

# XII International Forum Russian Bullion Market

## Global Gold Markets

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# Key Focus Areas

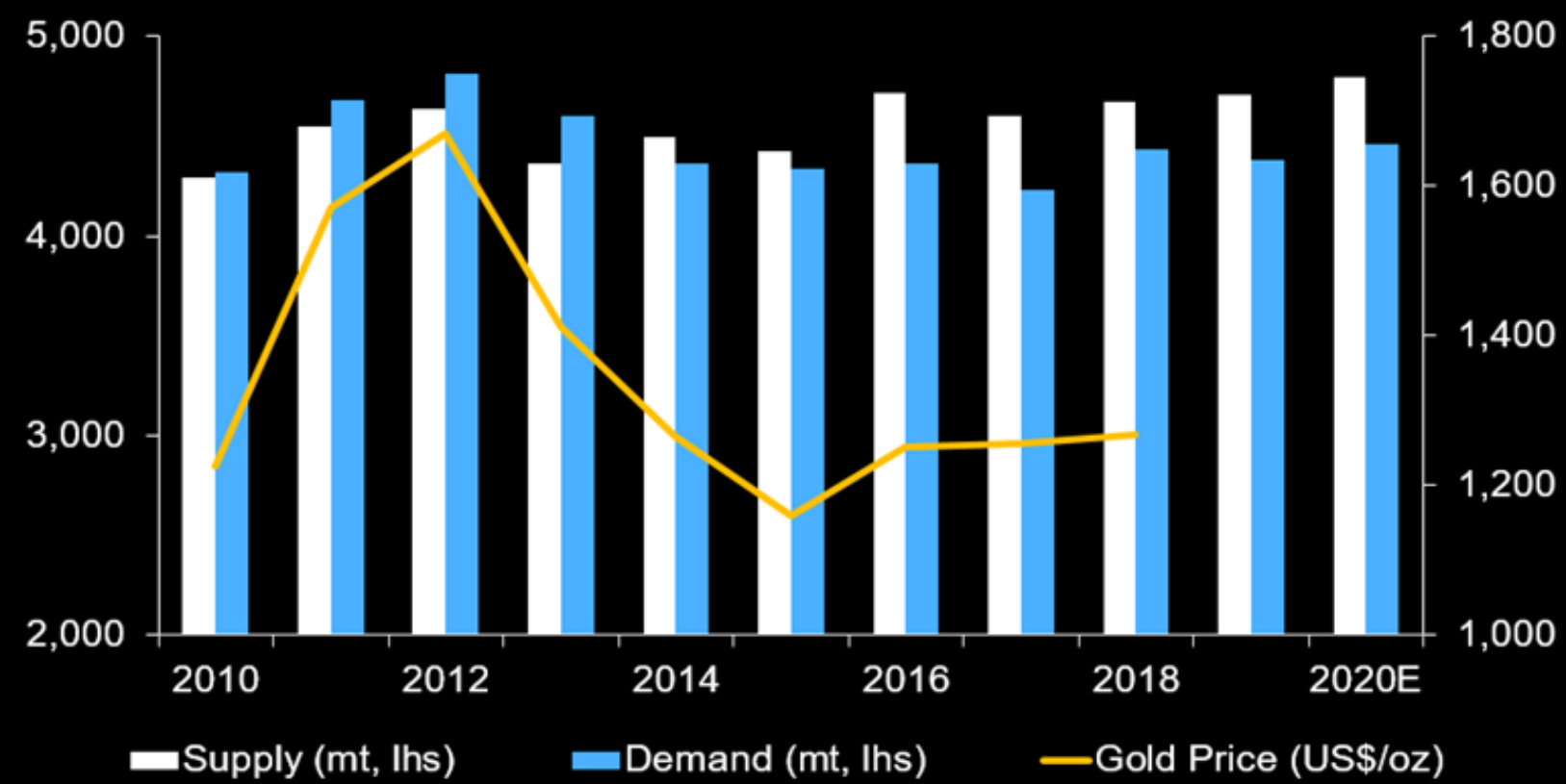
**Market  
Dynamics**

**Price  
Expectations**

**Conclusion  
Outlook**

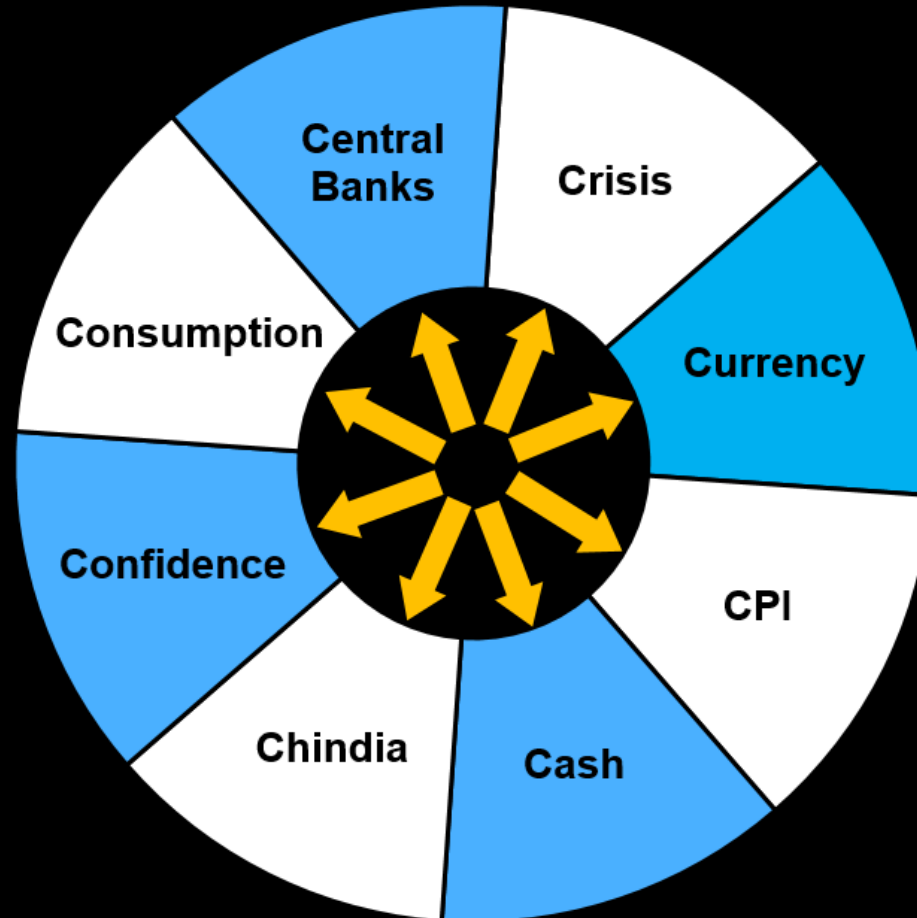
# Introduction

# Gold Fundamentals May Improve in 2020



Source: Bloomberg Intelligence analysis, Metals Focus, World Gold Council

# Show Me The Money – Gold Price's Eight Elements



Source: Bloomberg Intelligence

# Bloomberg Intelligence (BI)

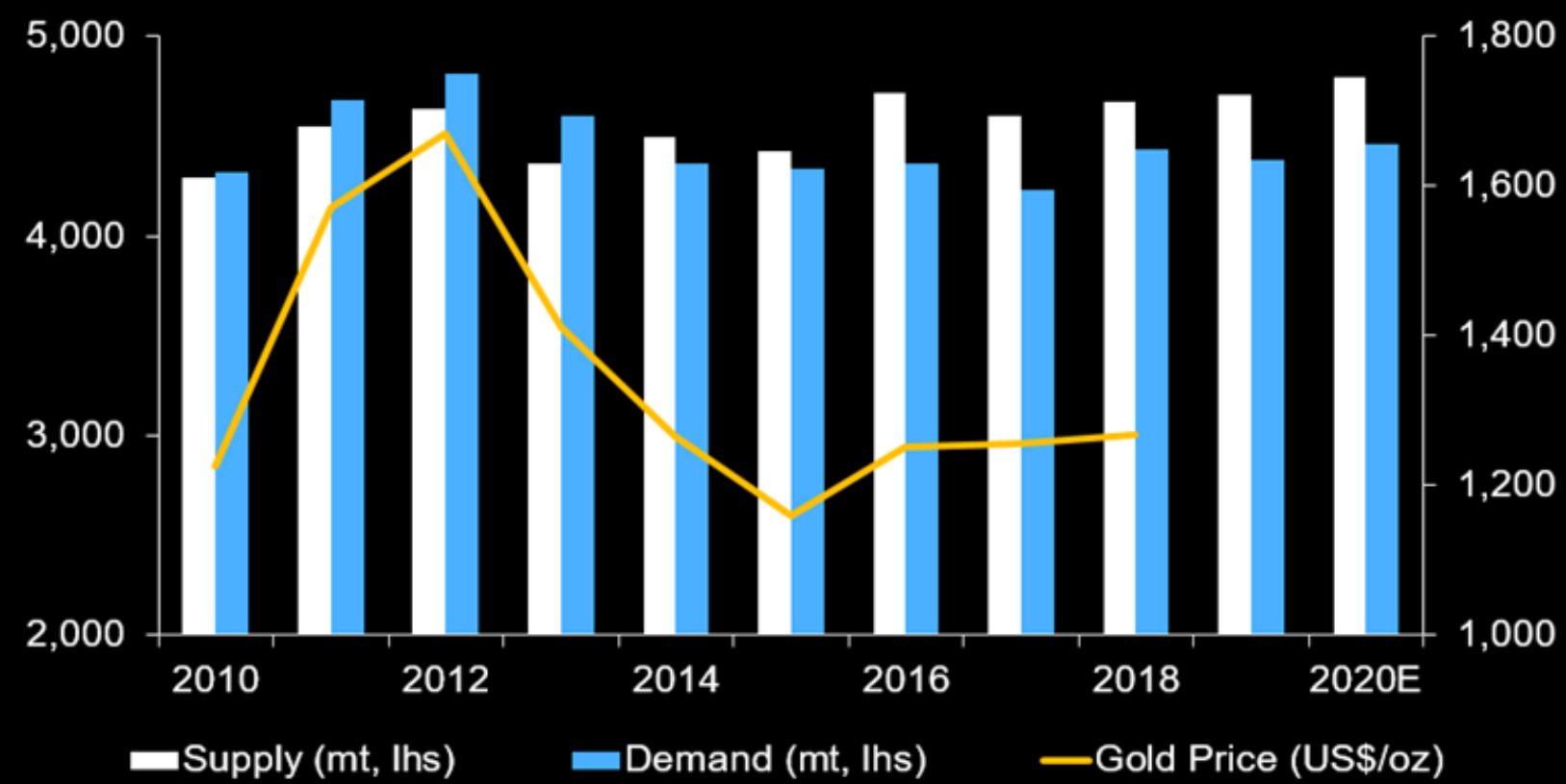
- Bloomberg Intelligence (BI) provides in-depth research and data on industries and companies as well as the government, ESG, credit and litigation factors that can impact business decisions.
- BI covers 135+ industries and 1,900+ companies, and is backed by 300+ third-party data providers.
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**Bloomberg Intelligence**

# Market Dynamics

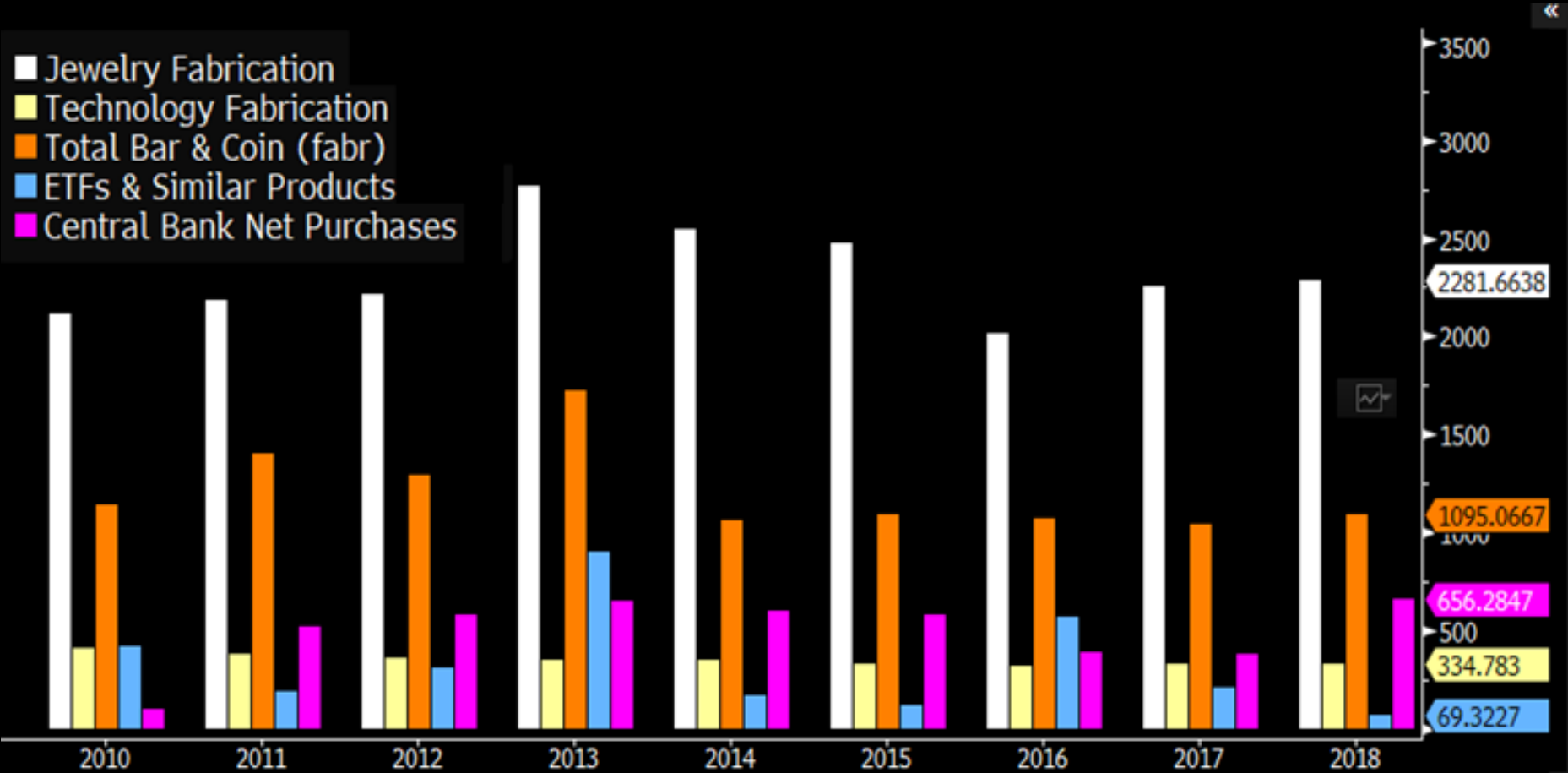
# Gold Fundamentals May Improve in 2020



Source: Bloomberg Intelligence analysis, Metals Focus, World Gold Council



# Global Economic Uncertainties May Spur Gold Demand



Source: Metals Focus, Bloomberg Intelligence; in metric tons

# What's Gold to You?

# What's Gold to You?

## Commodity (Metal)

## Currency (Medium)

## Cure (Medicine)

Ctrl

Profit

Preservation

Prospect

Alt

Product

Positioning

Policy

Delete

Perish

Pressure

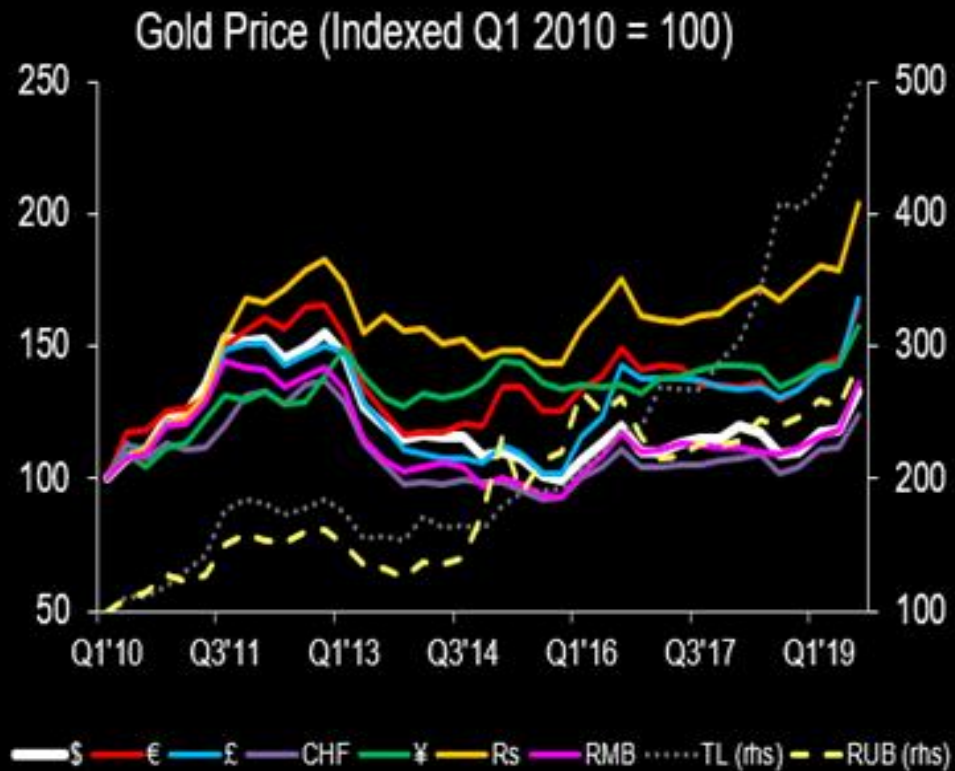
Predicament

# BI's Gold-Demand Prognosis

	Commodity	Currency	Cure
Ctrl	Profit	Preservation	Prospect
Alt	Product	Positioning	Policy
Delete	Perish	Pressure	Predicament
Enter GO	Price	Possibility	Period

See *Gold Outlook* research at <https://bloom.bg/2WaRRvo>, {NSN PZRF336TTDS0<GO>}

# Currency Uncertainty Brings Sunnier Outlook for Gold

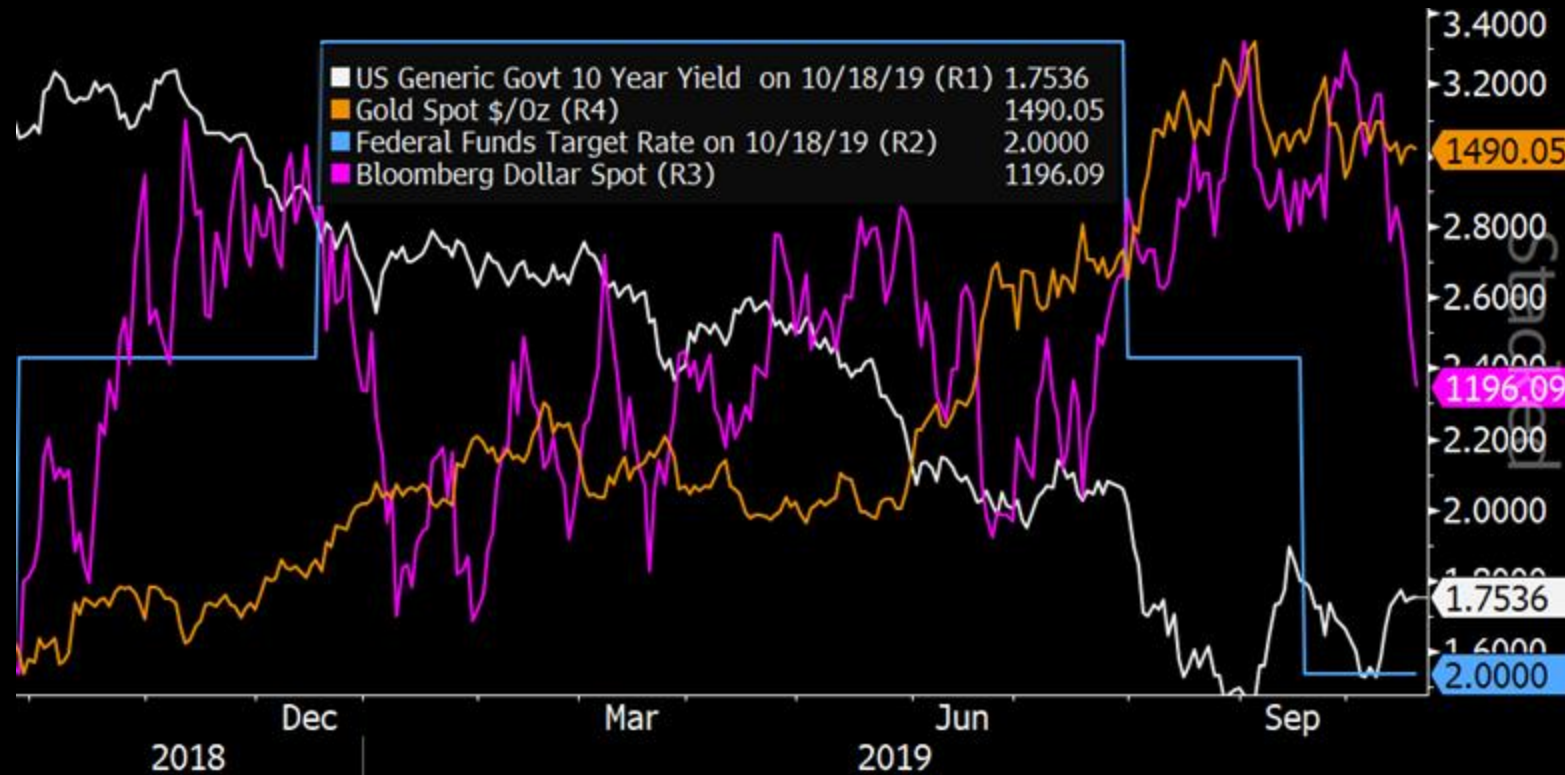


Source: Bloomberg Intelligence analysis

Gold Price (Px) Currency	Quarter Px Peak *	Q3'19 vs. Peak Px**	Spot Px*** vs. Peak Px**	Q1'10 vs. Spot Px***
Dollar (\$)	Q3'11	-13%	-13%	33%
Euro (€)	Q4'12	0%	0%	66%
GBP (£)	Q3'19	-	-4%	60%
CHF	Q4'12	-10%	-9%	24%
Yen (¥)	Q3'19	-	1%	59%
Rupee (Rs)	Q3'19	-	2%	108%
RMB	Q3'11	-18%	-5%	37%
RUB	Q3'19	-	-1%	184%
Lira (TL)	Q3'19	-	3%	414%

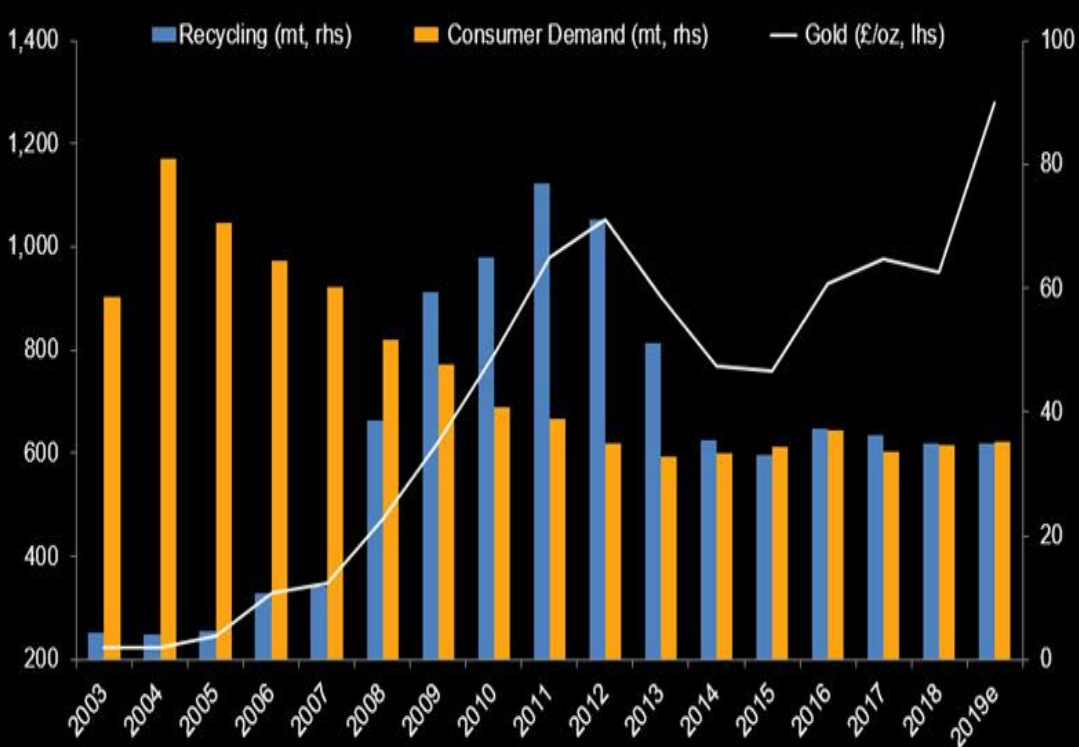
Note: \*Period to Q3 2019; \*\* Average price for the quarter; \*\*\* Gold price as at November 20, 2019

# Dollar, Yields Turn Gold From Sleepy Panda to Roaring Dragon



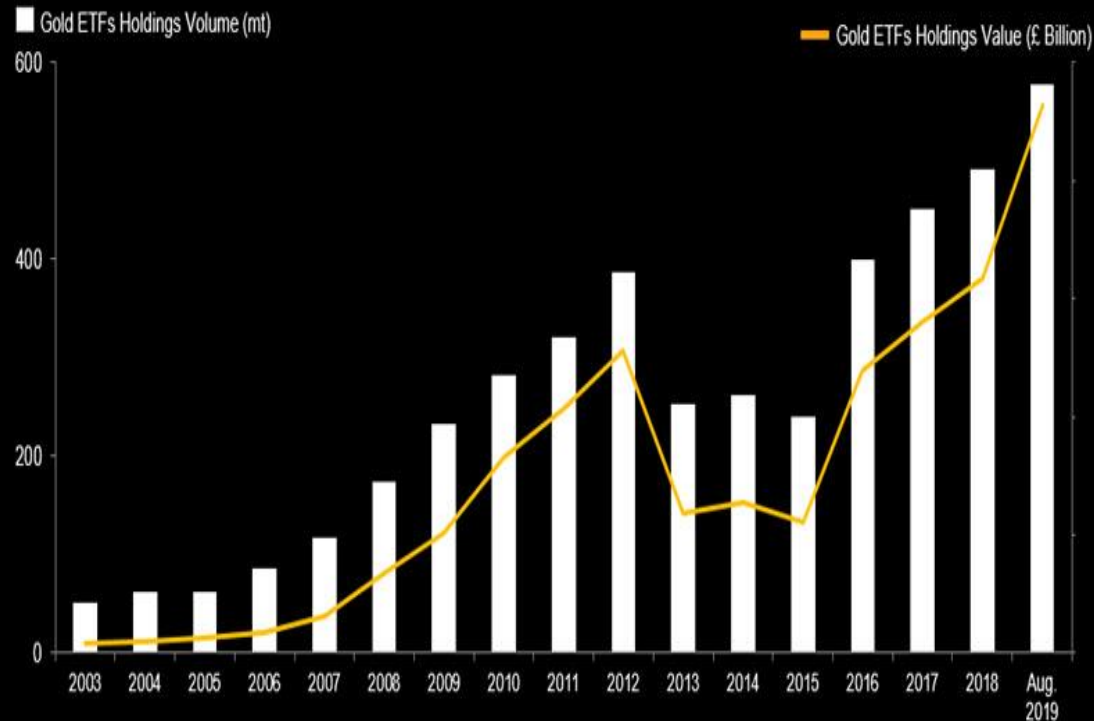
See *Gold's Empowerment As Global Reserve Currency* research at <https://bloom.bg/31nVHIH>

# Gold Navigates Brexit Maze As U.K. Exit EU



Source: Bloomberg Intelligence analysis, Metals Focus, World Gold Council

See *U.K. Feels Pound Pinch, May Buy Gold to Navigate Brexit Maze* research at <https://bloom.bg/2pxJvSe>



# Why China, India Are Key Gold Markets

Metal	Russia	U.S.	Europe	Asia (excl. Chindia)	India	Africa
Gold	21	5	3	2	1	10
Aluminum	48	7	4	4	19	56
Copper	40	7	3	3	24	92
Lead	397	3	3	3	9	58
Nickel	46	8	3	2	15	22
Tin	352	5	3	2	15	57
Zinc	30	7	3	3	9	56

Source: Bloomberg Intelligence analysis for 2018, Metals Focus, WBMS



# Gold May Predict A Turnaround in China

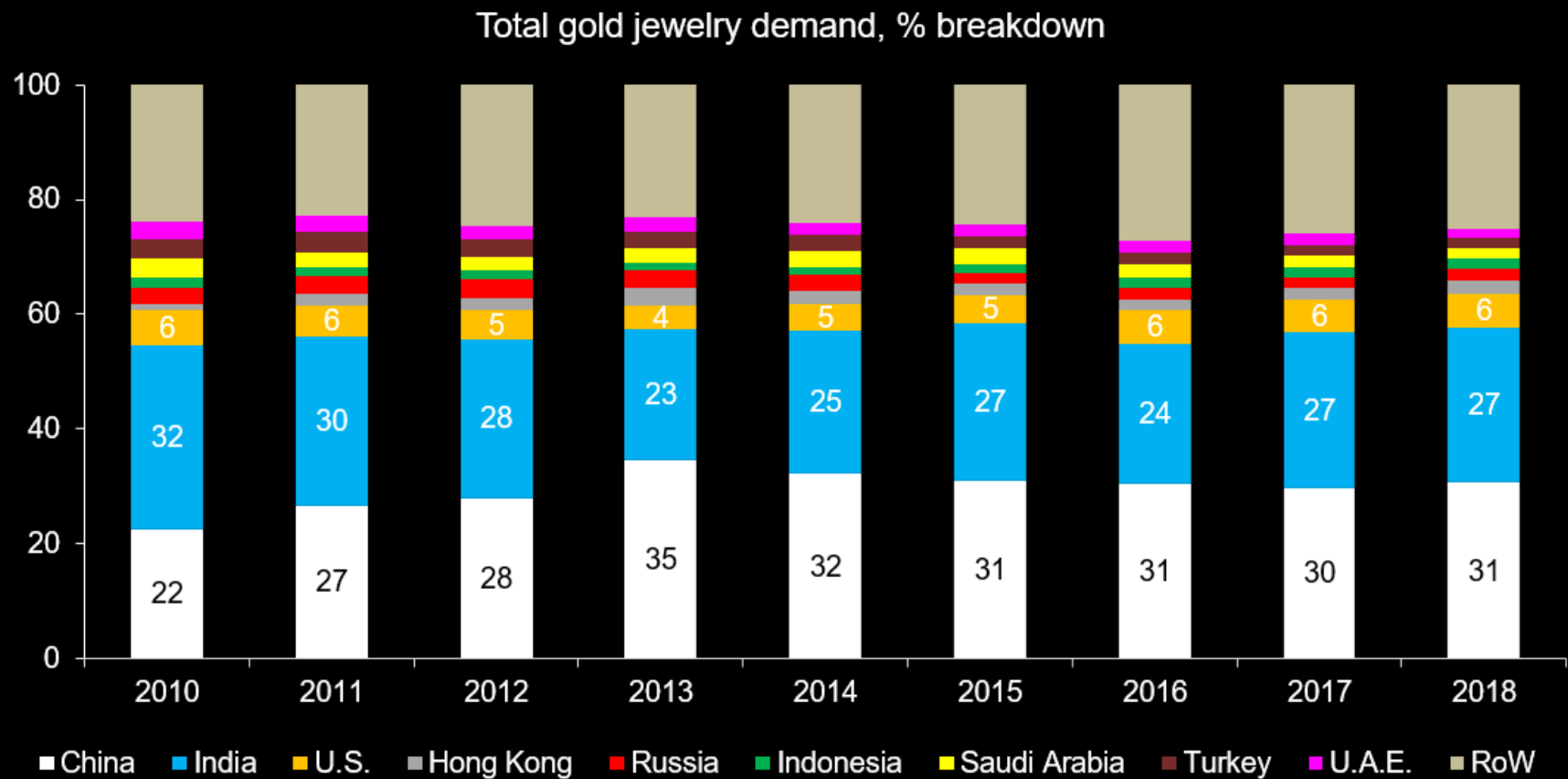
## Metal Prices-Real GDP Growth Correlation (2001-18)

Metal	Cycle	World	China	U.S.	Europe	South America
Iron ore	Early	0.52	0.52	0.15	0.42	0.67
Copper	Mid	0.66	0.53	0.30	0.48	0.66
Silver	Mid-Late	0.48	0.52	0.11	0.31	0.57
Gold	Late	0.34	0.60	0.03	0.16	0.54

Source: Bloomberg Intelligence analysis, IMF

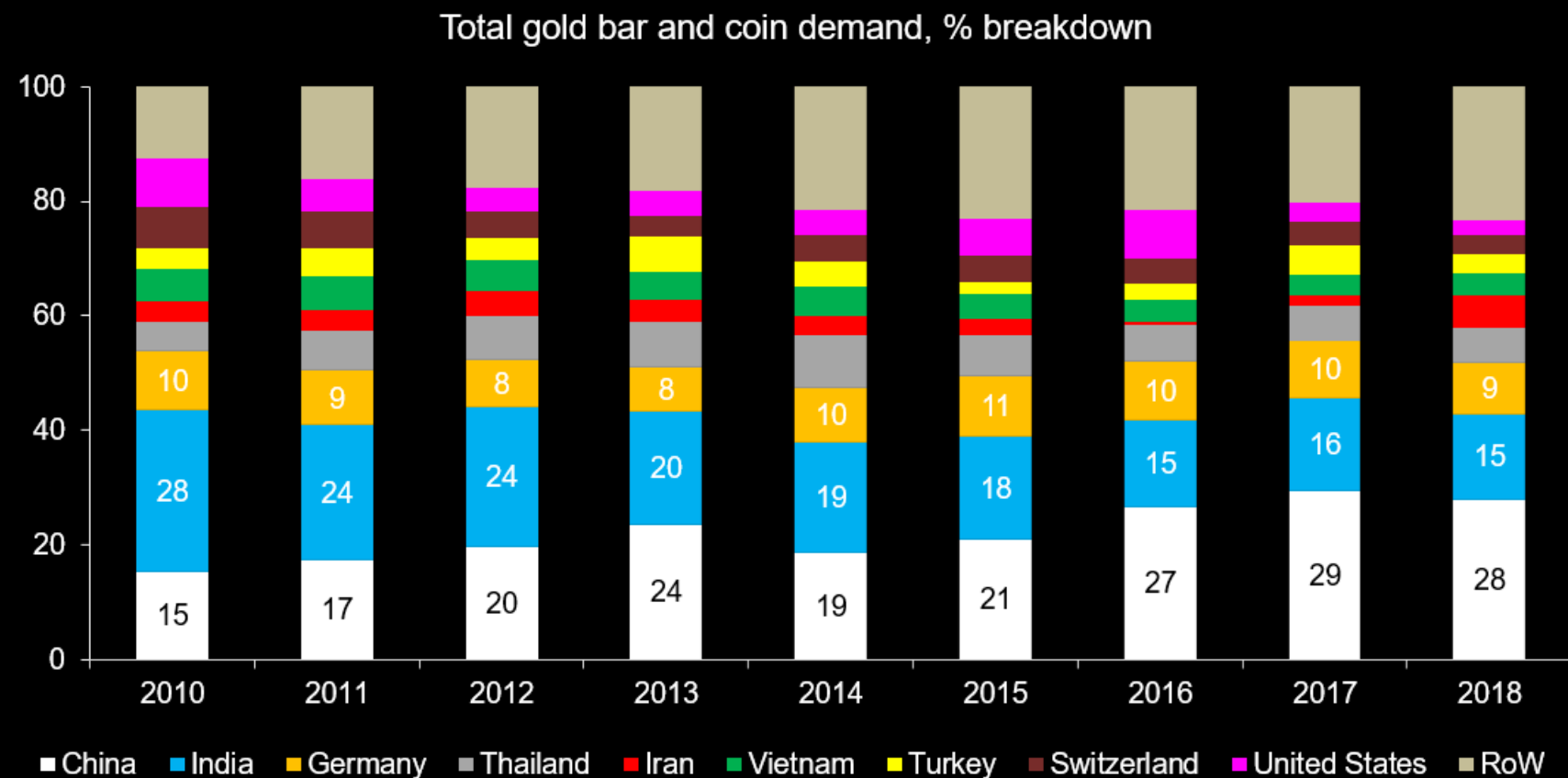
See *Early, Mid or Late Cycle Metal Play? Metals As Economic Indicator* research at <https://bloom.bg/2SZ7KTK>

# China, India dominate jewelry demand, Russia's 5<sup>th</sup> largest in 2018



Source: Bloomberg Intelligence analysis, Metals Focus, World Gold Council

# China stays No. 1 bar and coin investors, Russia's decline slowed



Source: Bloomberg Intelligence analysis, Metals Focus, World Gold Council

# Central Banks' Gold Appetite



Source: Bloomberg Intelligence analysis, IMF

Go to {BI PMET<GO>}, see *Gold's Empowerment As Global Reserve Currency* research at <https://bloom.bg/31nVHIH>

# Golden Opportunity in Lower-Carbon World

**Renewable  
Energy**

**Medicine**

**Electronics**

**Engineering**

**Aerospace**

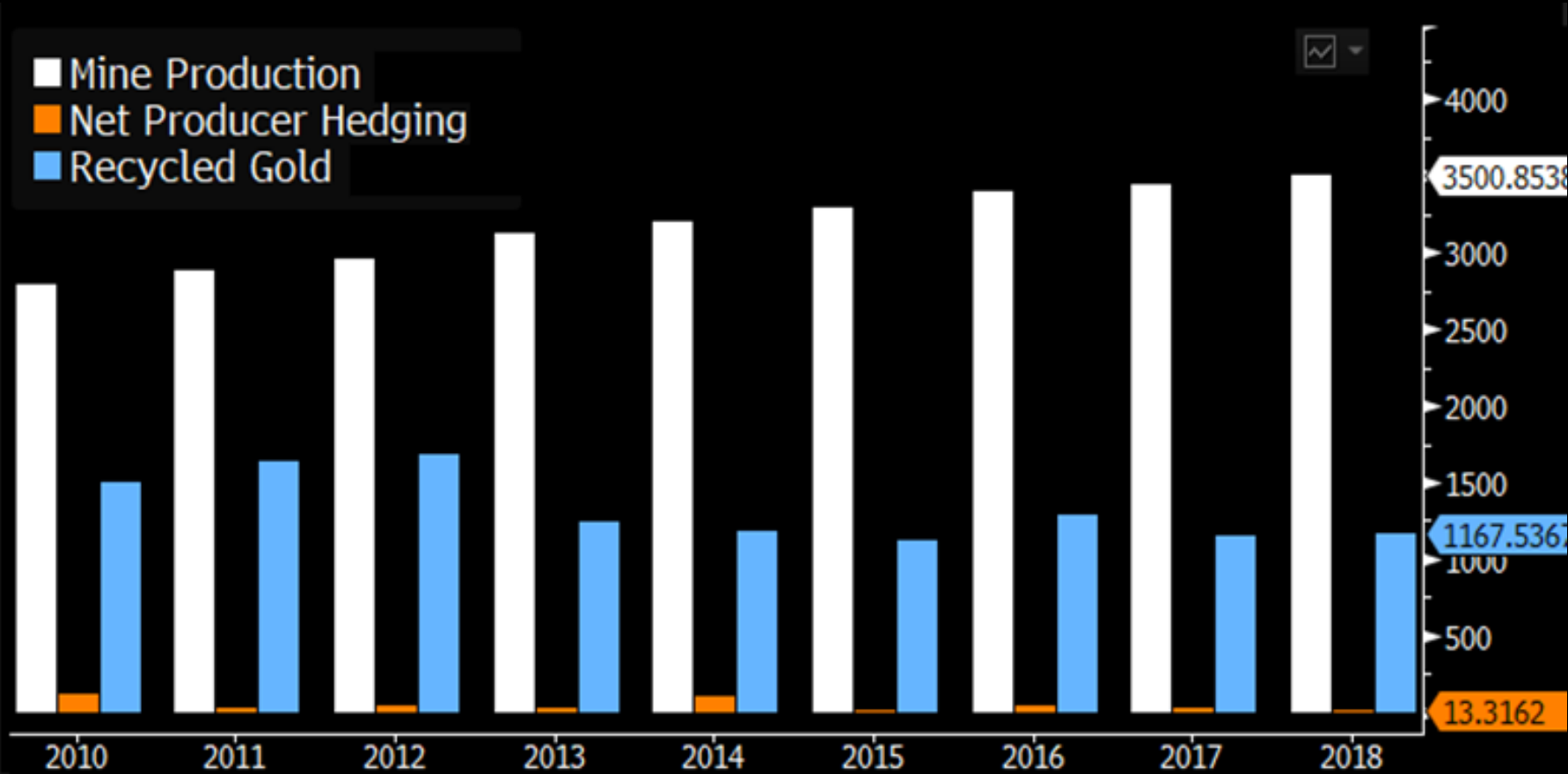
**Jewellery**

**Investment**

*See [Metals & Miners: Friends or Foe of Climate?](https://bloom.bg/2JJJeCSp) research at <https://bloom.bg/2JJJeCSp>;  
[More Green Metals May Be Mined From Home, Waste or in Backyards](https://bloom.bg/2NOwUWB) research at <https://bloom.bg/2NOwUWB>*

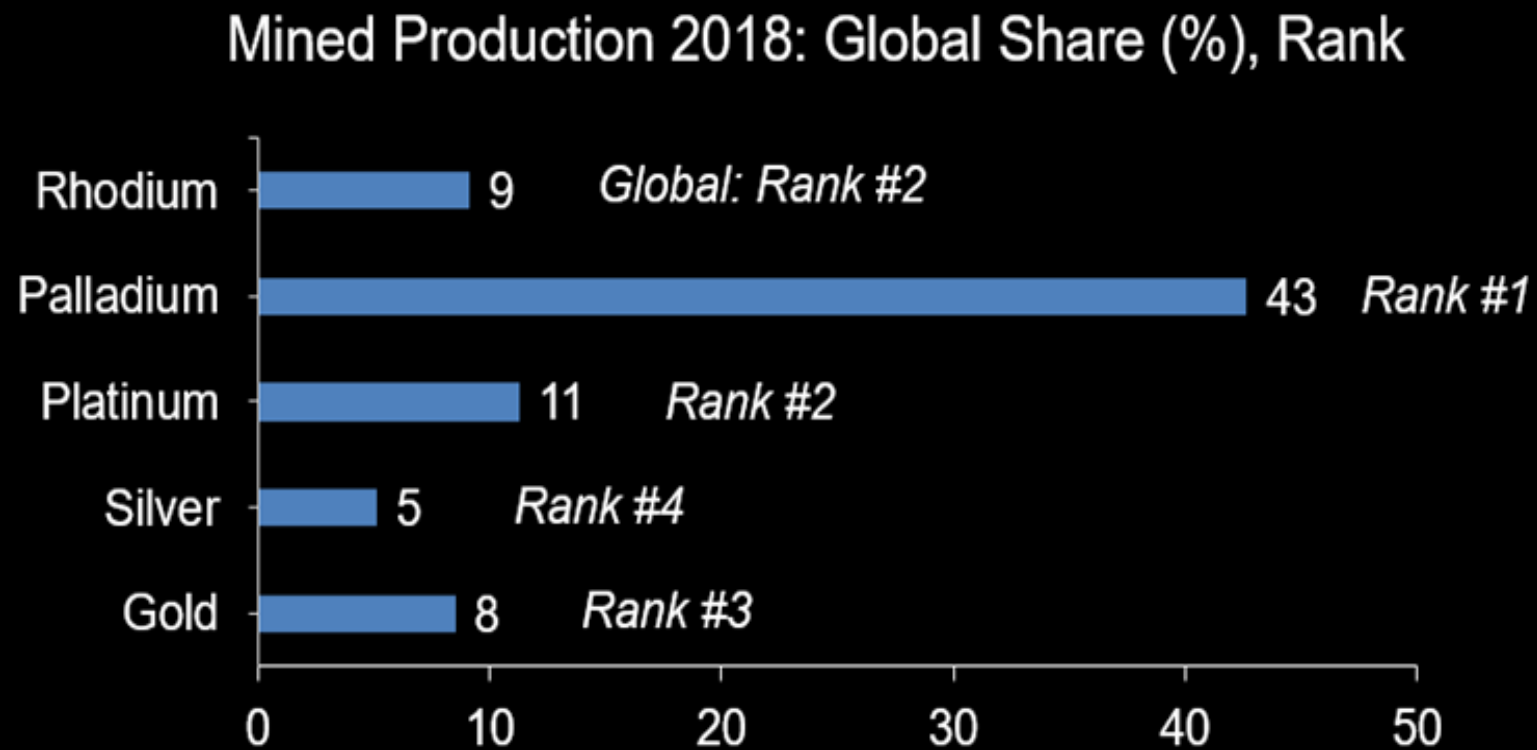
# Gold Supply

# Global Supply May Peak, But Growth Rates Could Slow



Source: Metals Focus, Bloomberg Intelligence; in metric tons

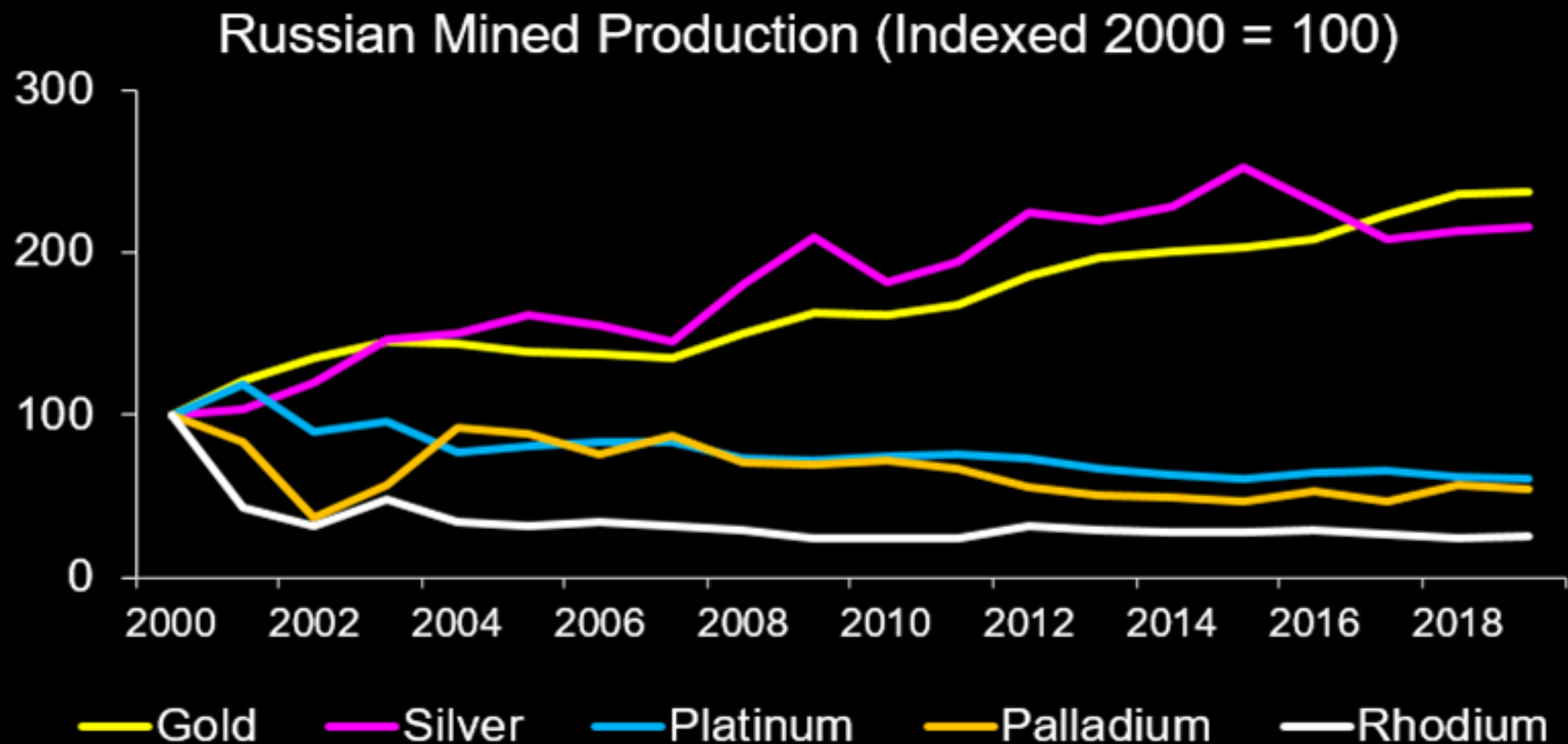
# Russia's Precious Metals Mined Production Importance



Source: Metals Focus, Johnson Matthey, Bloomberg Intelligence analysis (2018 data)

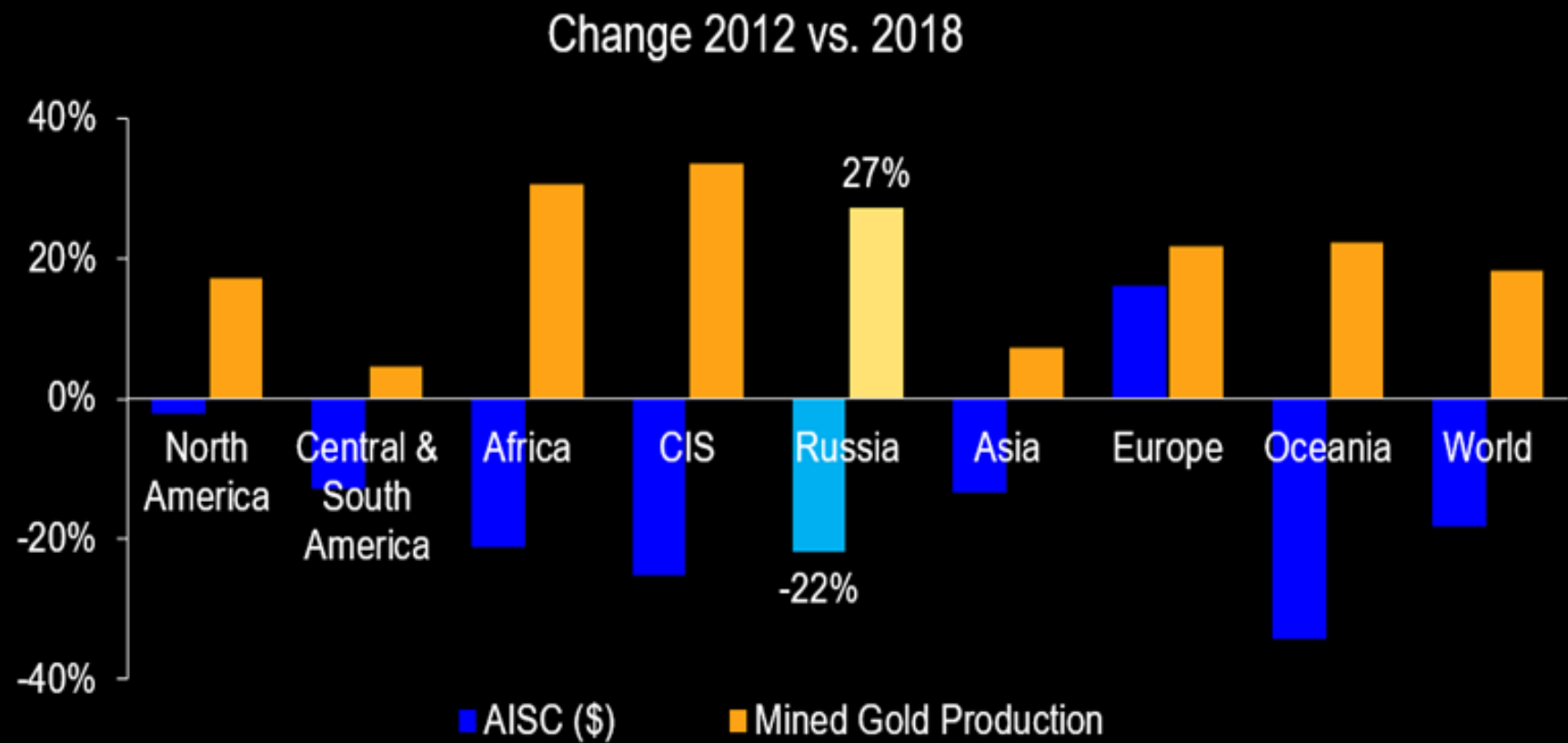


# Russian Gold Mined Supply May Climb vs. Other Precious Metals



Source: Metals Focus, Johnson Matthey, Bloomberg Intelligence analysis (2018 data)

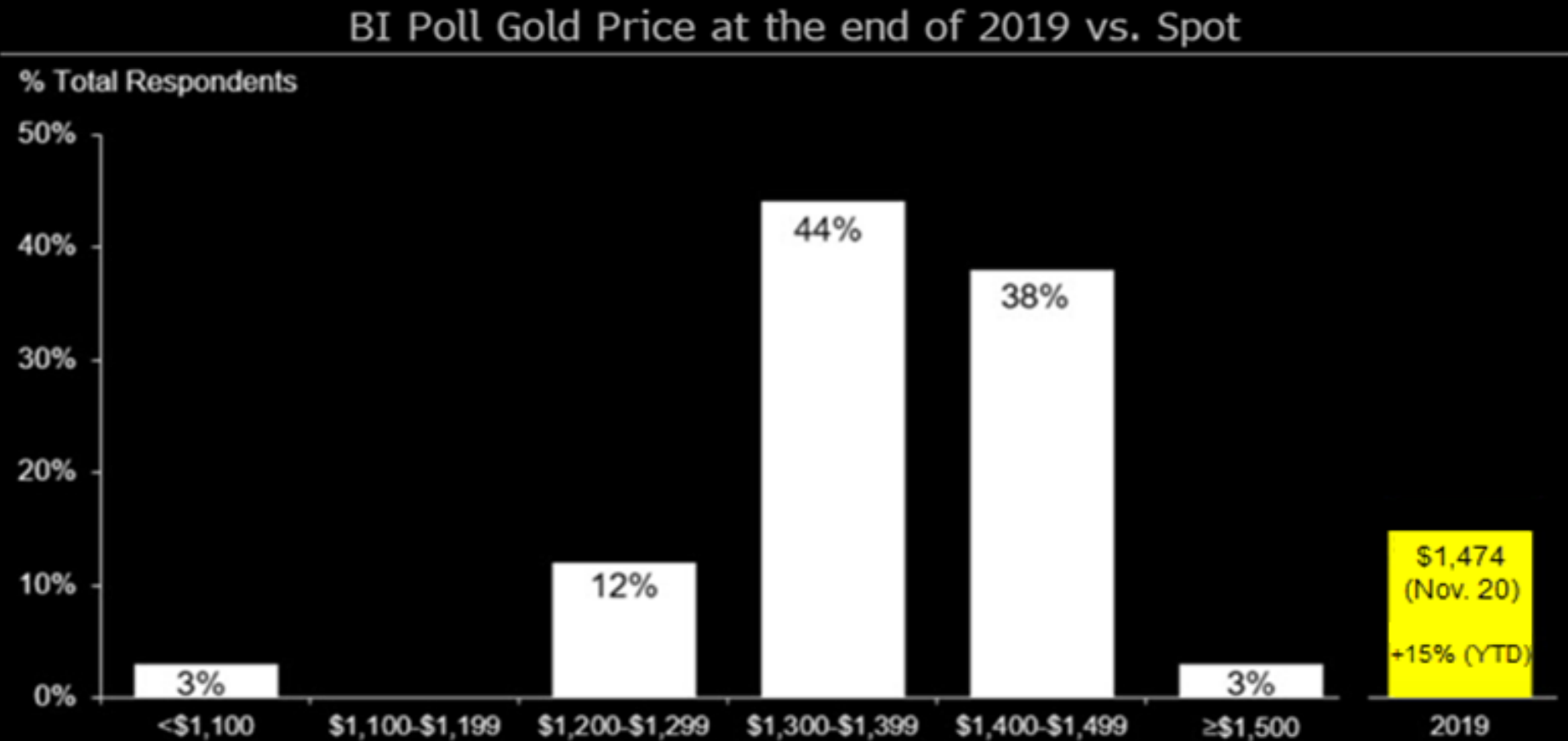
# Russian Gold Mined Supply Up 27% in 2012-18, AISC down 22%



Source: Bloomberg Intelligence analysis, Metals Focus data

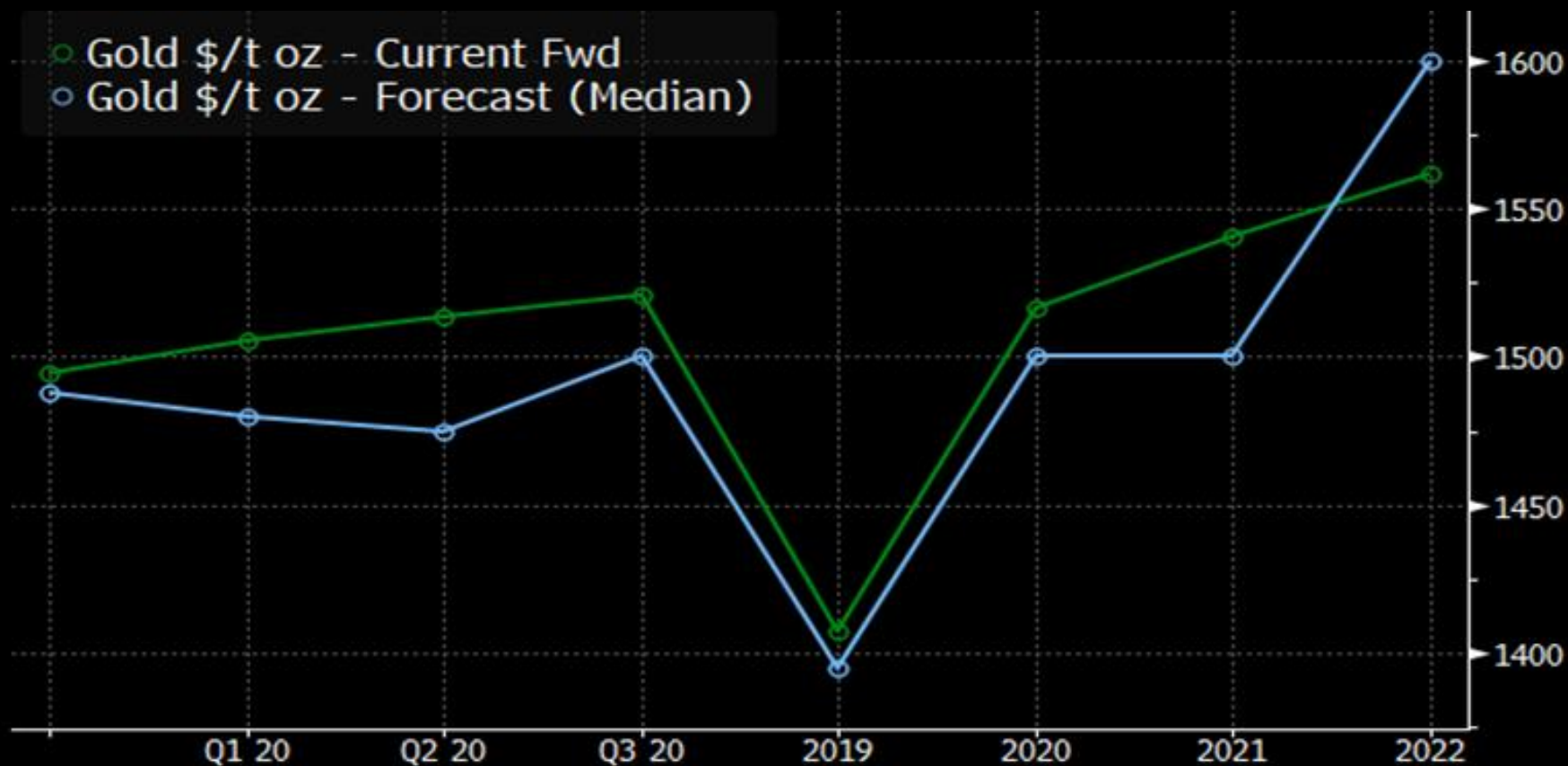
# Price Expectations

# Year of Pig: BI Poll Right on Gold, Yet Crystal Ball Shows Cracks



Bloomberg Precious Metals Forum May 15 2018, see *BI Poll Right on Gold, Palladium, Yet Crystal Ball Shows Cracks* research at <https://bloom.bg/2MqszGp>

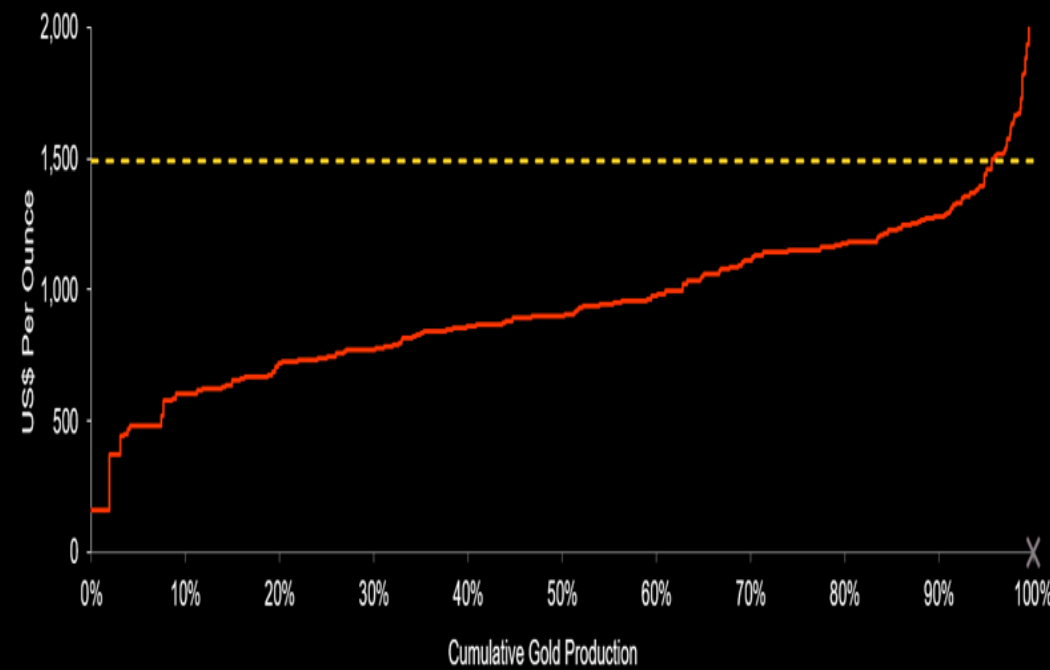
# Gold Futures Point to \$1,541 by 2022, Consensus \$1,600



Source: Bloomberg Intelligence analysis as at November 20, 2019

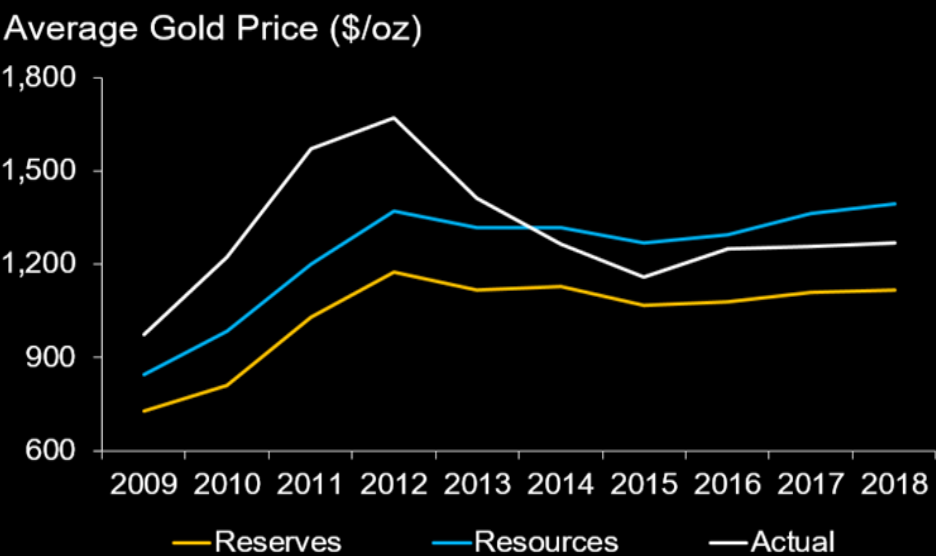
# Gold Miners' Cost vs. Long-term Price Assumptions

## All-In Sustaining Cost Curve



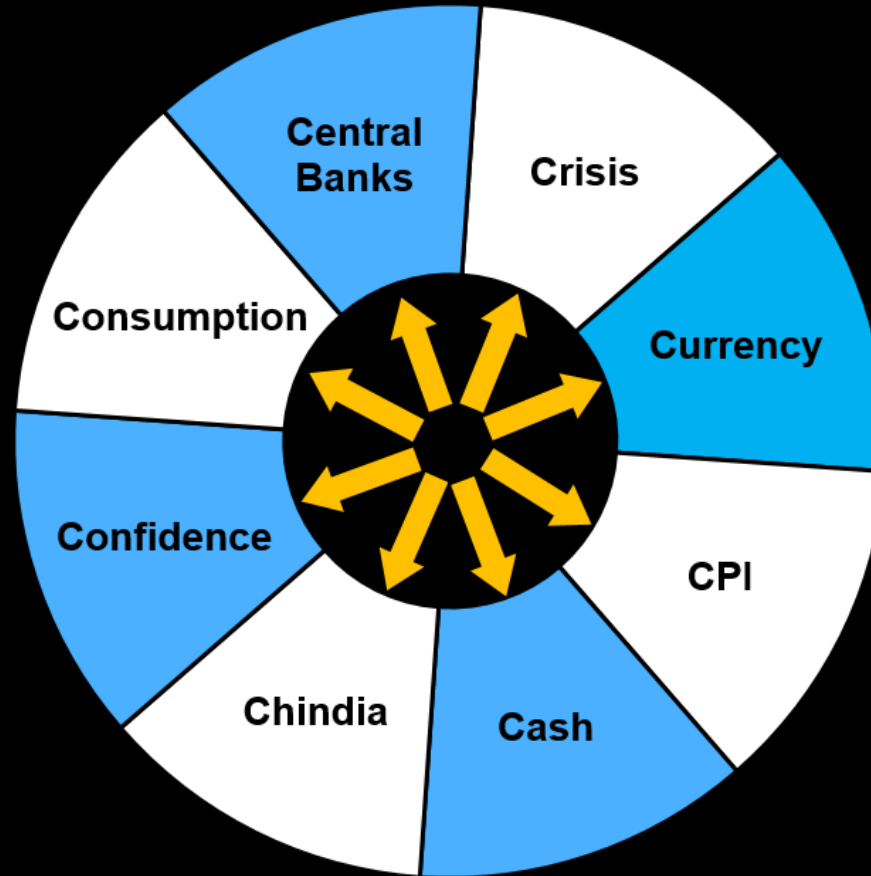
Source: Metals Focus, Bloomberg Intelligence

## Top Producers' Price Assumption



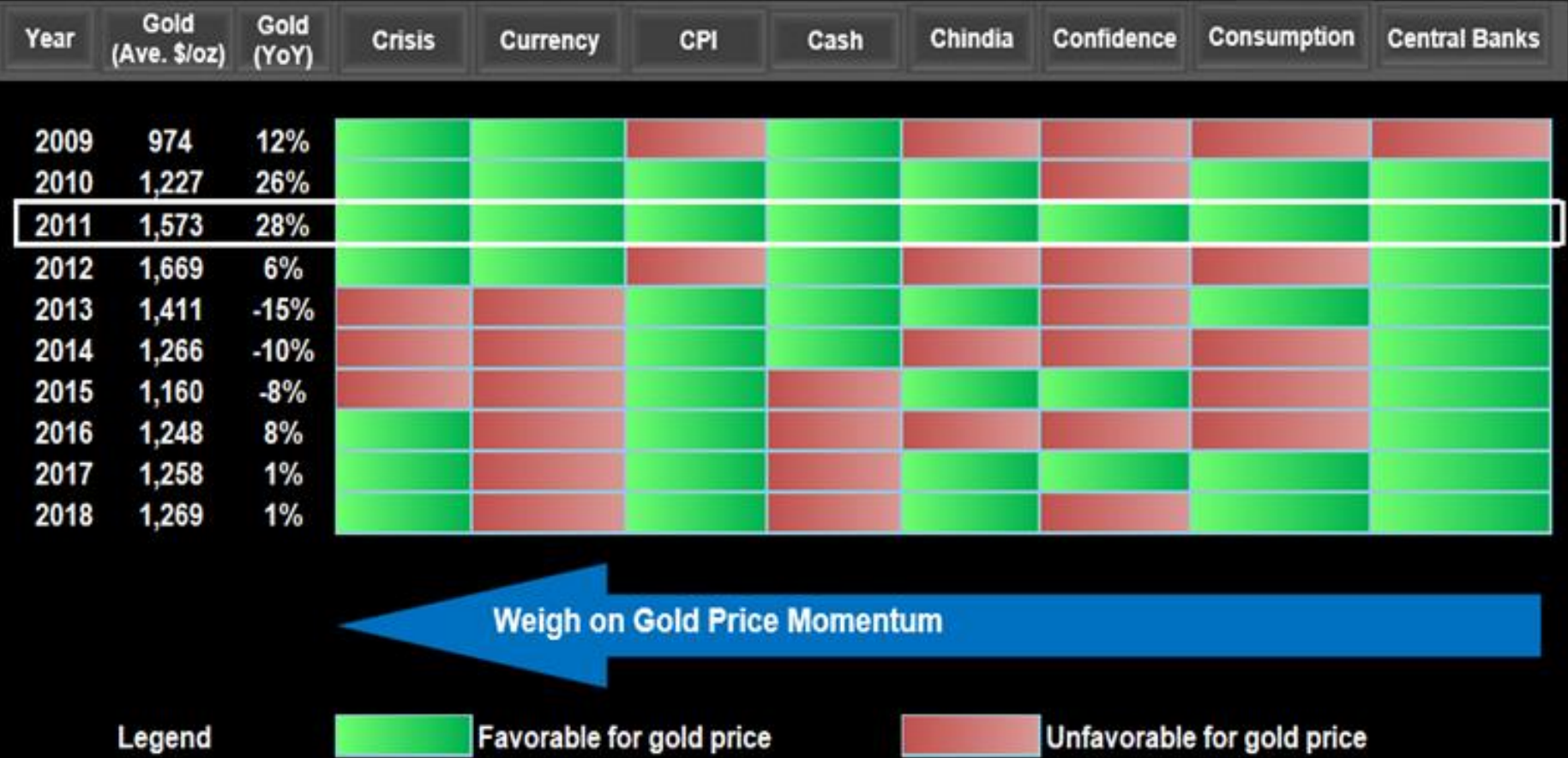
Source: Bloomberg Intelligence, Company reports (top 20)

# Show Me The Money



Source: Bloomberg Intelligence

# Gold Price at \$2,000/oz Needs Eight Ingredients in the Mix



Source: Bloomberg Intelligence analysis, IMF, Metals Focus, World Gold Council



# Conclusion

- Gold fundamentals may improve as global economic uncertainty persists
- Supply growth could be challenging on mined-production
- Demand risks and supply wildcards
- Russia's precious metals market importance likely to stay
- Russia's mined production including gold, palladium may continue to rise
- Gold price at \$2,000 an ounce needs eight ingredients in the mix
- Gold's versatility makes forecasting hard
- What's Gold to You?

# Thank You

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## Access BI Research

- Precious Metals: BI PMET<GO>
- Copper: BI COPP<GO>
- Steel: BI ISTL<GO>
- Main: BI<GO>
- Base Metals: BI BMET<GO>
- Aluminum: BI ALUM<GO>
- Steel Raw Materials: BI RMSU<GO>
- Equity Research: BIP<GO>

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