



Issue 520

16th August 2023

Metals Focus

Precious Metals Weekly

Gold

Gold is trading around \$1,900, under pressure from a strong dollar and rising Treasury yields.

Silver

The gold:silver ratio touched 85.3, its highest since late June.

Platinum

Northam expects a 70%-80% y/y fall in earnings per share due to non-cash impairment costs on its investment in RBPlat and Eland because of a sharp drop in PGM prices.

Palladium

Net managed money shorts on NYMEX set a new all-time high, of 971koz.

A closer look at the drop in official sector gold purchases

After an all-time high of 1,082t in 2022, 2023-to-date has seen weaker appetite for gold bullion from the official sector. Net official sector purchases are estimated to have totalled 103t in Q2.23, marking the third consecutive quarterly drop and the lowest since Q1.22. This brought net buying to 387t for H1.23. While the total still marks the highest H1 figure in our data series (starting from 2013), it is down by 54% from the record high seen in H2.22.

That said, such a slowdown should not come as a surprise, as the record H2 is incredibly difficult to match. More importantly, net buying in absolute terms has remained historically high, especially excluding Turkey (which is discussed below). Going forward, we still believe that the official sector will remain a sizeable bullion buyer for the foreseeable future (as subscribers to our 5-Year Gold Forecast will have seen recently), as factors that encouraged reserve managers to add gold reserves in recent years are expected to persist.

Turkey contributed to much lower net official sector buying

The 2023-to-date pull-back was largely led by **Turkey**, with the Central Bank of the Republic of Turkey (CBRT) selling 101t in H1.23. This marks a stark contrast to 2022 when the CBRT was the largest declared official buyer (+147t) globally. The majority of this year's disposals occurred during March-May in response to growing turmoil in the local market. Specially, a ban on gold bullion imports and surging gold demand, ahead of the parliamentary and presidential elections, resulted in



Metals Focus thank the sponsors of the Precious Metals Weekly for their generous support.



www.mkspamp.com



www.wisdomtree.com



www.dillongage.com



www.royalmint.com



www.asahirefining.com



www.abcbullion.com.au



www.valcambi.com



www.responsiblegold.com



www.sampreciousmetals.com



www.ibvgold.com



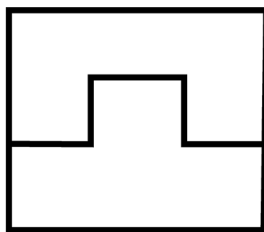
www.randrefinery.com



www.realkrugerrand.com



www.helveticor.ch



TEMPEST CAPITAL LIMITED



www.goldstromgroup.com



www.metallix.com



www.howdengroup.co.uk



www.perthmint.com



www.axedras.com



www.preciousmetals.td.com



www.hp.co.in



ISTANBUL GOLD REFINERY INC.

www.igrglobal.com



www.thinkava.com



www.argor-heraeus.com



www.auramet.com



www.brinks.com



www.isgold.com



www.aurus.io



www.directbullion.com



www.monetary-metals.com



www.agabullion.com



www.fidelitrade.com

a severe shortage of physical gold. Against this backdrop, the CBRT stepped into the market by providing extra physical gold liquidity in order to meet local demand. Such sales stopped after the elections, as the domestic gold market and local demand normalised. In fact, the CBRT resumed gold buying in June-July. Leaving aside Turkey, the rest of official sector sales were dominated by two countries, **Kazakhstan** (-38t) and **Uzbekistan** (-19t).

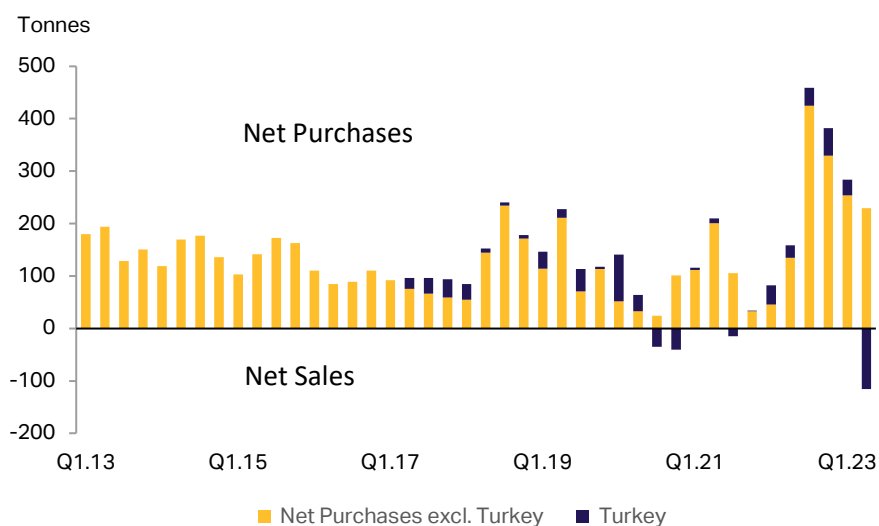
A far more positive picture when Turkey is excluded

As illustrated in the chart below, excluding Turkey, the slowdown in net official sector buying has been far more restrained. On a country-by-country basis, the majority of these purchases this year came from those that had been active during the last couple of years.

Among these, **China** has been the biggest reported buyer so far this year. After the PBOC revealed a rise in its gold reserves in November 2022 (the first change since 2019), the country has since been a regular buyer, adding 126t over January-July this year. **Singapore** (+72t) emerged as the second largest buyer, though much of these purchases were concentrated in Q1. Elsewhere, countries such as **India** (+10t) **Iraq** (+2t), and **Qatar** (+2t) also reported modest purchases, but their acquisitions fell well short of those seen in 2022. Finally, while Asian countries have continued to dominate official sector purchases, interest in bullion has also picked up in Europe where **Poland** (+48t) and the **Czech Republic** (+8t) are worth highlighting.

In essence, this buoyant interest in gold reflected an ongoing shift away from dollar-denominated assets. That said, de-dollarisation is not a new theme. The introduction of the euro in 1999, the 2008 financial

Net Official Sector Purchases & Sales





THE ROYAL MINT®

THE ORIGINAL MAKER



MADE FOR A CROWNING MOMENT

To celebrate and mark the coronation of His Majesty King Charles III, The Royal Mint has released an exclusive bullion coin range featuring The King's royal cypher and first crowned coinage portrait. Each bullion coin in this range will only be available in limited mintages.

For all distribution enquiries, please contact The Royal Mint on:



0345 600 5014



royalmintbullionsales@royalmint.com

crisis, massive programmes of quantitative easing and the persistence of negative real interest rates have all led to a sustained, albeit gradual, decline in the dollar's role in global reserves over the last two decades.

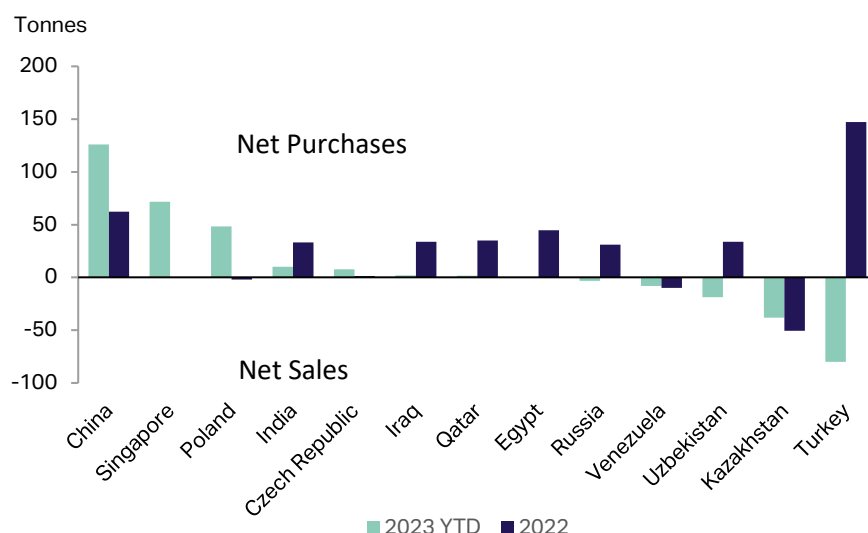
This erosion in the dollar's reserve currency appeal, however, has accelerated since Russia's invasion of Ukraine. The impact of sanctions taken by the US against Russia and its willingness to weaponise the dollar undoubtedly alerted more countries to the potential risk to their international reserves, which tend to be dominated by the dollar. As reserve managers sought alternative assets, gold benefited from the traditional view that the yellow metal is no one's liability.

Gold's resilient price performance during the economic and financial turmoil of the last few years also helps. Following nearly 15 years of near-zero interest rates, successive QE programs and unprecedented fiscal stimulus, systemic tail risks have become fatter. What were once seen as "once in a generation" events have become increasingly regular affairs in recent years. As such, even with improving yields in both nominal and real terms (which tend to raise the opportunity costs of holding zero-yielding assets), ever fatter systemic tail risks have continued to justify holding gold as an effective portfolio diversifier.

The official sector to remain a sizeable bullion buyer

Going forward, geopolitical and economic uncertainties are likely to remain high, which should justify raising allocations to gold. If anything, gold's appeal as a protection against systemic risks has grown further in light of the latest US credit rating downgrade. Even though the 2022 record level is highly unlikely to be repeated this year, our latest projection of 750t for 2023 still points to a historically high level for global net official sector purchases.

Major Reported Official Buyers & Sellers in 2022-23



Don't Get Fooled



All that glitters is NOT Dillon Gage

As an industry innovator, Dillon Gage is often imitated but never duplicated. You owe it to yourself to work with the precious metals wholesaler other dealers can only try to copy.

No one beats Dillon Gage for:

- **Cutting-Edge Tech:** Integrate your website via FizConnect APIs
- **Refining Services:** Trade your scrap refining for bullion products
- **Storage:** Buy and store metals at any of our three International Depository locations in North America

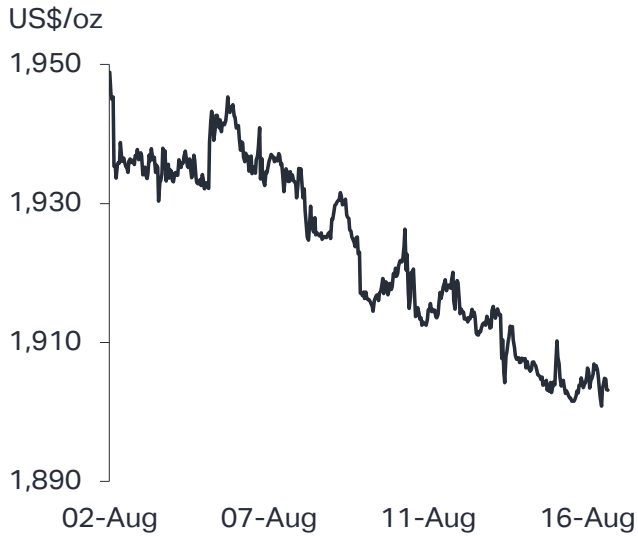


DILLONGAGE.COM 800.375.4653

TRADING - REFINING - STORAGE - TECHNOLOGY - FULFILLMENT

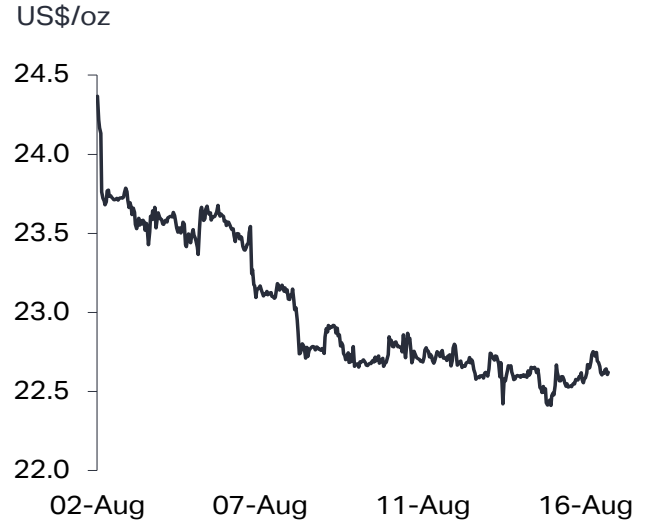
Charts - Precious Metal Prices, US\$/oz

Gold



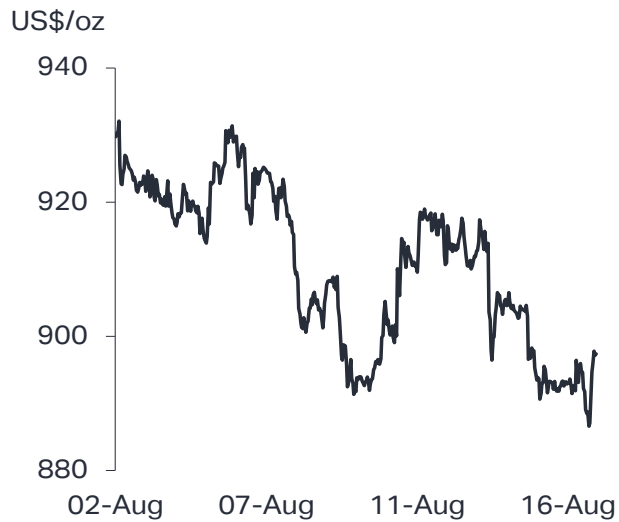
Source: Bloomberg

Silver



Source: Bloomberg

Platinum



Source: Bloomberg

Palladium

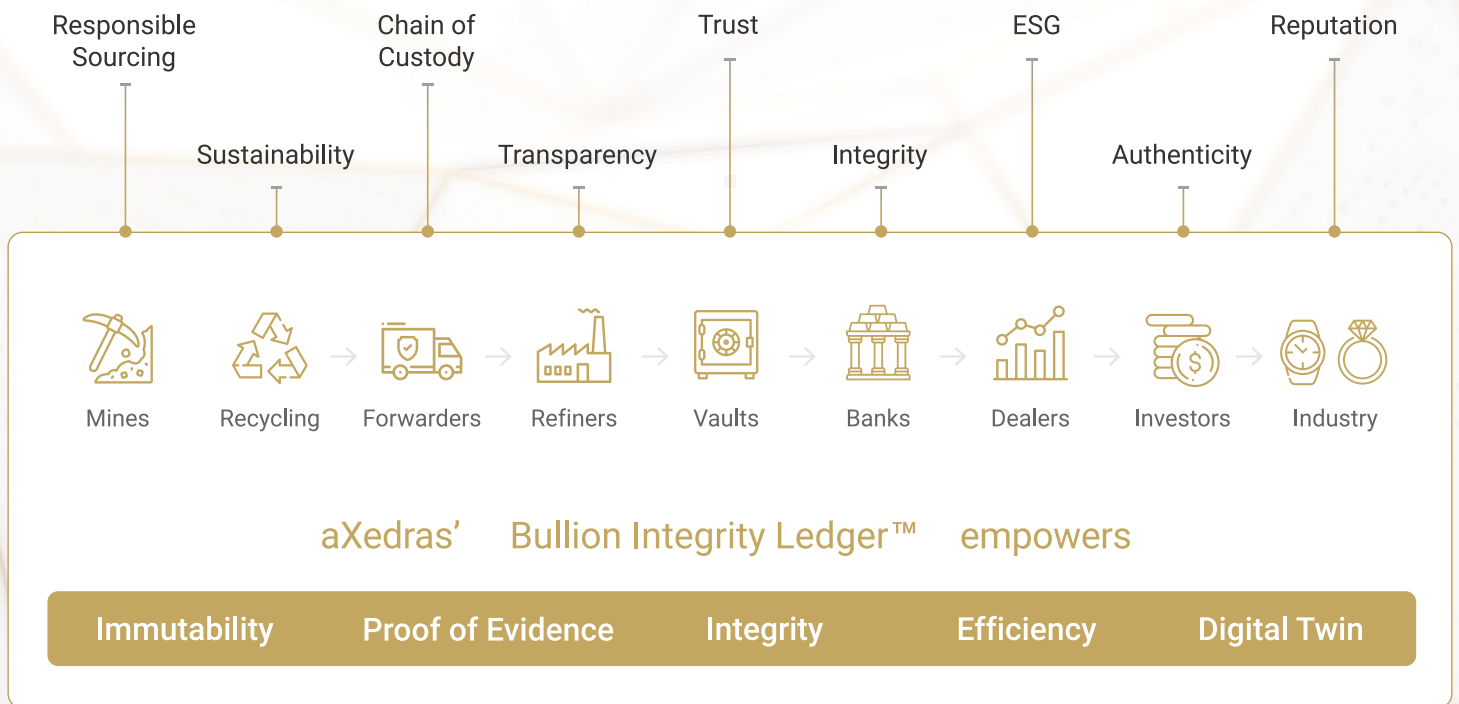


Source: Bloomberg



Connecting and Digitalizing the Precious Metal Industry

If you are **interested** in...



...then **contact us** at events@axedras.com

to organize a physical meeting with us at the upcoming
LBMA's Global Precious Metals Conference,
from 15 - 17 October 2023 in Barcelona, Spain

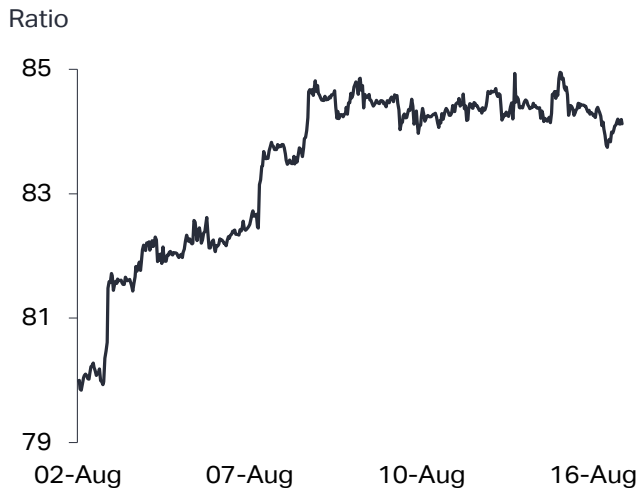
 www.axedras.com

Industry-aligned and tested solution



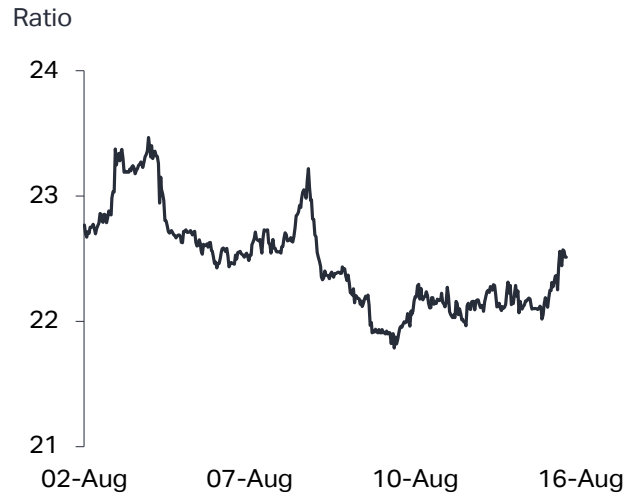
Charts - Ratios & Spreads

Gold:Silver Ratio



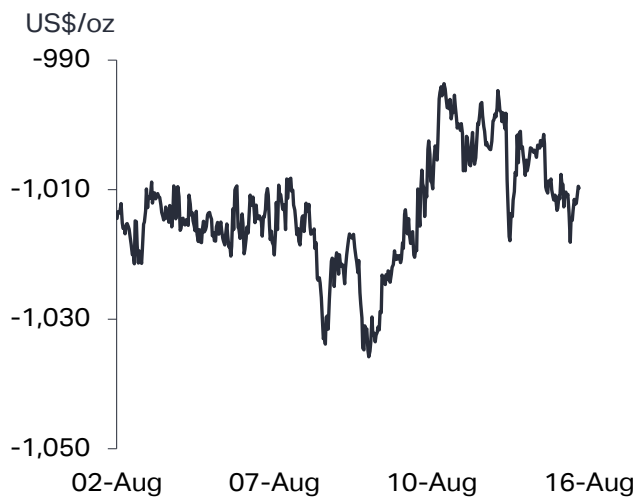
Source: Bloomberg

Gold:Oil (Brent) Ratio



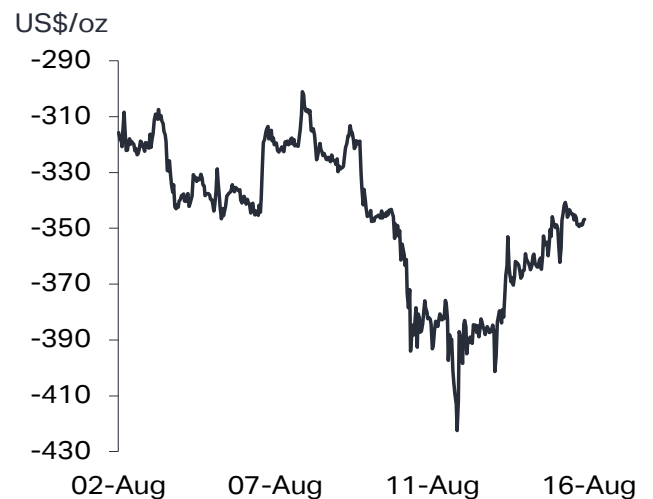
Source: Bloomberg

Platinum-Gold Discount, US\$/oz

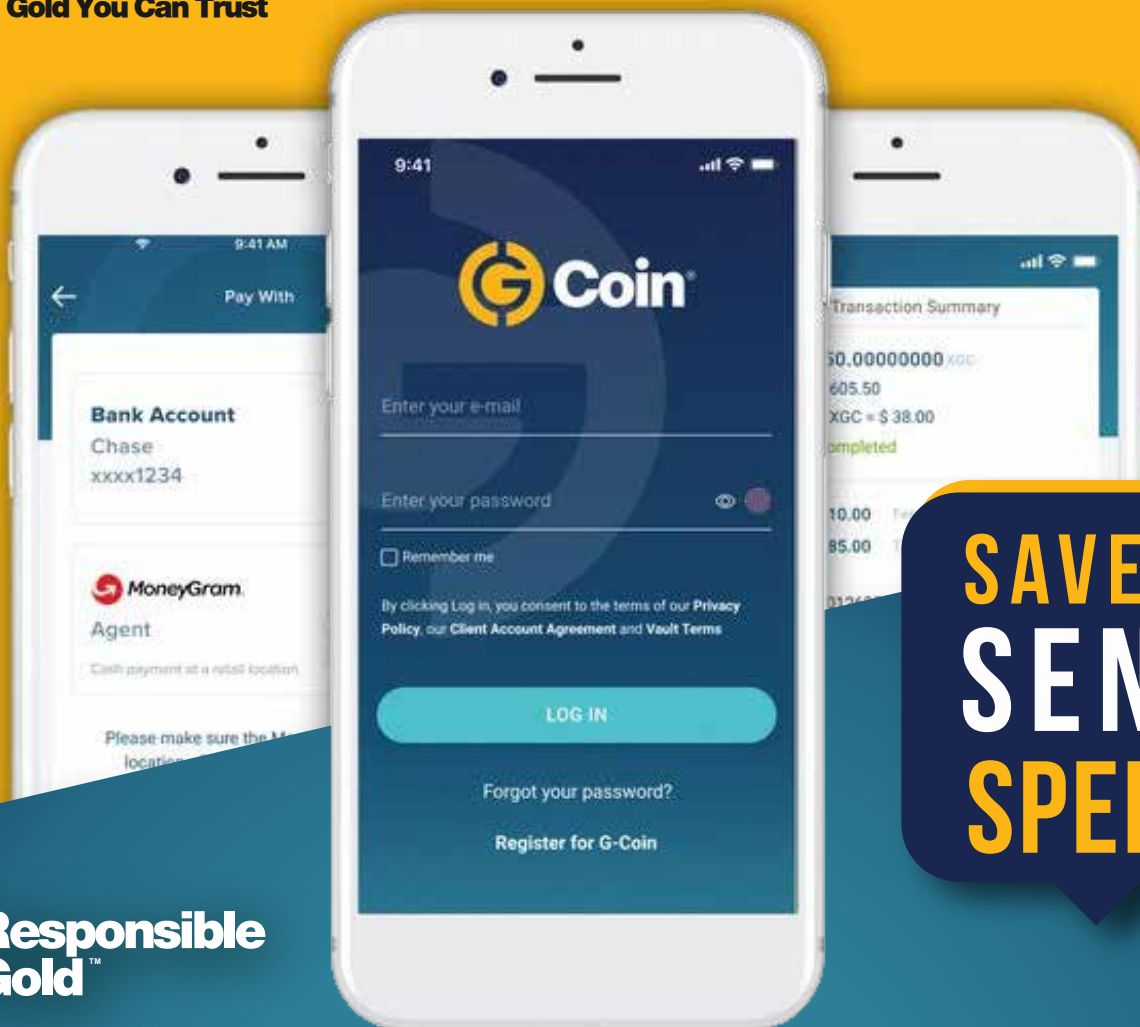


Source: Bloomberg

Platinum-Palladium Discount, US\$/oz



Source: Bloomberg



SAVE
SEND
SPEND



- ✓ 1 G-Coin® token is a digital title to 1 gram of Responsible Gold™ stored in licensed and regularly audited vaults
- ✓ G-Coin® can be held as a store of value, redeemed for physical gold, transferred or gifted to others and in time used to make payments
- ✓ With 24/7 access, G-Coin® brings gold into the digital age and increases its utility
- ✓ The Responsible Gold™ kilobars from which G-Coins are “minted” optimize transparency, traceability, and trust through the supply chain
- ✓ G-Coin® can now be bought and sold in 76 countries on one of the world's fastest-growing crypto and digital asset exchanges @CrossTower



Awarded Best **ESG**
Blockchain Bullion Company
in **2022**



Recognized as positive
contributor to **UN SDGs**
in **2019**



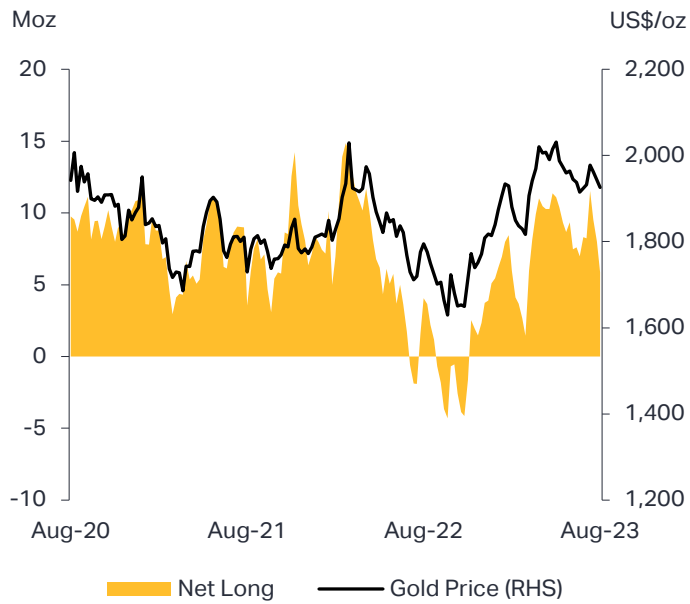
Attested as **Shariah**
Compliant in **2018**



Visit us at:
www.responsiblegold.com

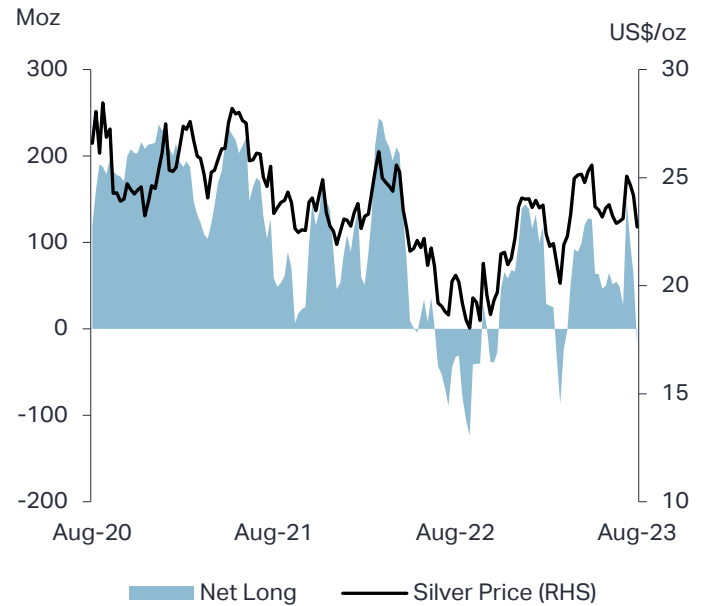
Charts - CME Futures Net Positions*

Gold



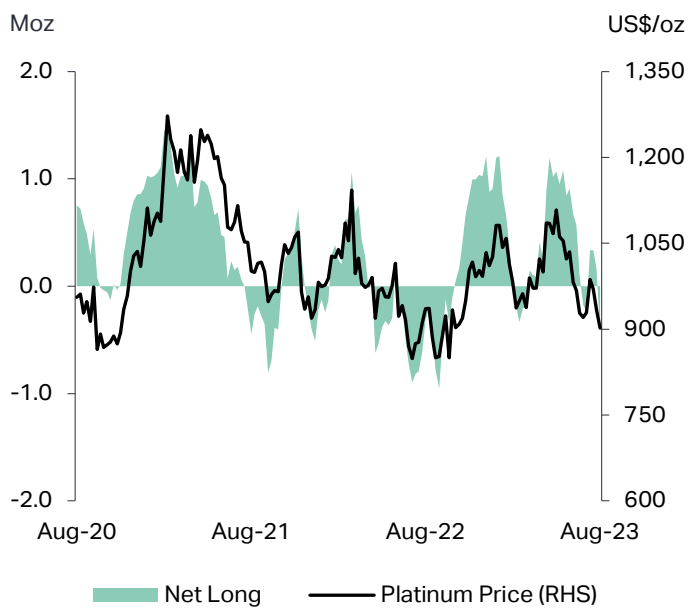
*Managed money positions; Source: Bloomberg

Silver



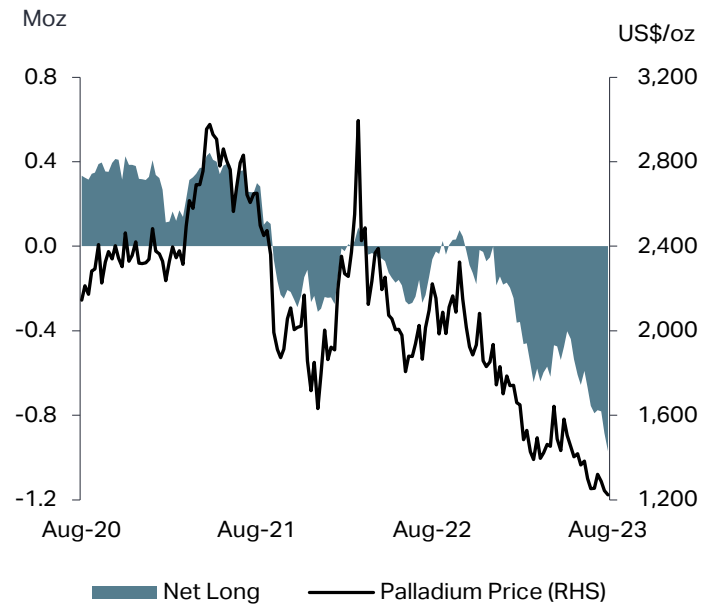
*Managed money positions; Source: Bloomberg

Platinum



*Managed money positions; Source: Bloomberg

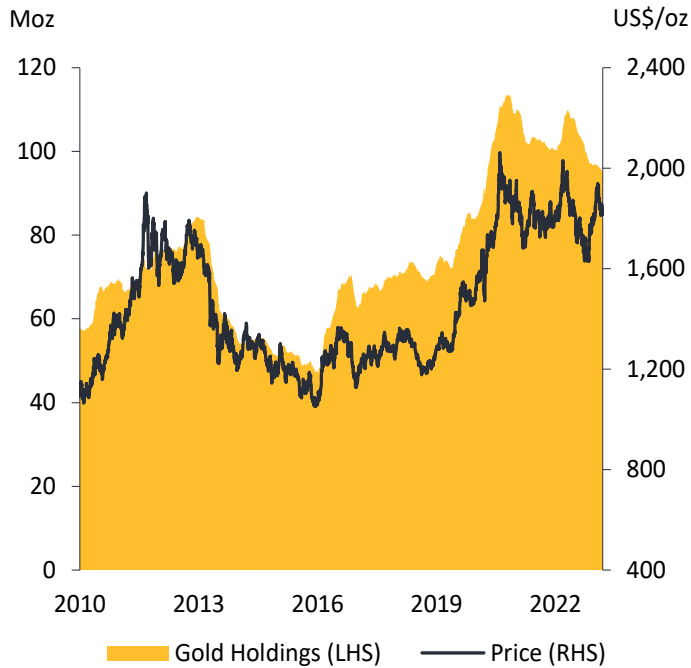
Palladium



*Managed money positions; Source: Bloomberg

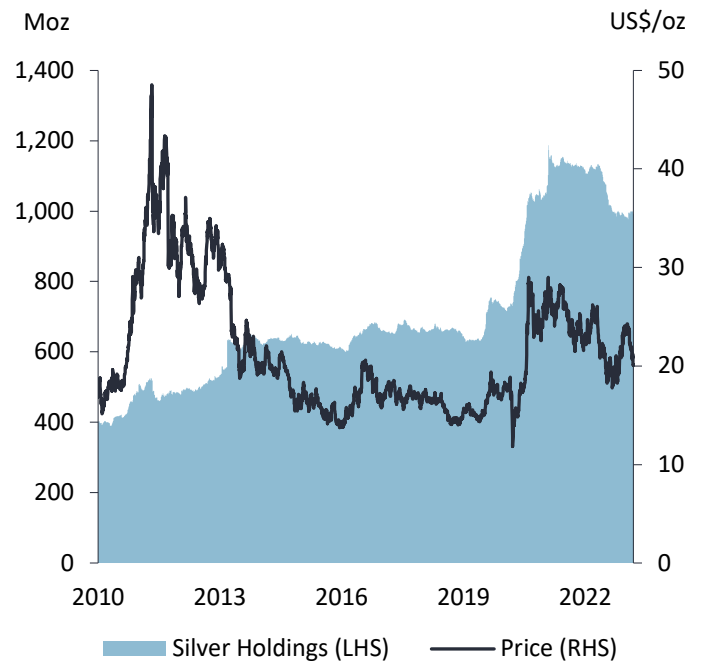
Charts - ETP Holdings

Gold



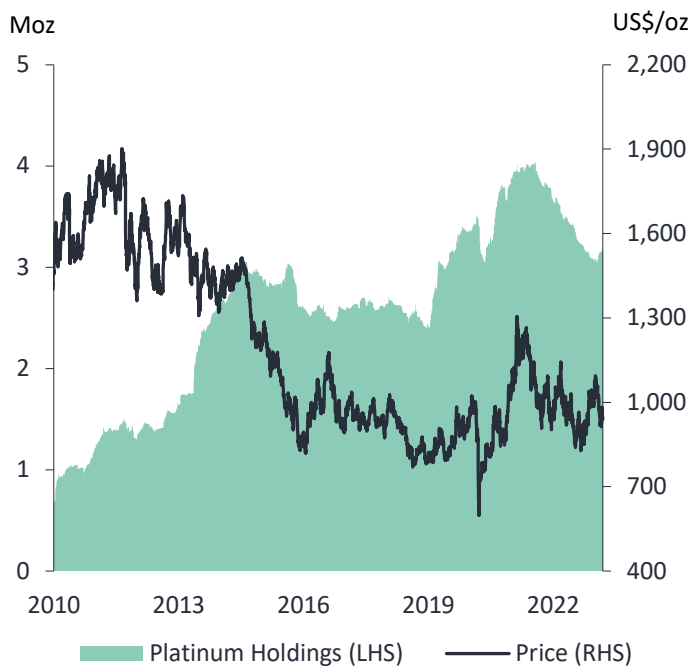
Source: Bloomberg

Silver



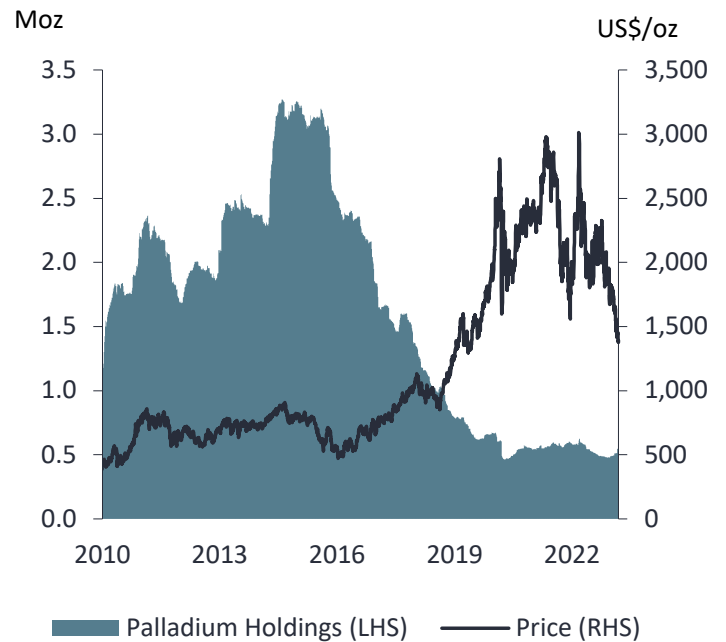
Source: Bloomberg

Platinum



Source: Bloomberg

Palladium



Source: Bloomberg

Metals Focus - The Team

[Philip Newman, Managing Director](#)

[Charles de Meester, Managing Director](#)

[Neil Meader, Director of Gold and Silver](#)

[Junlu Liang, Senior Analyst](#)

[Simon Yau, Senior Consultant - Hong Kong](#)

[Peter Ryan, Independent Consultant](#)

[Elvis Chou, Consultant - Taiwan](#)

[Michael Bedford, Consultant](#)

[David Gornall, Consultant](#)

[Neelan Patel, Regional Sales Director](#)

[Mirian Moreno, Business Manager](#)

[Erin Coyle, Sales & Marketing Administrator](#)

[Ghananshu Karekar, Research Associate](#)

[Adarsh Diwe, Analyst - Mumbai](#)

[Nikos Kavalis, Managing Director - Singapore](#)

[Sarah Tomlinson, Director of Mine Supply](#)

[Wilma Swarts, Director of PGMs](#)

[Philip Klapwijk, Chief Consultant](#)

[Chirag Sheth, Principal Consultant - Mumbai](#)

[Yiyi Gao, Senior Analyst - Shanghai](#)

[Çagdas D. Küçükemiroglu, Consultant - Istanbul](#)

[Dale Munro, Consultant](#)

[Harshal Barot, Senior Consultant - Mumbai](#)

[Jacob Smith, Senior PGM Analyst](#)

[Francesca Rey, Consultant - Manila](#)

[Celine Zarate, Consultant - Manila](#)

[Jie Gao, Research Analyst - Shanghai](#)

Metals Focus - Contact Details

Address

6th Floor, Abbey House
74-76, St John Street
London, EC1M 4DT
U.K.

Tel: +44 20 3301 6513

Email: info@metalsfocus.com

Bloomberg launch page: MTFO

Bloomberg chat: IB MFOCUS

www.metalsfocus.com

Disclaimer & Copyright

Unless otherwise stated, Metals Focus Ltd are the owner or the licensee of all intellectual property rights in this Report. This Report (including any enclosures and attachments) has been prepared for the exclusive use and benefit of the addressee(s). Nothing contained in this Report constitutes an offer to buy or sell precious metals or related securities or investments and nor does it constitute advice in relation to the buying or selling of the same. You must obtain professional or specialist advice before taking, or refraining from, any action on the basis of the content of this Report. Whilst every care has been taken in preparing the information published in this Report, Metals Focus Ltd does not guarantee the accuracy or currency of the content. Metals Focus Ltd does not accept responsibility for any errors or omissions and accepts no liability for any loss or damage howsoever arising, nor to any third party in respect of this Report.

This Report (or any part of this Report) must not be reproduced, distributed, transmitted or communicated to any third party without express written consent from Metals Focus Ltd. In cases where the Report has been provided electronically, only the authorised subscriber, in respect of whom an individual user licence has been granted, may download a copy of this report. Additional user licences may be purchased from Metals Focus Ltd on request. The commission of any unauthorised act in relation to the work may result in civil or criminal actions.