, but have been shy to expand into other regional markets with the similar customer needs. The reticence stems from a lack of risk appetite and in-depth knowledge about other bullion markets in the region. We are working with some of these banks to help them develop an understanding of these markets and extend their product footprint especially as it relates to physical metal trading and financing.

Metal inventory financing has emerged as one of the critical needs of market players in Asia. The demand for financing metal stocks is driven by an increase in gold and silver prices in the last two years and the growing gap between demand and supply surge cycles. In addition, COVID-19 driven logistical delays and lack of metal fungibility have accentuated the problem. The reduced risk appetite of several international bullion banks and changes in NSFR have further reduced the availability of metal funding. Against this background, we have structured new financing solutions that suit the credit policies of regional financial institutions by using the existing market infrastructure to enhance fungibility and transparency of the underlying metal being financed. These new products help mid-tier jewelers, industrials and traders to access a new source of liquidity to reduce their funding costs and improve their bottom-line.

Lastly, one of the enduring themes across the bullion markets in Asia is the absence of regional leaders from the global stage. While reviewing the gamut of the bullion market spectrum from producers to traders, industrials and final product consumers we can identify leading, strong players in local markets who have been unable or unwilling to expand their activity meaningfully globally, or in most cases even regionally. There are several reasons behind this lack of scale including strategic focus, management depth, financing ability and margin compression.
Our goal is to educate these local leaders about opportunities in other markets and assist them to utilize their core competence to grow their presence on the global stage. We achieve this through education, strategic tie-ups and completion of opportunistic transactions. As the level of confidence amongst these Asian companies increase, we are confident they will broaden their customer base and rise up the global rankings.

In conclusion, as markets in the region open up after remaining constrained since 2020 due to the impact of the pandemic, Asian corporates and financial institutions have a major opportunity to break away from the challenges of the past and expand their presence in the bullion markets to boost their profitability and profile. We at FinMet offer our product expertise, market savvy and strategic network to enable them achieve to this goal.

Global security concerns and inflationary risks provide a further incentive for investors to consider exposure to ‘green’ platinum

Mr Trevor Raymond
Director of Research,
World Platinum Investment Council

Fuel cell electric vehicle growth is being led by the heavy-duty segment Picture Credit: Hyundai Motor Company

Headwinds in 2022 are pointing to a platinum market in surplus for the second successive year – albeit at 19 t (627 koz), 44% down from 2021. Overall, global supply is expected to be 242 t (7,781 koz), 5% down year-on-year to below pre-pandemic levels, while global demand is expected to be 223 t (7,155 koz), a modest growth of 2%.

Yet recent developments, in particular responses to Russia’s invasion of Ukraine, are impacting several drivers of short-term platinum demand growth, each one of which could drive our current forecast surplus to a balance or even a deficit. Automakers and industrial users increasing near term metal stock by just one month, accelerated platinum substitution for palladium or China importing more than its platinum needs - as happened in 2020 and 2021 - are all significant. Even a portion of each action would collectively easily drive a deficit.

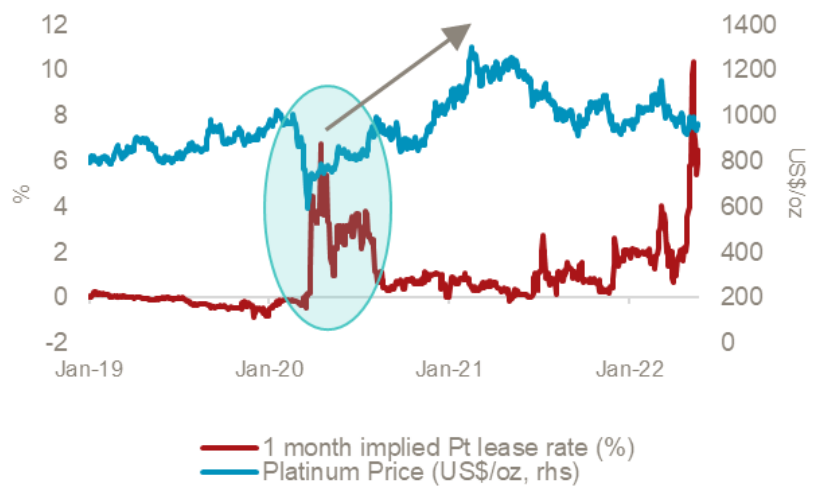
Last year, the platinum market was especially impacted by a temporary supply increase due to the processing of semi-finished mine inventory and reduced automotive platinum demand due to the drag on automotive production caused by a global shortage of semiconductors. The supply boost has ended but

Platinum is used as a catalyst in PEM electrolysers Picture credit: Siemens

semiconductor shortages and China’s zero-COVID policy continue to pose challenges for automakers as well as the 2022 automotive platinum demand growth, which is nonetheless expected to rise 16 per cent after a strong first quarter performance. The strong rise in platinum automotive demand in 2022 of 13 t reflects two ongoing trends – higher platinum loadings per vehicle due to tighter emissions regulations and platinum for palladium substitution in autocatalysts gaining momentum on grounds of cost and, more recently, the threat of supply disruption.

The significant price difference between platinum and palladium has driven material platinum

Figure 1: **Platinum lease rates have spiked, potentially presaging a period of sustained gains in the platinum price, as seen in 2020**.



Source: Bloomberg, WPIC Research

substitution for palladium in gasoline catalytic converters on a one-for-one basis over the past four years. Conservative estimates are that between 6 t and 12 t per annum of substitution has already occurred, but the details remain proprietary and confidential to both automakers and catalyst manufacturers.

Investment demand for platinum had a weak first quarter, however some recovery is expected as the year progresses. In 2022, bar and coin investment is expected to total 8 t, down 2 t from 2021 due to the price-driven cyclical sell-off in Japan partially offsetting stronger demand in Europe and North America. Exchange traded fund (ETF) holdings are expected to reduce by 2 t in 2022, a recovery from the outflows of 5 t in quarter one.

To put this in context, investment demand in 2021 dropped to -1 t after an exceptionally strong prior year which saw high demand for physical assets in the wake of the COVID-19 pandemic. ETF holdings reached record levels in 2020, with inflows of 16 t, while net outflows of some 7 t were seen in 2021 as investors rotated out of ETFs in favour of platinum mining equities for their attractive dividends; earnings had been hugely boosted by high palladium and rhodium prices. Bar and coin demand had a buoyant 2021 at 10 t after a stellar 2020 which saw bar and coin buying reach 18 t.

In other segments, the outlook for 2022 is broadly positive. Jewellery demand is holding up relatively well despite supply chain challenges and the negative impact from China's zero-COVID policy, with growth in all regions outside of China. Industrial demand will be lower than the record levels of 2021, but is still expected to deliver the third strongest year on record.

There are reasons to believe that this year's forecast surplus could reduce further. Mine supply is now below 2019 levels and vulnerable to further downward revisions driven by operational constraints, COVID- and safety-related disruptions, and labour and power shortages. Security of supply concerns are increasingly coming into focus, too, in light of Russia's invasion of Ukraine and the impact of sanctions on Russia in response to the invasion.

Given Russia's importance to the global supplies of mined palladium (c.40%) and, to a lesser extent,

The Wimbledon tennis Championships 2022 Platinum Toss Coins

mined platinum (c.10%), concerns could intensify automakers' platinum for palladium substitution efforts and potentially modify procurement and inventory management strategies to the benefit of platinum. The WPIC believes that the wide range of sanctions against Russia could directly boost platinum for palladium substitution in the near-term – even above the levels already baked into 2022 forecasts.

Factors such as metal scarcity, metal origin and inflationary concerns could also push end users of platinum to look for different supply arrangements such as direct off-take agreements from producers or the increase of buffer inventories to protect against possible supply disruptions.

In this regard, it is worth noting that very recently – during the second week of May – the one-month platinum lease rate spiked to over

Picture credit: ABC Bullion

ten per cent, reducing to around six per cent the week after, still well above the average in 2021 of c.0.8 per cent. WPIC believes this spike is indicative of a shortage of readily-available metal in the spot market. No specific reason for the shortage can be easily identified, but logistical challenges associated with the consequences of Russian sanctions appear likely to be the main driver. Interestingly, March 2020 also saw elevated lease rates due to COVID-related logistics disruptions, exacerbated by a refined metal processing outage in South Africa, the major producer of platinum. Those events triggered a 12-month uplift in platinum prices. It appears that the combination of logistical challenges and the unavailability of Russian produced platinum, which accounts for ten per cent of annual global mined supply, could lead to a similar price response.

Separately, there is the possibility of China imports of platinum once again exceeding identifiable demand, as they did last year, when, primarily due to speculative and quasi-speculative purchases, these excess imports completely absorbed last year's entire estimated market surplus.

Russia's invasion of Ukraine and the ensuing energy crisis in Europe it has triggered has shone an even stronger spotlight on platinum's 'green' credentials. The role platinum is playing in net-zero strategies through its use in electrolyser and fuel cell technologies that can unlock the potential of hydrogen as a carbon-free fuel is already an appealing aspect of the investment case for platinum. Now, the need for energy independence is strengthening the case further. The European Commission's recently-announced plans to reduce the bloc's reliance on Russian energy supplies could lead to rapid and significant growth in electrolyser capacity – above and beyond the expansion already envisaged as part of the European Green Deal. Assuming this leads to the installation of 115 gigawatt of electrolyser capacity by 2030, of which half is met by platinum-based proton exchange membrane (PEM) electrolysers, this could lead to additional annual platinum demand that rises to 8 t in 2030.

The ancillary benefit of hydrogen production and distribution roll-out at the scale envisaged is the potential acceleration of the commercial adoption of fuel cell electric vehicles (FCEVs), a significant component of future platinum demand growth. Indeed, WPIC's forecasts show that FCEV platinum demand has the potential to match current automotive demand for platinum as early as 2033 if broad-based commercial adoption of the technology accelerates policy-driven adoption.

Short-term market balance considerations aside, global risk concerns exacerbated by inflation have increased platinum's appeal as an alternate 'hard' investment asset. Platinum investment market development initiatives continue to improve investor access to platinum and WPIC is expanding its product partnerships globally. In the Asia Pacific region, two new partners joined us during the first quarter, both fabricators based in Shenzhen who will add platinum to their portfolios.

One of the key roles of WPIC is to increase the number of investors considering platinum as an investment asset. Raising the awareness of platinum and its role in global decarbonisation is part of WPIC strategy and because platinum straddles the 'precious' and 'industrial' metal markets and end-uses, platinum's profile has been further enhanced this year with its association with The Wimbledon Championships 2022. Here, in honour of Her Majesty the Queen's Platinum Jubilee – her reign started 70 years ago in 1952 – and the centenary of Wimbledon's Centre Court at its current site, two specially-commissioned commemorative platinum coins are to be used for the Ladies' and Gentlemen's singles finals coin tosses for the first time in the Championships' history. Platinum's association with 70-year celebrations, as well as its role in global decarbonisation, will be brought to further prominence as a result of WPIC's work with Wimbledon, which in 2021 attracted a global audience of around 15.5 million.

Thailand and Southeast Asia bullion market, then and now

Ms Pawan Nawawattanasub
CEO, YLG Bullion

Then:
Looking back, we never expect the Covid-19 pandemic crisis to last for as long as almost three years and still counting. The only comforting fact is that although the mutating virus is very contagious, the impact on public health is not as severe as it initially did. The latest virus "Omicron", is now commonly known as an endemic. On the other hand, the virus has caused significant changes, especially in Southeast Asia countries, to how we operate and conduct our bullion business activities.

During the pandemic crisis, we saw the lockdown of many countries, which eventually led to systemic supply chain disruptions from refineries' productions to transportation. We are talking about the overall escalation of operation costs here, but with materials shortages, the bullion industry is struggling to secure adequate supplies for the end-users.

This development has changed the Southeast Asia bullion operators' stock ordering patterns. Previously before the Covid-19 crisis, buyers were willing to venture into other parts of the world for more competitive pricing, and they were also used to the back-to-back "Just in time" ordering pattern. But now, to shorten the transportation time, the buyers are looking more inwardly for suppliers nearer to home. And the "Just in time" ordering model has now changed to the "Just in case" model. As a result, operators store more physical gold in anticipation of another supply chain disruption.

In Thailand, the usual quotations for transportation, insurance, and other expenses, also known as 'premiums', for importing and exporting gold in Thailand were between 1 to 3 dollars. But during the peak of the Covid-19 crisis, premiums have jumped many folds to 25 dollars.

As we all know, Thailand is one of the world's leading travel destinations,

and tourism is a significant growth engine of the Thai economy. However, with the worldwide lockdown, tourists' arrival came to a halt, hurting the Thai economy. As a result, many households faced financial hardship, and household debts registered around 84% of the GDP in 2020. Understandably, many families have resorted to selling their gold jewellery and precious metals to raise desperately needed cash. This development explained the massive wave of physical gold disinvestment in 2020.

Now: -

Recently, Singapore eased most of the border restrictions, and travelling to Singapore is almost like before the Covid-19 crisis. Interestingly, before this easing, we are already witnessing more and more international investors, particularly Asians and Europeans, buying and storing physical gold in Singapore. This trade is undoubtedly a positive development in which physical gold investment will be an essential pillar in Singapore's wealth management positioning.

Given Singapore's strategic geographical location, this may not surprise many bullion counterparties and participants. Within three hours, flights would reach most of the capitals in the Southeast Asian countries. Moreover, by adding another 2 hours, one could get many major Asian cities located in China, India, Japan, Hong Kong, and Taiwan.

On the other hand, Thailand, a Southeast Asia country which is not very far away from Singapore, is also playing a critically important role in the gold industry. Before the pandemic, the data from the World Gold Council for 2015-2019 shows that Thailand was in pole position for gold consumption in Southeast Asia and sixth position in the world after China, India, the USA, Germany, and Turkey, respectively.

Like Singapore, Thailand is also preparing to normalise the travelling and quarantine requirements by easing more travel restrictions. We saw Thailand come back with a reasonable demand on the physical front after disinvestment in the previous year.

The affinity for gold has never changed for the Thai people, even during the Covid-19. With the ongoing war between Russia and Ukraine and as we continue to face global supply chain disruption, the attractiveness of gold as a haven and protector during financial uncertainty will remain as strong as ever.


valcambi
suisse
The best time to buy a
CombiBarTM was 10 years ago.
The second best time is now.
valcambi
suisse
50 g
fine gold
999,9
VC000001
CHI ESSAYEUR FONDEUR
CHI ESSAYEUR FONDEUR

All about Import of Gold under UAE CEPA 2022

Mr Harish Chopra [1]
Senior Policy Consultant,
India Gold Policy Centre

Background

The Comprehensive Economic Partnership Agreement (CEPA) between the governments of India and the United Arab Emirates (UAE) came into the public domain on 27 March 2022, following the Foreign Trade Agreement (FTA) signed between the two countries a month before. Given that UAE has been one of the prominent suppliers of Gold to India with a market share in range of 12% to 15%, the agreement carried significance for the gold trade in India.

HSN codes affecting Gold and jewelry covered under the CEPA S.No. 7905 to 8027 of Annexure 2A of the FTA deals with the entries regarding Chapter 71. It further details standard & effective Rates and tariff modalities in the form of Tariff Elimination Immediate (TEI), Tariff Elimination Phased (TEP), Tariff Reduction (TR), Exclusion List (EXC), or Tariff Rate Quota (TRQ), and other particulars against every 8 digit HSN code.

- The following three HS 8 codes are covered under 7108, wherein the standard rate is 10%, and the effective rate is 12.5%, as tabulated below -

S No	HS 8 Code	Description	Tariff Modality offered
1	71081100	Non-monetary gold powder	TR (Tariff concession/relief of 1% in absolute percentage terms, TRQ of 200 tons phased in 5 years – Year 1 - 120MT Year 2 - 140MT Year 3 - 160MT Year 4 - 180MT Year 5 to 10 - 200MT
2	71081200	Other unwrought forms of non-monetary Gold	
3	71081300	Other semi-manufactured forms of non-monetary Gold	

1Chartered Accountant, a Senior Policy Consultant with India Gold Policy Centre @ IIM, Ahmedabad, and former banker with a leading international bullion bank for ~15 years. The opinions expressed in this document are that of the author and may not reflect the views of India Gold Policy Centre @ IIM, Ahmedabad

- The following six HS 8 codes are covered under 7112, wherein the standard rate and the effective rate are both 12.5%, as tabulated below –

S No	HS 8 Code	Description	Tariff Modality offered
1	71123000	Ash containing precious metal or precious metal compounds	Tariff Elimination Immediate
2	71129100	Other waste and scrap of Gold, including metal clad with Gold but excluding sweepings containing other precious metals	
3	71129200	Other waste and scrap of platinum, including metal clad with platinum but excluding sweepings containing other precious metals	
4	71129910	Other waste and scrap of silver, including metal clad with silver but excluding sweepings containing other precious metals	
5	71129920	Sweepings containing Gold or silver	
6	71129990	Other waste and scrap of precious metal or metal clad with precious metal; Other waste and scrap containing precious metal or precious metal compounds of a kind principally used for the metal	

- The following four HS 8 codes are covered under 7113, wherein the standard rate and the effective rate are both 20%, as tabulated below –

S No	HS 8 Code	Description	Tariff Modality offered
1	71131910	Articles of jewelry of Gold, unstudded	TR (TRQ of 2.5 tonnes) - Year 1 - 19% (TRQ of 2100 kg) Year 2 - 18% (TRQ of 2200 kg Year 3 - 17% (TRQ of 2300 kg) Year 4 - 16% (TRQ of 2400 kg) Year 5 to 10 - 15% (TRQ of 2500 kg)
2	71131920	Articles of jewelry of Gold, set with pearls	
3	71131930	Articles of jewellery of Gold set with diamonds	
	71131940	Articles of jewellery of Gold, set with other precious and semi-precious stones.	

For an easy understanding, the gold bars are covered under 7108 and are the largest precious metal item included under the UAE CEPA. 7112 deals with scrap that does not significantly contribute to the import list. 7113 deals with the articles of jewellery in different forms.

Conditions to be complied with about Rules of Origin (ROO)

Chapter 3 of the FTA deals with the Rules of origin. The origin criteria as contained in the FTA are reproduced below:

ARTICLE 3.2

Origin Criteria

1. For the purposes of this Agreement, a product shall be deemed as originating in a Party and shall be eligible for preferential treatment provided it:

(a) is wholly obtained or produced in the territory of the Party as per Article 3.3 (Wholly Obtained or Produced Product); or

(b) has undergone sufficient working or production as per the Product Specific Rules (PSR) in Annex 3B;

Points for Consideration

1. **Import of precious metal scrap under 7112**

On the day of signing the CEPA with the UAE, the import of precious metal scrap under chapter 7112 was under the "free category", which meant anyone could import without applying for a license. The CEPA provided the duty elimination immediately for this category, as against a duty of 12.5%; thus, the surge of precious metal scrap imports was likely from May 2022. However, 7112 was moved from "free" to "restricted" category" through an amendment in the import policy. The notification was issued on 29 April 2022, just two days before the rollout of the UAE CEPA. This would mean, to import any products under the 7112 HSN Code one would need to apply for an import license; this notification has effectively placed the precious metals industrial scrap also on the Restricted List. However, as mentioned earlier one could apply for special import license.

2. **Import of jewellery under 7113**

While the imports under 7113 fall under "free" category under the Indian import policy, the same are governed by a Tariff Rate Quota (TRQ) under the said Agreement with 2100 Kg for the first year (and 2200, 2300, 2400, and 2500 Kgs for the subsequent four years respectively). The effective rate (as well as the standard rate) being 20% at present, the reduced tariff concession of 1% each year shall be progressively implemented over five years, viz., 19% for the first year and 18, 17, 16, and 15% for the subsequent four years respectively.

However, the risk of revenue leakage on imports under 7113 (all four entries) is negligible or even absent for all practical purposes as in the first year, with a 19% import duty (effective rate post the tariff concession under the said Agreement) makes the said imports non-lucrative in the light of the ~9% effective duty under 7108.

3. **Imports under 7108**

<u>The process of applying for TRQs</u>

- The process is guided by the Ministry of Finance (DOR) notification no. 22/2022-Customs dated 30 April 2022 and amendments in Para 2.107 of HOP and Appendix 2A of FTP issued by Department of Commerce on 1 May 2022 under which procedure of allocation and imports under TRQ under UAE CEPA is notified.
- The TRQ applications can be submitted online through the DGFT website (https://dgft.gov.in) Import Management System Tariff Rate Quota (TRQ)-find the applicable HSN code, which is 71081200 for gold bars.
- The allocation will be based on the Indian financial year, which is typically the period from 1 April to 31 March
- TRQ limit for Gold under tariff head 7108, the allocation shall be proportioned quarterly.
- TRQ application window from next financial year (FY) onwards: –

Q1 –1 January to 28 February
Q2 – 1 May to 31 May
Q3 – 1 August to 31 August
Q4 – 1 November to 30 November

For the current FY 2022-23, the combined TRQs for Q1 and Q2 are invited within the application window of 5 May 2022 to 31 May 2022

- At the time of clearance of the import consignment, the importer in India must produce a Certificate of Origin issued by concerned authorities in the UAE.

Conditions to be met: -

- The applicant must be a jewelry manufacturer.
- Applicant must be engaged in the business of goods falling under ITC(HS) codes 7108, 7113, 7114, and 7118 in Chapter 71 of ITC(HS)
- Applicant should have an average annual turnover of Rs. 25 crores over the last three financial years.
- The turnover of Jewellery manufacturers should either:

i) comprise of 90% of items manufactured/sold under HS code 7113, or
ii) Comprise of items manufactured/sold under HS code 7113, which is at least equal to the TRQ quantity bid by the respective jewelry manufacturer (capped to the maximum TRQ allocation permissible per annum) under HS code 7113.

- Applicant should have a GST number and have filed GST returns up to the preceding GST return filing period.
- Financial statements containing the annual turnover of the eligible applicant should be duly certified/audited by a Chartered Accountant based on the jeweler's GST declarations.
- Import of gold dore shall not be considered under TRQ
- Gold TRQ imports under 7108 may be affected by the TRQ holder through Nominated Agencies as notified by RBI (in case of banks), nominated agencies notified by DGFT, or Qualified Jewellers as notified by International Financial Services Centres Authority (IFSCA).
- TRQ license holders cannot carry over an allocation from one TRQ allocation period to another, so any unused allocation shall be cancelled, implying that the quantity for inviting TRQs for the next period will be increased by the quantity cancelled.
- The TRQ authorization shall contain the name and address of the importer, Importer-Exporter Code (IEC), Customs notification number, tariff item as applicable, quantity and validity period of the certificate
- The TRQ authorization shall be issued electronically by the DGFT and transmitted to Indian

Customs EDI System (ICES). However, for non-EDI Ports not integrated with ICES, the TRQ shall also be issued on Security Paper.

- Imports against the TRQ shall be allowed only upon debiting electronically in the ICES system or on debit as endorsed.
- The TRQ authorization for 7108 shall also contain the IEC of the nominated agency/ Qualified Jeweller for importing through IIBX and GST Identification Number (GSTIN) of the jewelry manufacturer to whom TRQ is issued. The said TRQ importer should follow the procedure in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

Issues that need clarifications

a) Import under ITC HS 7108 falls under the restricted list and is permitted only through the designated nominated agencies, banks, or qualified jewellers. The Ministry of Finance (Department of Revenue) Notification No. 22/2022-Customs dated 30 April 2022 states in the Annexure (condition 1) therein that the "TRQ is allocated to the importer."

However, the Public Notice No. 06/2022, dated 01.05.2022, issued by the Ministry of Commerce and Industry (Department of Commerce), states that the TRQ will be allocated to a jewelry manufacturer upon satisfying the conditions imposed in the said public notice. Thus, it is evident that the importer (exception being TRQ holders who are also Qualified Jewellers) shall be different from the TRQ licensee, who will not be legally empowered to effect the said imports (7108) under the CEPA.

b) Notification No. 22/2022-Customs dated 30 April 2022–Annexure–Condition 2 (made applicable in the case of imports under 7108) wherein it has been stated that – "importer follows the procedure set out in the Customs (Import of goods at concessional rate of duty) Rules 2017 (CIGCRDR 2017)". Further, Circular No.10/2021-Customs dated 17.05.2021 (pertaining to the amendment of the said Rules in 2021), wherein in Para 3.2, it is stated that sensitive sectors such as Gold, articles of jewelry, and other precious metals or stones have been excluded from the facility of job work. It disincentivizes the medium and small jewelry manufacturers from availing of the benefit and excludes the majority of domestic jewelry manufacturers who will not be able to comply with the provisions of the said rules.

c) The public notice dated 01.05.2022 issued by the Department of Commerce in the context of the UAE CEPA imports contain the conditions to be adhered to by the applicants for the issuance of the TRQ license by the competent authority. However, the procedure that shall be followed by the Ministry for issuance of the said licenses and other related issues has not been explained, viz., what will be the basis on which quantity will be allocated to the different applicants, who will pay the TRQ license fees (importer or the TRQ holder), can related party entities apply individually, will the same applicant be eligible to make multiple applications during a single-window period, what shall be the reasons that will warrant rejection of the license application, which documents are required to be certified to prove the eligibility criteria (or will self-certification suffice?), What verifications will the competent authority carry out in the context of the conditions to be satisfied viz., the issuance of the license, if the license is found at a later date to have been obtained fraudulently – will the liability for the differential customs duty rest on the nominated agency/license holder.

d) While the eligibility criteria for jewellers have been provided, subject to certain other qualifying conditions for import under UAE CEPA, there is no specific definition given of 'jewellery manufacturer' in any of the circulars/notifications. A suitable definition of jewellery manufacturers may be given to avoid litigation in the future.

Conclusion

Is there merit in excluding Gold and other precious metals while negotiating CEPA/ FTAs? The answer is probably 'yes.' On one hand, India has taken some giant steps toward reforming the bullion markets in India. However, the concessions provided under the CEPA create market distortions that are sometimes counter-productive to such initiatives. This is more so related to the gold itself because of its physical characteristics and with high duty structure in India. The immediate impact can be seen in the working of domestic and international spot exchanges in India, which will struggle to achieve the objectives of uniform pricing and price discovery. Another sector that is impacted and largely ignored while negotiating the bilateral and multi-lateral trade agreements is the domestic gold refining industry. There was a hope of a boost in the refining industry after developing gold spot exchanges; however, suddenly, the refiners will find themselves competing with the cheaper imported Gold. Another factor worth being cautious about is that duty concession on supplies from this agreement might result in increased supplier premium resulting in increased dollar outgo, which is certainly not the objective of signing these agreements.

Perfect Hexagon – Well Placed to leverage its global reach and sourcing capability

Mr Sim Tze Jye
CEO, Perfect Hexagon

What are the portfolio of commodities you handle and the share of precious metals? Have you restricted only to trading related activities? What are the other services you have to offer?
The company is involved in trading related activities of precious metals with gold having business share of 50% followed by silver at 40% and palladium at 10%

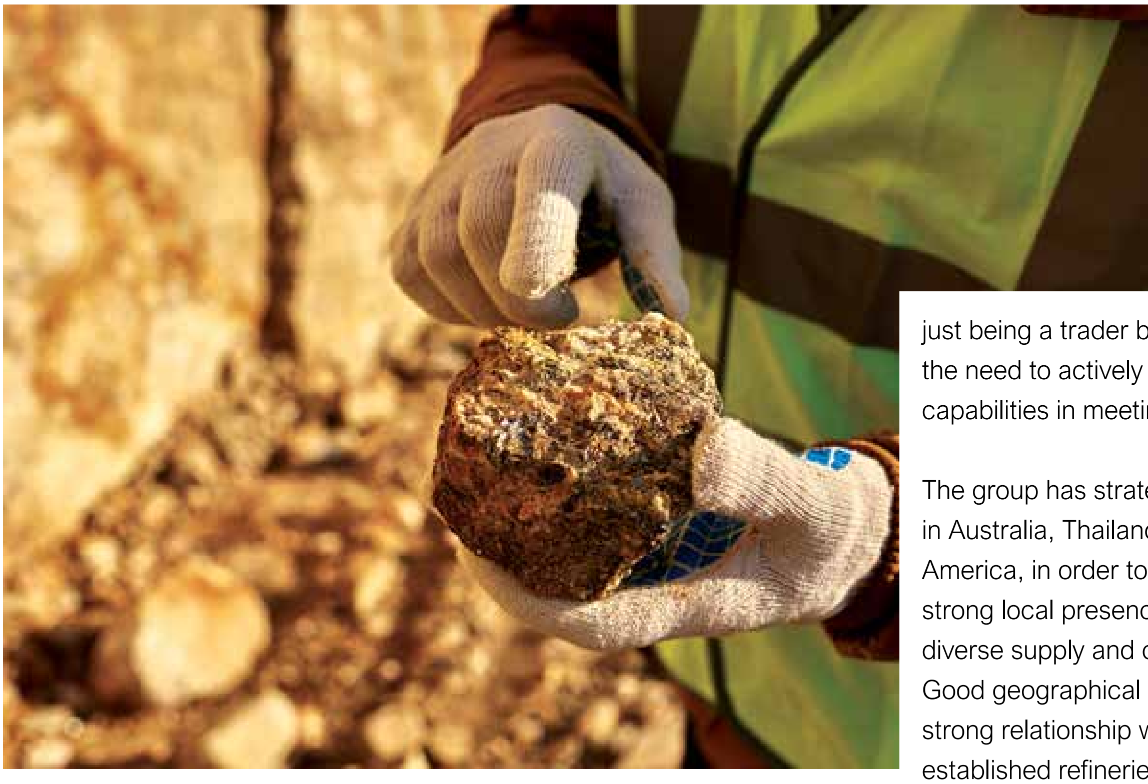
What is the uniqueness that Perfect hexagon brings to clients in the competitive precious metal trading landscape?

- Our strength is wider geographical reach. Vast location coverage global presence are the company's strength. We do bulk purchase and maintain good relationship with refineries and have put in place an effective supply chain management system for seamless delivery of the precious metals.

How do your global presence and synergies with local players add value to serving your clients better in terms of efficiency and cost?

- Our global presence has helped us to have a better pricing power and provide capability to compare pricing in Sourcing commodities and efficiently reduce or manage logistic costs

In terms of investments with local partners where do you position yourself, either as a strategic investor or a pure financial investor? In case of strategic investor can you explain what benefits do you derive which would differentiate you from other precious metal traders
- We position ourself as a Strategic investor. Growing scale of cross border trades in terms of sourcing



and supply commodities products in more effective ways with strategic partnership with the locals co and to link the supply chain networks more effective across regions.

What are the innovative product structures that your company offers to its clients?

- Collateral management system such as exchanging different commodities required by buyers or suppliers. We also provide effective end to end services which covers logistic and warehouse storage to clients especially from different regions on precious metals products

....

About the company

Perfect Hexagon, established in 2014, commenced trade on base metals in its initial years. It is only in late 2015, Perfect Hexagon gained traction in precious metal and began partnering with some of the world's largest commodity trading houses, with which they collaborated to generate consistent physical trade deals. These partnerships, combined with Perfect Hexagon's strong capital base, created synergies and opportunities that opened up in the following years.

With the office in Malaysia, Hong Kong and Singapore, Perfect Hexagon specialized in bulk trade of precious metals; Gold, Silver, Platinum & Palladium. The team take pride in providing "end to end" services, from upstream sourcing to downstream logistic transport, warehouse storage, assaying and refining, to allow clients from different regions to take advantage of the convenience and peace of mind.

Perfect Hexagon provides the following solutions:

- Logistics management
- Supply chain value added services
- Price risk management and hedging services
- Structured and trade financing solutions

The team identifies themselves as 'Strategic Investor' in their dealings, where they see beyond their role of just being a trader but also recognize the need to actively expand their capabilities in meeting client needs.

The group has strategic investments in Australia, Thailand and South America, in order to maintain a strong local presence that enables a diverse supply and customer base. Good geographical coverage and strong relationship with these well-established refineries & reputable brands, allows Perfect Hexagon to leverage and provide clients with competitive pricing in sourcing and management of goods.

The group have consistently achieved and exceeds annual trade turnover of over USD$2 billion since 2018. Perfect Hexagon is a Foreign Associate Members of Singapore Bullion Market Association (SBMA), a registered precious metal dealer under Ministry of Law Singapore and Cat 5 member of London Metal Exchange. In the times of Covid-19 lock downs, Perfect Hexagon group have actively donated food & essential items to multiple charity organizations, as part of their Corporate Social Responsibility initiatives.

Today, Perfect Hexagon is a recognized leader in commodity trading in Hong Kong, China, Singapore, Thailand and Australia, proudly serving some of the most well-known and successful international banks, brokers, trading houses and industry users.

Metal based Crypto launches not to erode traditional precious metal investments

Mr Cameron Alexander
Manager - Business Development & Industry Research, The Perth Mint.

Perth Mint website today is completely different from what it was a decade ago. Earlier, the focus was on refinery and mint and it was more B2B. Now, the website is completely tailored for B2C. Share with us the transformation story of Perth Mint?

The Perth Mint's vision is to inspire excellence in in the precious metals industry and become the sustainability benchmark.

This vision builds on the fact that the Perth Mint is trusted globally for its precious metal refining and investment products and services, as a premier tourist destination and for its luxury jewellery. Owned by the Western Australian Government, we are the world's only government-owned and guaranteed precious metals enterprise.

The relaunch of our website last year allows us to share the progress of our journey alongside showcasing all the products and services on offer for an enhanced and streamlined visitor experience.

The website continues to provide information on the high level of service offered by the Refinery and Minted Products business as well as new content on investment options, blog articles, pricing information, physical sales and access to our on-line trading platform.

In this increasingly digital world, it is important our website delivers a seamless e-commerce transaction for all our customers around the world, both B2B and

B2C, including those who regularly purchase our minted product and collector coins online.

What is Perth Mint doing to make gold more accessible? What has been the response to these initiatives from investors?
Precious metals investors are increasingly looking at alternative ways to purchase, manage and store their assets. This has never been more evident than during times of global geopolitical turmoil, sharemarket volatility and inflationary pressures.

The Perth Mint offers highest quality precious metals products and storage solutions to cater to all markets, from physical gold bars and coins to online depository products and investments in exchange traded products.

Our Depository service safely and securely stores more than AUD $6 billion worth of precious metals for clients, who range from individual investors through to sovereign wealth funds in more than 40 countries.

The new website and associated marketing campaigns has helped promote these products to a wider – and younger – audience and reflects the investment needs and approaches of today's investor.

This includes the opportunity for customers to buy, sell and store gold, silver and platinum online 24-hours a day with the Perth Mint Depository Online trading platform.

Perth Mint website presents an interesting article comparing cryptos and gold. Going forward, do you see a possibility for gold or silver-backed crypto (if it is already not available)? Would such product offerings likely to appeal to millennials in Australia (or in the developed world)?
Investors today have access to an increasing array of options, be it cryptocurrencies, ETFs or gold trading platforms. Younger generations have been adopting these new product offerings at a rapid rate but in the process are also experiencing the significant market fluctuations associated with many of these new investment opportunities, particularly with cryptocurrencies.

Gold has an investment track record built up over millennia, which is often forgotten in the excitement surrounding cryptocurrencies that have been around for just a decade. What is exciting is that a new generation of investors have entered the market and are looking for new-age investment opportunities.

Many companies are looking to introduce a precious metal-backed cryptocurrency. The Perth Mint expects this type of product to attract investors but not to the extent that it will erode traditional precious metal investment products.

How has been the returns on investments in Gold and Silver been in the Australian dollar? Can you provide us with a short, medium and long-term perspective on this?
The gold price has had a very strong run in recent years. The Australian dollar-denominated gold price remains at long-term highs and silver has been equally strong. While there was a modest 7% decline in the average AUD gold price in 2021, this was on the back of a 28% surge in 2020 and an 18% jump in 2019, which catapulted the price above $2,000/oz in local terms. AUD gold price returns over five years sit at more than 40% and 10-year growth is at 57%.
AUD gold is tracking higher this year despite the most recent pull back in the USD price.

As we have already stated, investor demand in gold is particularly strong during times of global geopolitical turmoil, sharemarket volatility and inflationary pressures.

There has been a Comprehensive Economic Cooperation Agreement (CECA) between India and Australia. Is there something in the Agreement for the precious metals segment?
We welcome the Comprehensive Economic Cooperation agreement between India and Australia, which is based on mutual understanding, trust, common interests and the shared values of democracy and rule of law.

While the agreement is yet to specify precious metals, we look forward to Australia's evolving trade relationship with India – a large and important gold market.

The Perth Mint has long had a presence in India's gold market and continues to explore opportunities there. We are also watching with interest the growth of the new India International Bullion Exchange (IIBX) – the country's first international bullion exchange – which we expect will facilitate a gateway for higher bullion imports into India.

Please attribute to Cameron Alexander, Manager Business Development & Industry Research at The Perth Mint.

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2022-2023/57
A.P. (DIR Series) Circular No.04

May 25, 2022

To

All Category-I Authorised Dealer Banks

Madam/Sir,

Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA)

Directorate General of Foreign Trade (DGFT) formulate and implement the Foreign Trade Policy and Procedures in terms of Foreign Trade (Development and Regulation) Act, 1992, (FTDR Act 1992, hereinafter) as amended from time to time. In exercise of powers conferred by Section 3 read with Section 5 of FTDR Act 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government has amended the import policy conditions for gold in any form, other than monetary gold and silver in any form under Chapter 71 of ITC (HS), 2017, Schedule-I (Import Policy) vide Notification No. 49/2015-2020 dated January 5, 2022.

2. Attention of Authorised Dealer Category - I (AD) bank is invited to (a) Notification No. 49/2015-2020 dated January 5, 2022, in terms of which, in addition to nominated agencies as notified by RBI (in case of banks) and nominated agencies as notified by DGFT, Qualified Jewellers (QJ) as notified by International Financial Services Centers Authority (IFSCA) will be permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Ltd. (IIBX); (b) Master Direction – Import of Goods and Services and the AP Dir Series Circulars issued for import of Gold by Reserve Bank of India under FEMA, 1999; (c) regulations issued by the International Financial Services Centers Authority (IFSCA) under International Financial Services Centers Authority Act, 2019.

3. In order to enable resident Qualified Jewellers to import gold through IIBX or any other exchange approved by IFSCA and the DGFT, Government of India the following directions under FEMA are being issued.

i. AD banks may allow Qualified Jewellers to remit advance payments for eleven days for import of Gold through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSC Act. AD banks shall ensure that advance remittance for such import through exchange/s authorised by IFSCA shall be as per the terms of the sale contract or other document in the nature of an irrevocable purchase order in terms of IFSC Act and regulations made thereunder by IFSCA. AD bank shall carry out all the due diligence and ensure the remittances sent are only for the bona fide import transactions through exchange/s authorised by IFSCA.

ii. The advance remittance for import of Gold should not be leveraged in what-so-ever form for importing Gold worth more than the advance remittance made.

iii. In case the import of Gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialize, or the advance remittance made for the purpose is more than the amount required, the unutilised advance remittance shall be remitted back to the same AD bank within the specified time limit of eleven days.

iv. For gold imported through IIBX, QJ shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the AD bank from where advance payment has been remitted.

v. All payments by qualified jewellers for imports of gold through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations. Any deviation from the extant guidelines for import of Gold through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

4. IFSC Authority (IFSCA) will conduct all required due diligence on the exchange - IIBX including all other entities involved in enabling import of Gold by QJs in terms of the IFSCA regulations. IFSCA shall also put in place necessary system to ensure that the advance remittance received from QJs are solely for the purpose for the import of gold through IIBX.

5. AD bank shall ensure that:
    a. all required documentation, custom duty related procedures and filing Bill of Entry as evidence of import, etc. is complete for the import of Gold by QJ within the specified applicable period.
    b. single/multiple ORMs created and matched with corresponding BoEs (Bill of Entry) and closed appropriately in IDPMS.
    c. the importer - that is QJs comply with the related extant instructions relating to imports under FEMA, 1999, FTDR Act 1992, Foreign Trade Policy and regulations of IFSCA.

AD banks may frame their own internal guidelines to deal with such cases, with the approval of their Board of Directors.

6. Reporting requirement by AD banks:
    i. AD bank shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
    ii. All these transactions need to be reported in FETERS in terms of extant guidelines.
    iii. AD bank shall report the import of gold through QJ in XBRL as prescribed in para C.11.1 of Master Direction – Import of Goods and Services.

7. The abovementioned arrangement is for the sole purpose of facilitating physical import of gold through IIBX or any similar exchange authorised by IFSCA, by Qualified Jewellers in India.

8. The above instructions shall come into force with immediate effect. AD banks may bring the contents of this Circular to the notice of their constituents and customers concerned.

9. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Vivek Srivastava)
Chief General Manager

INDIA news

The second phase of mandatory gold hallmarking is to be implemented from June 1: GOI

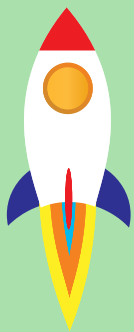
Gold hallmarking is a purity certification of the precious metal and was voluntary in nature till June 16, 2021, when the government decided to implement mandatory gold hallmarking in a phased manner. In the first phase, 256 districts of the country were covered. The second phase of the mandatory hallmarking will cover additional three categories of gold jewellery/artefacts (ie 20, 23 and 24 carats) and 32 new districts, wherein an Assaying and Hallmarking Centre has been set up post-implementation of the first phase.

Source: https://www.financialexpress.com

INDIA UAE CEPA deal: $10b gold and jewellery imports from India to grow by another 50%.

India's gold and jewellery industry will be one of the first beneficiaries of the country's CEPA agreement, starting with the removal of the 5 per cent import duty into the UAE. The CEPA with India will help UAE establish itself as the 'jewellery gateway' to the world, and enhance the already robust jewellery retail and wholesale business. UAE will be effectively exporting gold to India on 9 per cent import duty while the rest of the world will be paying 10 per cent. In the first year of CEPA, UAE can export up to 120 tonnes to India and which will rise to 200 tonnes in five years.

Source: https://gulfnews.com



MCX Launches Gold Mini Options

The MCX of India recently launched Gold Mini Options Contract with Gold Mini (100 grams) Futures as the underlying. Investors, jewellers, traders and other key stakeholders welcomed this move, as was evident from the launch day (April 25, 2022) turnover of Rs 66.1 crore and the second day turnover of Rs 95.41 crore.

Source: https://www.outlookindia.com

Gujarat: TCS, and TDS make business tough for bullion traders

Bullion traders, who operate on razor-thin margins, have been facing a challenging situation since the imposition of TCS (tax collected at source) in 2020 and Tax Deducted at Source (TDS) in 2021. Traders are now required to pay Rs 5,000 as tax for a transaction of Rs 50 lakh while the profit is just Rs 500. This makes it difficult for small traders to conduct business. Traders demanded that the bullion trade be exempted from the TDS requirements and the TCS rate be reduced to 0.01%.

Source: https://timesofindia.indiatimes.com

Akshaya Tritiya:

Bars and coins rule in gold sales in Gujrat- In a break from convention, Akshaya Tritiya saw more gold being sold in the form of bars and coins than jewellery. Estimates suggest that around 300kg of gold was traded in Gujarat in a single day.

Jewellery sales worth over 400cr were recorded in the capital city alone.

Tanishq unveils 'Gold Coin ATMs'- Sold gold coins worth over Rs 25 lakh through these "Gold Coin ATMs" which pumped out one and two-gram coins on the festival and saw sales reach the pre-Covid levels. This is a very customer-friendly machine and also a smart way to manage crowds during the festival seasons.

Source: https://timesofindia.indiatimes.com
Source: https://www.deccanherald.com

RBI Announces First Premature Redemption Under Sovereign Gold Bond Scheme

RBI stated that on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after the fifth year from the date of issue of such Gold Bond on the date on which interest is payable.

Source: https://www.business-standard.com

Govt plans tweak to Gold Monetisation Scheme, wants consumers to share price-fluctuation risk:

The government is planning changes to its Gold Monetisation Scheme (GMS) to ensure that risk of fluctuating gold prices is shared by the consumer and not only borne by the government. The finance ministry, along with the RBI and other stakeholders, is conducting a structural review of the scheme, as the current cost of the scheme in repayments — principal plus interest — is turning out to be more than the cost of borrowing through its treasury bills (T-bills), which the government is using as a benchmark to calculate costs.

With the revision in the provisions of the scheme, the price risk would move to the customer from the government. On the flip side, even if the price of gold at the time of redemption of the deposit is lower than what it was at the time of deposit, the government would calculate the interest and principal repayment amount based on the price of gold on the day the deposit was made.

Source: https://theprint.in

INTERNATIONAL news

LBMA reinstates accreditation of Kyrgyz gold refinery

The London Bullion Market Association (LBMA) said it had reinstated its accreditation of a precious metal refinery in Kyrgyzstan, allowing it to sell metal in the London market, the world's largest.

Source: https://www.kitco.com

Nigeria to become gold jewellery destination — Minister of Mines and Steel Development (MMSD)

Federal Government is making effort to make sure value is added to raw gold mined locally to attract foreigners and make Nigeria a gold jewellery destination. Nigeria is a large consumer of jewellery products from the United Arab Emirates, India, China and Europe.

Source: https://guardian.ng

Thai gold demand sinks

Consumer demand for gold in Thailand fell 54% year-on-year to 3.8 tonnes in the first quarter, from 8.3 tonnes in the first quarter of 2021, as high prices weighed on sentiment.

Source: https://www.bangkokpost.com

Nigeria, Swiss firm sign pact on metal, gold mining development

Nigeria and a Swiss firm have signed a pact to develop precious metals and an artisanal gold mining value chain. On the sideline of the Investing in African Mining Indaba at Capetown, South Africa, Dukia Gold & Precious Metals Refining Co. Limited Nigeria and Philoro Global Trading AG Switzerland, signed a Working Together Agreement to deepen participation in the extractive industry as well as consolidate strategies in the development of programmes needed to exploit the expected benefits in the sector.

Source: https://guardian.ng

New technology dramatically increases the recovery rate of precious metals from waste

In South Korea, which relies on imports for 99.3% of its metal resources, the per capita consumption of metal resources is the highest in the Organization for Economic Co-operation and Development, and consumption of precious metals in industries such as renewable energy, healthcare and semiconductors is increasing. A Korean research team has developed a technology that can dramatically increase the recovery rate of precious metals from waste. They developed a gold recovery process with the world's highest recovery efficiency of 99.9 %.

Source: https://phys.org

Portugal's Central Bank Opens Its Vaults for Rare Glimpse of Gold Bars

Portugal's central bank has opened up its heavily guarded vaults in a small commuter town near Lisbon, giving a rare glimpse of where some of the country's gold reserves are kept. Portugal has the world's 14th largest gold reserve, with its value representing the equivalent of nearly 10% of the country's gross domestic product.

Source: https://money.usnews.com

World Gold Council Foresees Solid Mine Supply Growth and Surge in Recycling

The recently published Gold Demand Trends Q1 2022 report by the World Gold Council (WGC) reviews the sector performance during the initial quarter of the year, along with providing an outlook for the whole year 2022. According to the report, the average gold price in dollars during the quarter was up by 5% over the quarter and year. The prices were propelled to higher levels, driven by high inflation and elevated geopolitical risks.

Source: https://www.scrapmonster.com

Organised by

EVENTELL GLOBAL

We work even

INDIA GOLD CONFERENCE

29-31 July 2022

ITC Grand Chola, Chennai

Title Sponsor

MTC • PAMP

Swiss Excellence. Made in India.

Presented by

INDIA BULLION AND JEWELLERS ASSOCIATION LTD.

Since 1919

Platinum Sponsor

KUNDAN

Powered by

sam

SAM PRECIOUS METALS

Diamond Sponsor: IGR AuSom

Gold Sponsor: WORLD GOLD COUNCIL

Gold Sponsor: BRIGHT GOLD

Gold Sponsor: Etihad Gold Global UAE

Refinery Partner: SOVEREIGN METALS LIMITED

Global Refinery Partner: RAND REFINERY

Awards Nite Gala Dinner: ARIPLUTUS METALS PVT. LTD.; Shreeji

Gala Theme Dinner: StoneX

Trusted Purity Partner: CapsGold (TRUSTED LEGACY SINCE 1901)

Bullion Partner: Amrapali Gujarat

Lanyard Sponsor: J.P.Morgan

Secure Logistics Partner: SEQUEL GLOBAL PRECIOUS LOGISTICS

Preferred Dealer Partner: dP GOLD

Derivatives Partner: BSE EXPERIENCE THE NEW

Free Zone Partner: BRINKS Global Services

Lunch Sponsor: Parker Precious Metals LLP

Lunch Sponsor: SHIV SAHAI & SONS (I) PVT. LTD.

Delegate Kit Sponsor: Fischer

Networking Break: AMS BULLION

Digital Gold Partner: DIGIGOLD (RESERVING TODAY & TOMORROW)

Information Partner: METALS FOCUS

Strategic Partner: THE JEWELLERS AND DIAMOND TRADERS' ASSOCIATION-MADRAS

Supporting Bodies: SBMA; GHANA NATIONAL ASSOCIATION OF SMALL SCALE MINERS (GNASSM); CHAMBER OF BULLION TRADERS GHANA

Media Partner: BullionWorld

For more details visit **www.goldconference.in** or

Contact Ms Abhinaya: **+91 9343734140**, Email: **abhinaya@eventellglobal.com**

IBJA Opening & Closing Rates for Gold and Silver

(All rates in INR)

	Gold 999		Gold 995		Gold 916		Gold 750		Gold 585		Silver 999	
Date	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)
	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	1 Kg	1 Kg
05-02-2022	51406	51336	51200	51130	47088	47024	38555	38502	30073	30032	62820	62950
05-04-2022	51000	51055	50796	50851	46716	46766	38250	38291	29835	29867	62474	62538
05-05-2022	51620	51787	51413	51580	47284	47437	38715	38840	30198	30295	63660	63331
05-06-2022	51449	51692	51243	51485	47127	47350	38587	38769	30098	30240	62358	62530
05-09-2022	51699	51479	51492	51273	47356	47155	38774	38609	30244	30115	62352	61361
05-10-2022	51486	51496	51280	51290	47161	47170	38615	38622	30119	30125	61967	61473
05-11-2022	51045	51205	50841	51000	46757	46904	38284	38404	29861	29955	60733	61450
05-12-2022	51284	51118	51079	50913	46976	46824	38463	38339	30001	29904	60460	59796
05-13-2022	50387	50465	50185	50263	46154	46226	37790	37849	29476	29522	59207	59106
05-16-2022	50367	50305	50165	50104	46136	46079	37775	37729	29465	29428	59683	60042
05-17-2022	50752	50593	50549	50390	46489	46343	38064	37945	29690	29597	61239	61302
05-18-2022	50297	50283	50096	50082	46072	46059	37723	37712	29424	29416	60961	61149
05-19-2022	50395	50682	50193	50479	46162	46425	37796	38012	29481	29649	60556	61087
05-20-2022	51012	51027	50808	50823	46727	46741	38259	38270	29842	29851	61855	62004
05-23-2022	51248	51317	51043	51112	46943	47006	38436	38488	29980	30020	61859	62206
05-24-2022	51205	51292	51000	51087	46904	46983	38404	38469	29955	30006	61200	61711

The above rates are exclusive of GST/VAT

Bullion - Data & Statistics

Gold Spot Market International (Per Troy Ounce)			
Spot Gold	02nd May	24th May	% Change
Australia (AUD)	2642.48	2632.73	-0.37
Britain (GBP)	1490.59	1488.33	-0.15
Canada (CAD)	2398.23	2395.16	-0.13
Europe (Euro)	1772.73	1737.77	-1.97
Japan (Yen)	242382.00	236144.00	-2.57
Switzerland (CHF)	1821.47	1790.91	-1.68
USA (USD)	1863.012	1867.58	0.25

Silver Spot Market International (Per Troy Ounce)			
Spot Silver	02nd May	24th May	% Change
Australia (AUD)	32.087	31.15	-2.92
Britain (GBP)	18.092	17.6	-2.72
Canada (CAD)	29.121	28.34	-2.68
Europe (Euro)	21.527	20.56	-4.49
Japan (Yen)	2944.93	2792	-5.19
Switzerland (CHF)	22.113	21.19	-4.17
USA (USD)	22.624	22.13	-2.18

Monthly Exchange Data (Gold) (From May 02-24)						
Exchange	**Commodity**	**Open**	**High**	**Low**	**Close**	**% Ch.**
COMEX[2]	Gold Aug 22	1903.10	1917.60	1792.00	1871.40	-2.46
SHANGHAI –SHFE[4]	Gold June 22	402.78	406.88	393.04	397.14	-1.71
MCX[1]	Gold Aug 22	51520.00	51837.00	49741.00	51340.00	-1.27
TOCOM[3]	Gold Aug 22	7868.00	7959.00	7427.00	7592.00	-2.94

1- Rs/10 gms, 2- $/oz, 3- Jpy/gm 4 (RMB) Yuan/gram 5 - $/gram

Monthly Exchange Data (Silver) (From May 02-24)						
Exchange	**Commodity**	**Open**	**High**	**Low**	**Close**	**% Ch.**
COMEX[2]	Silver July 22	22.79	23.35	20.42	22.06	-4.43
MCX[1]	Silver July 22	63720.00	64211.00	58192.00	61976.00	-3.69
TOCOM[3]	Silver Aug 22	97.90	97.90	86.10	88.10	-10.29

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

Gold Spot Market, India			Rs/10gm
Spot Gold	**02nd May**	**24th May**	**% chg**
Ahmedabad	51119.00	51054.00	-0.13
Bangalore	52418.00	50882.00	-2.93
Chennai	51292.00	50842.00	-0.88
Delhi	52372.00	50801.00	-3.00
Mumbai	51130.00	51087.00	-0.08
Hyderabad	51320.00	50884.00	-0.85
Kolkata	52762.00	51159.00	-3.04

Currency Change (Monthly)		
	02nd May	**24th May**
EUR/USD	1.0510	1.0734
USD/AUD	1.4182	1.4075
USD/GBP	1.2491	1.2529
USD/INR	76.47	77.46
USD/JPY	130.14	126.80

Silver Spot Market, India			Rs/kg
Spot Silver	**02nd May**	**24th May**	**% chg**
Mumbai	62950.00	61711.00	-1.97

Bullion - Data & Statistics

LBMA Gold & Silver Price (Per Troy Ounce)										
	GOLD AM			GOLD PM				SILVER		
DATE	USD AM	GBP AM	EUR AM	USD PM	GBP PM	EUR PM	DATE	USD	GBP	EUR
05-03-2022	1857.90	1482.23	1768.91	1869.70	1491.27	1771.35	05-03-2022	22.63	18.11	21.55
05-04-2022	1868.70	1493.09	1774.14	1863.65	1492.60	1769.54	05-04-2022	22.60	18.05	21.46
05-05-2022	1895.20	1508.01	1788.31	1892.30	1528.79	1793.90	05-05-2022	22.92	18.23	21.62
05-06-2022	1884.30	1527.98	1784.24	1882.35	1525.64	1778.82	05-06-2022	22.49	18.17	21.24
05-09-2022	1865.40	1518.81	1775.30	1860.90	1511.42	1766.92	05-09-2022	21.87	17.72	20.74
05-10-2022	1862.25	1510.84	1763.18	1857.35	1506.87	1760.40	05-10-2022	21.87	17.70	20.72
05-11-2022	1851.75	1495.66	1753.42	1851.95	1496.01	1753.80	05-11-2022	21.79	17.65	20.66
05-12-2022	1850.75	1520.21	1774.87	1837.05	1506.01	1767.98	05-12-2022	20.99	17.18	20.10
05-13-2022	1824.20	1497.30	1755.97	1811.55	1485.65	1745.79	05-13-2022	20.84	17.07	20.05
05-16-2022	1805.80	1476.96	1732.48	1809.50	1478.18	1739.47	05-16-2022	21.17	17.26	20.29
05-17-2022	1828.05	1465.91	1744.69	1825.00	1462.56	1731.38	05-17-2022	21.78	17.47	20.71
05-18-2022	1818.50	1467.35	1729.39	1810.65	1460.83	1721.20	05-18-2022	21.67	17.47	20.59
05-19-2022	1825.55	1475.59	1740.30	1844.00	1474.65	1744.79	05-19-2022	21.56	17.35	20.48
05-20-2022	1846.30	1479.99	1744.01	1834.20	1468.64	1736.44	05-20-2022	22.03	17.64	20.81
05-23-2022	1864.30	1481.37	1746.48	1856.20	1476.05	1741.49	05-23-2022	22.09	17.56	20.68
05-24-2022	1858.60	1487.07	1734.63	1867.10	1492.19	1738.83	05-24-2022	21.93	17.52	20.48

Sources:

www.mcxindia.com
www.Ncdex.com
www.cmegroup.com
www.tocom.or.jp/Indian
www.barchart.com
www.forexpros.com
Domestic Spot precious metals prices Newspaper
www.lbma.org.uk/index.html
www.netdania.com


s a m
SAM PRECIOUS METALS
WE KNOW WHAT
Precious
REALLY MEANS.