

# Gold, a multi-faceted asset

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INTL FCStone

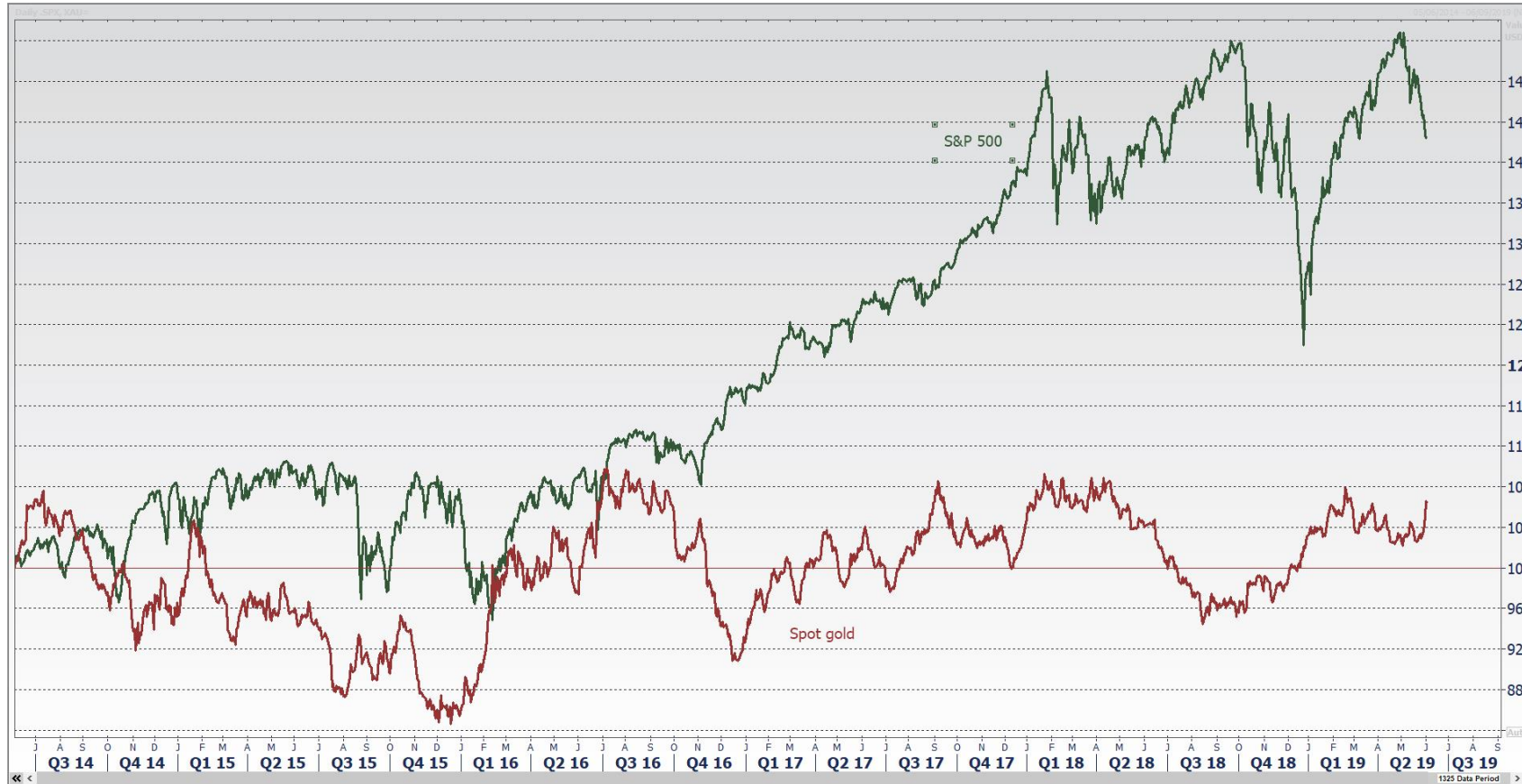
8<sup>th</sup> June 2019

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# S&P 500 & Gold; relative performance, five years



Source: Refinitiv

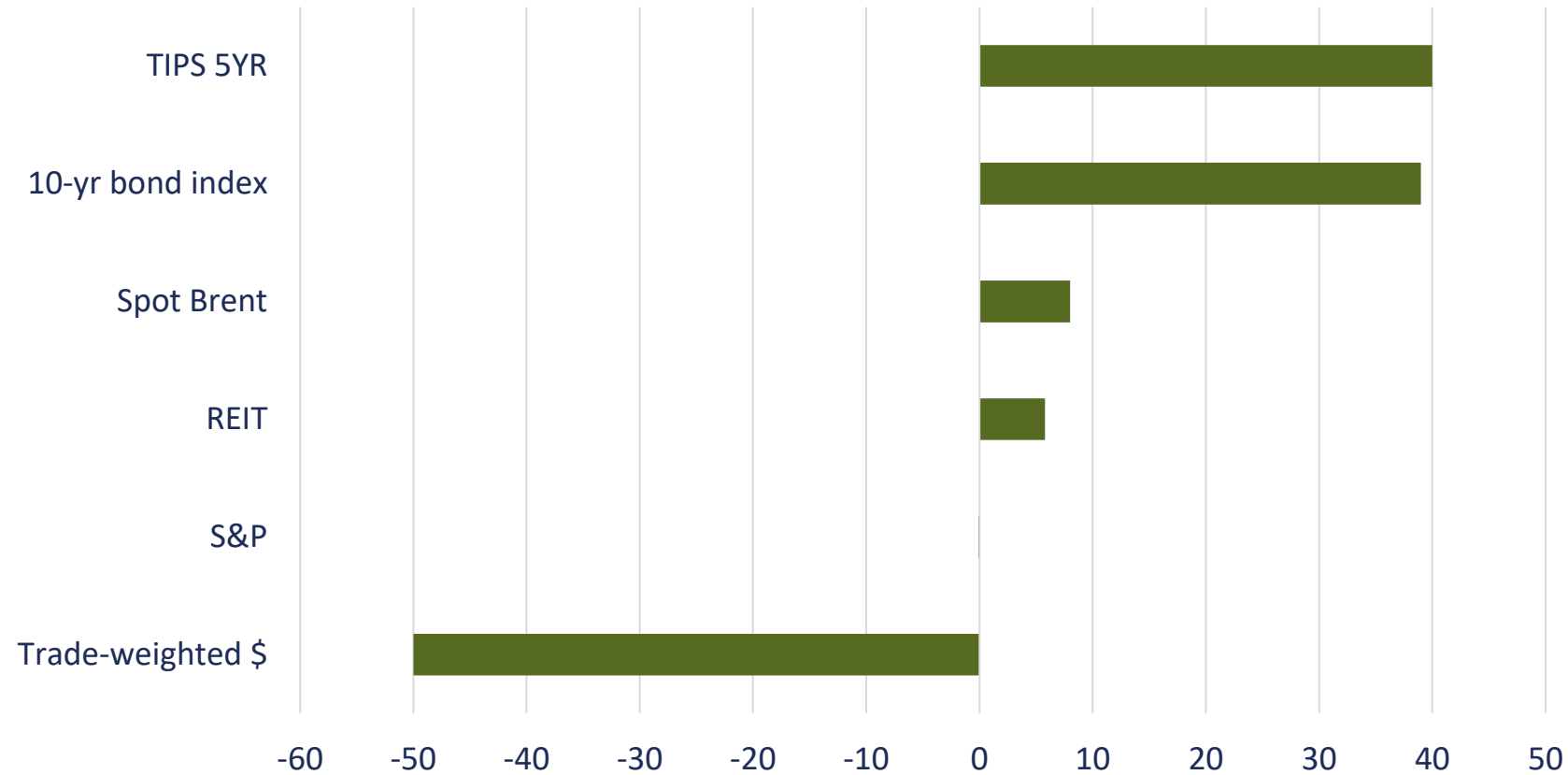
# S&P 500 : Gold; 1960 to the present day



Source: Refinitiv

# Simple log correlation; gold against major asset classes

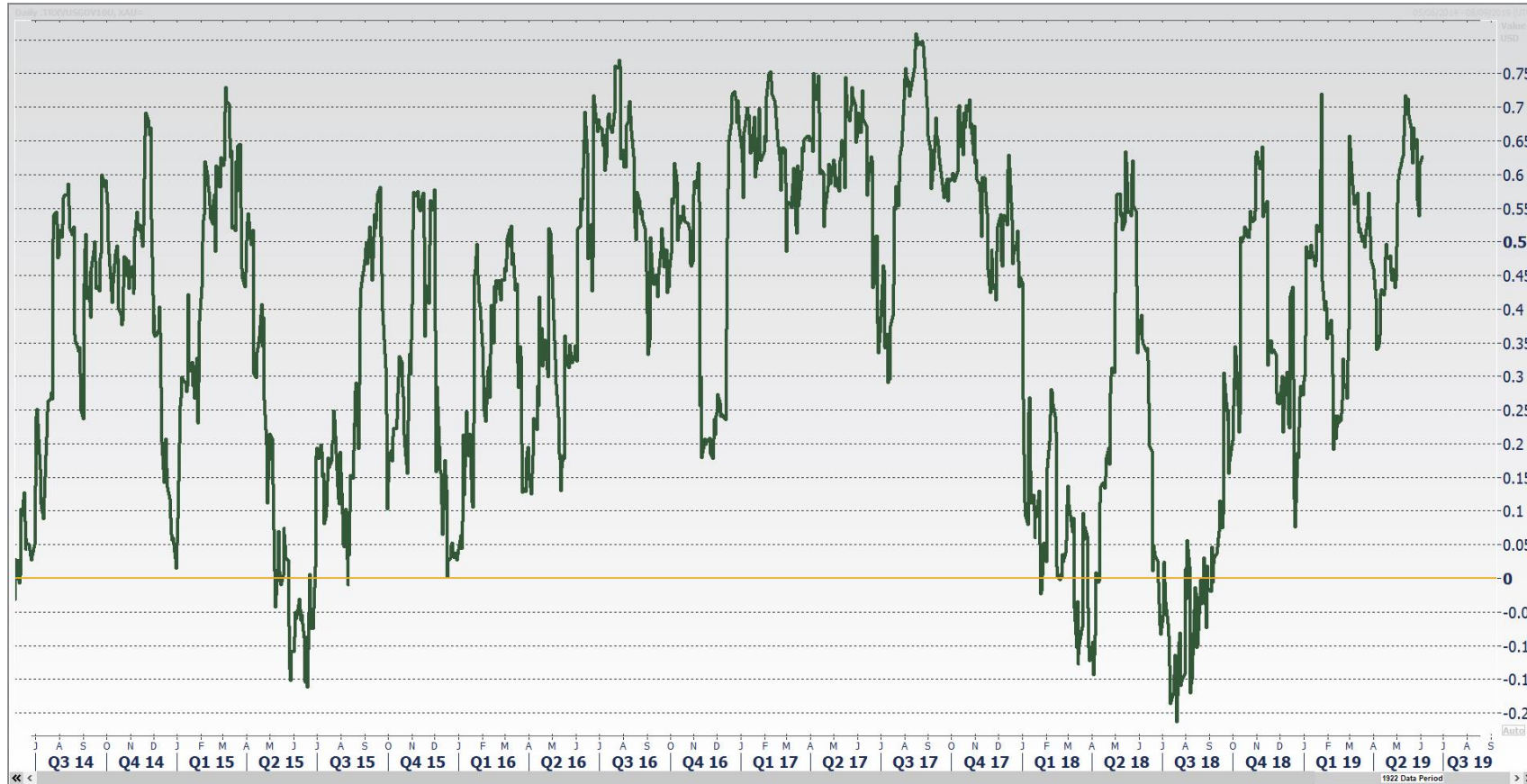
Five-year daily log average



Source: Refinitiv, INTL FCStone

# Simple log correlation; gold against U.S. 10-year bond index

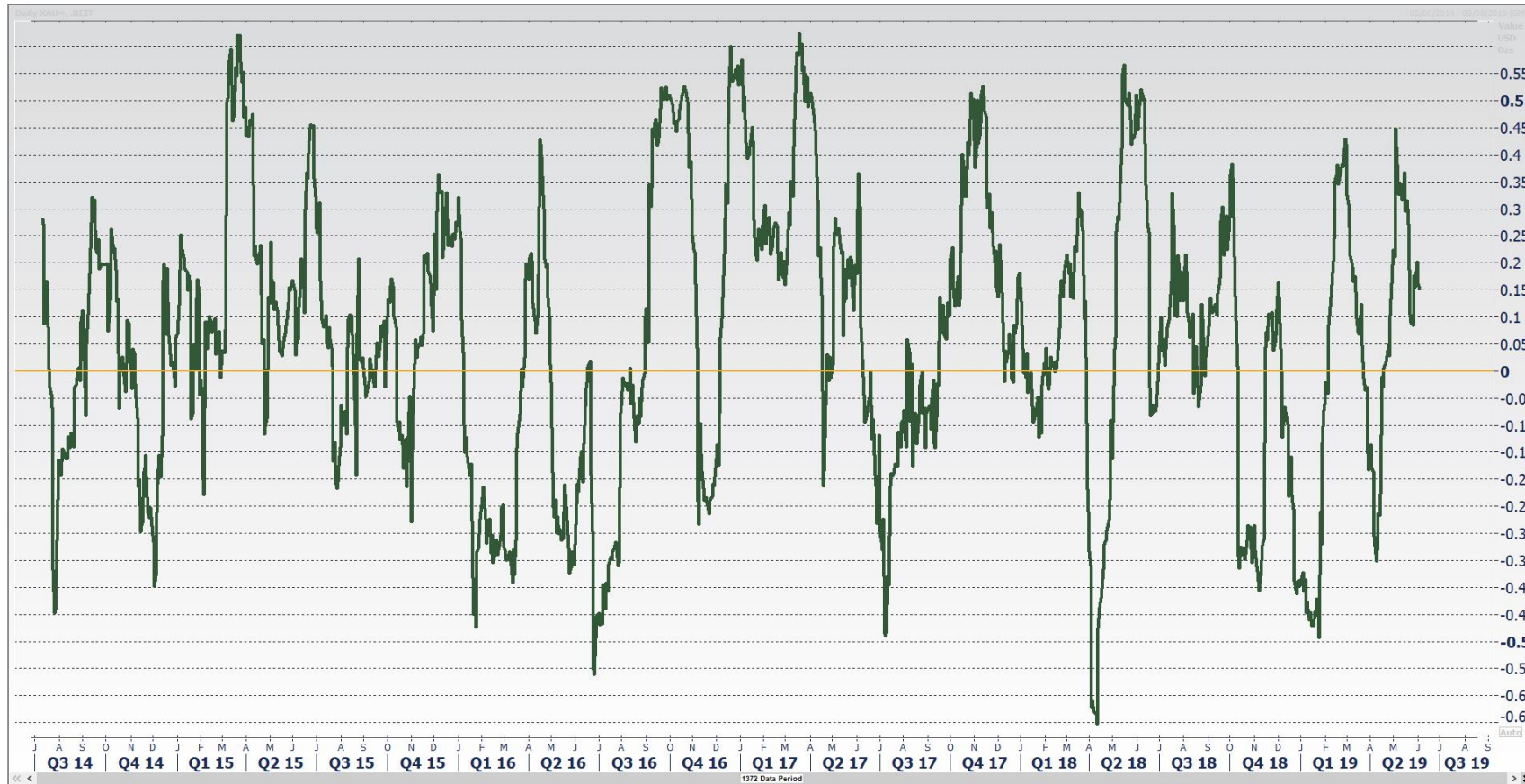
Five-year daily log average



Source: Refinitiv, INTL FCStone

# Simple log correlation; gold against REIT

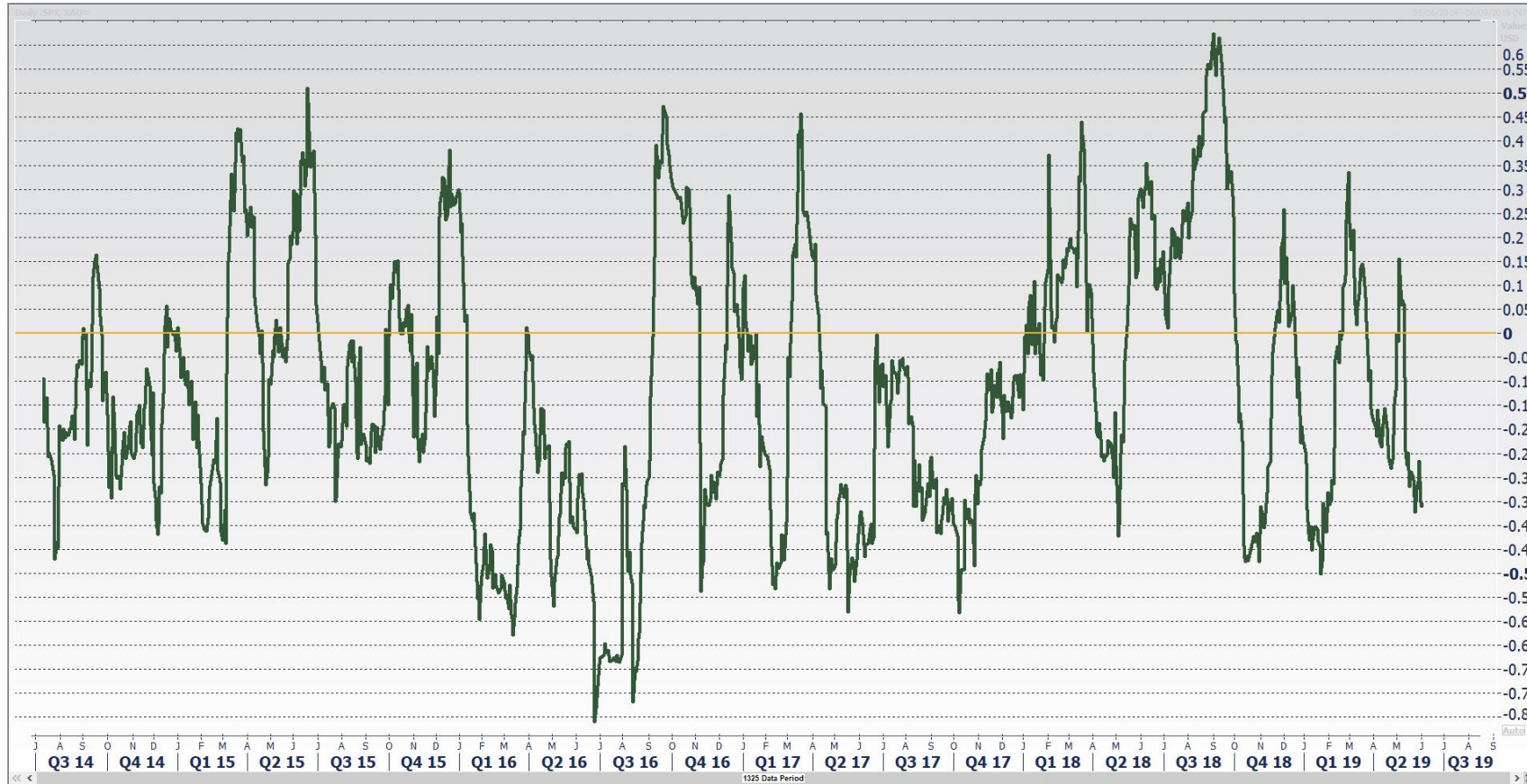
Five-year daily log average



Source: Refinitiv, INTL FCStone

# Simple log correlation; gold against the S&P 500

Five-year daily log average

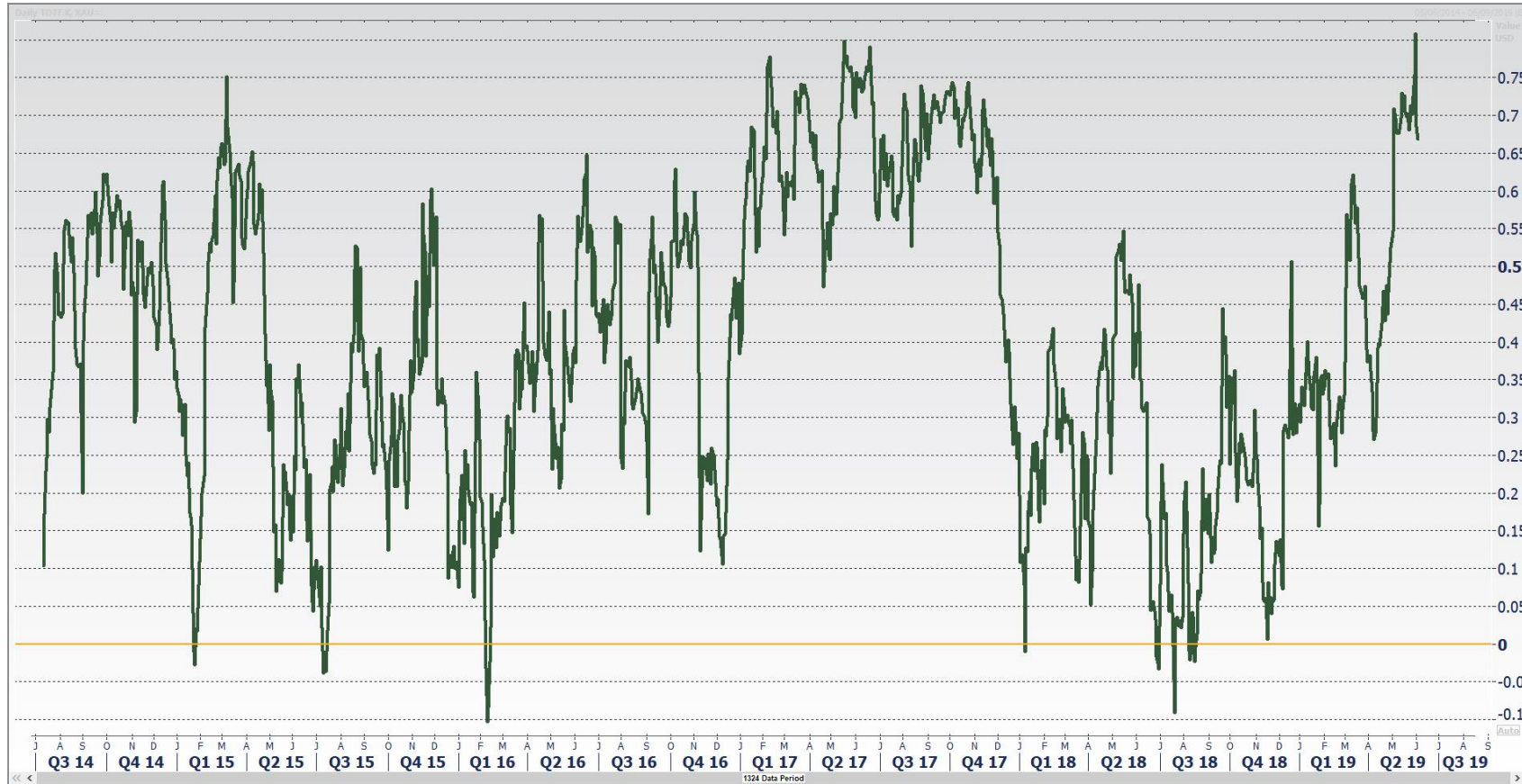


Source: Refinitiv, INTL FCStone



# Simple log correlation; gold against the TIPS index

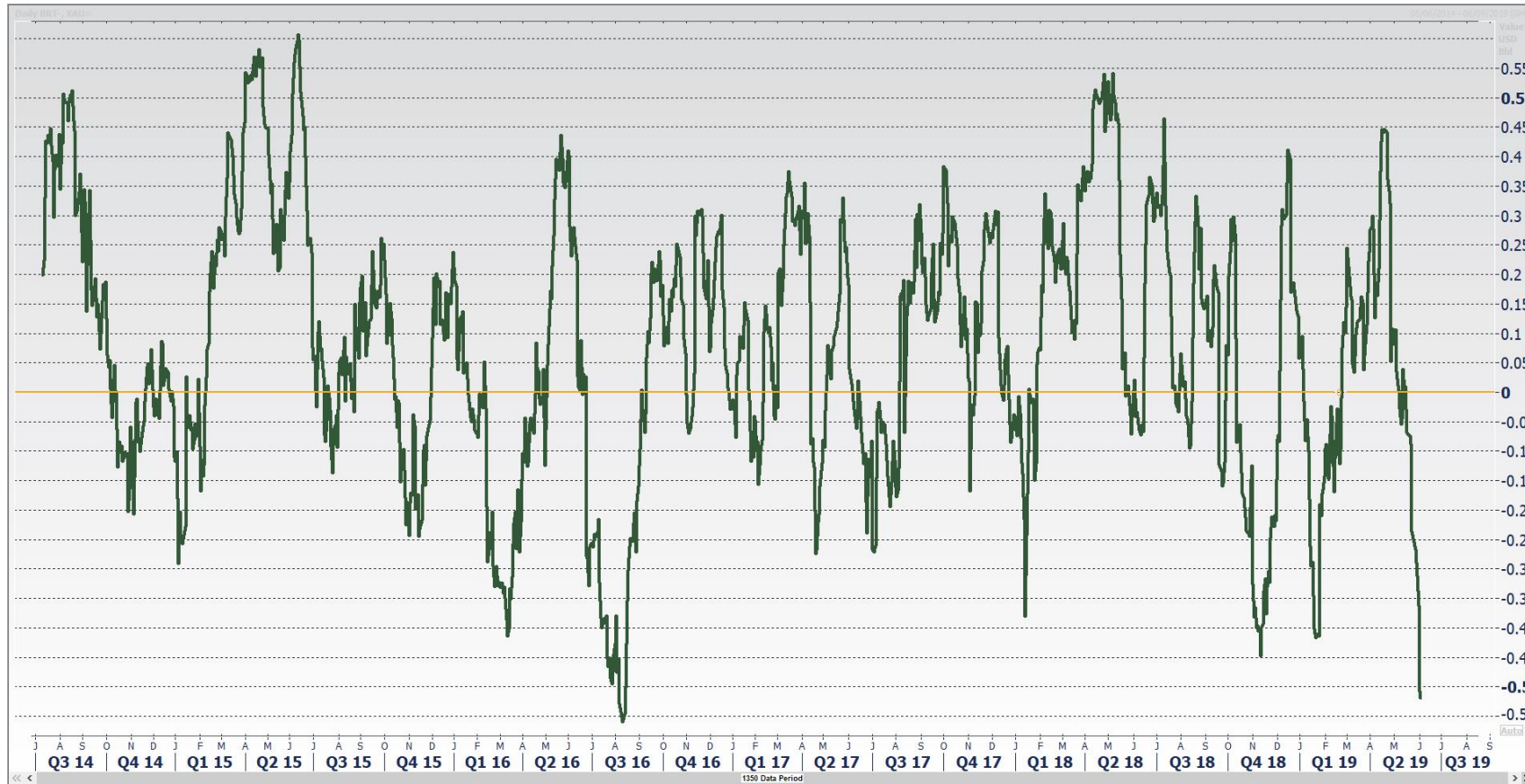
Five-year daily log average



Source: Refinitiv, INTL FCStone

# Simple log correlation; gold against Brent crude

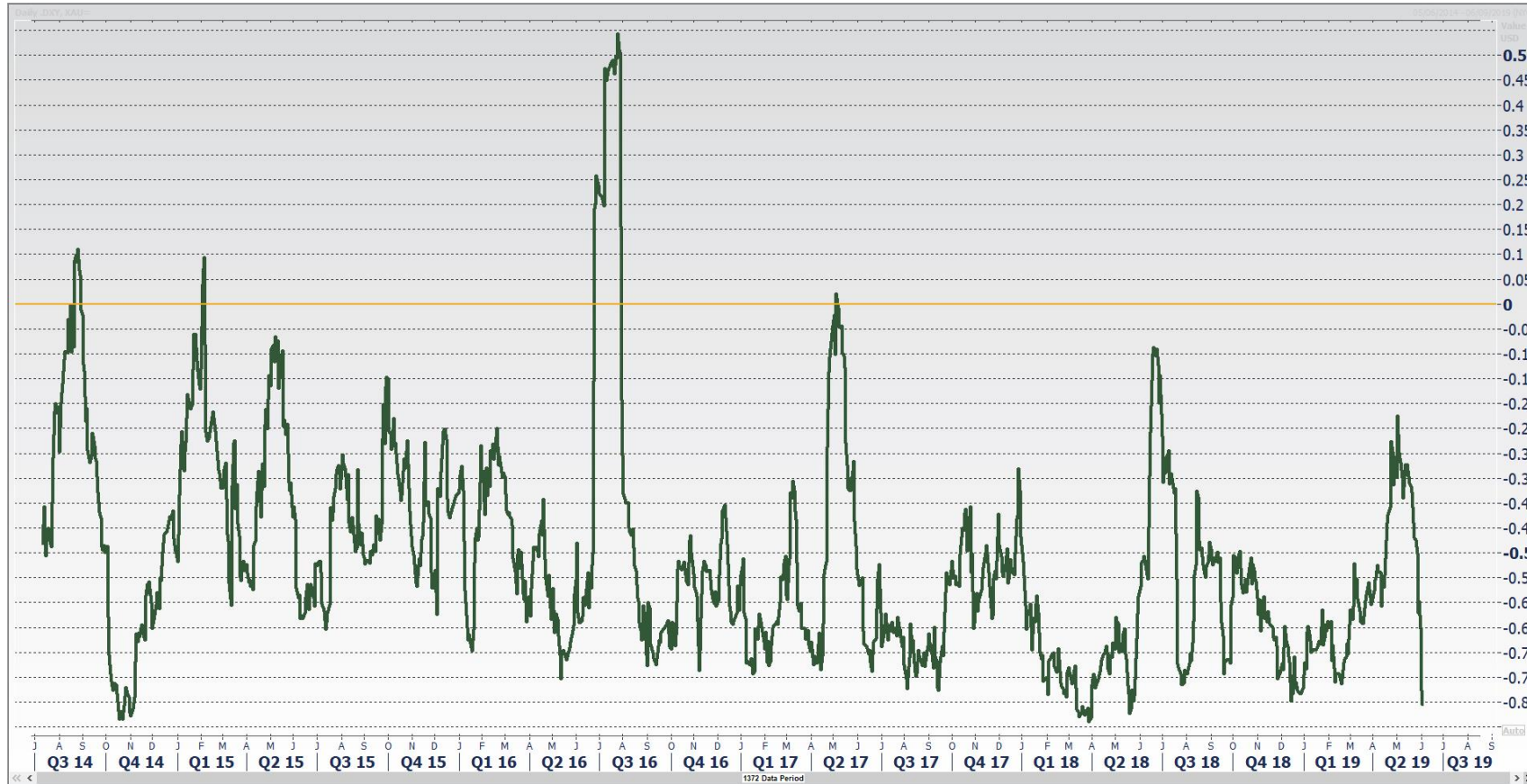
Five-year daily log average



Source: Refinitiv, INTL FCStone

# Simple log correlation; gold against the U.S. dollar

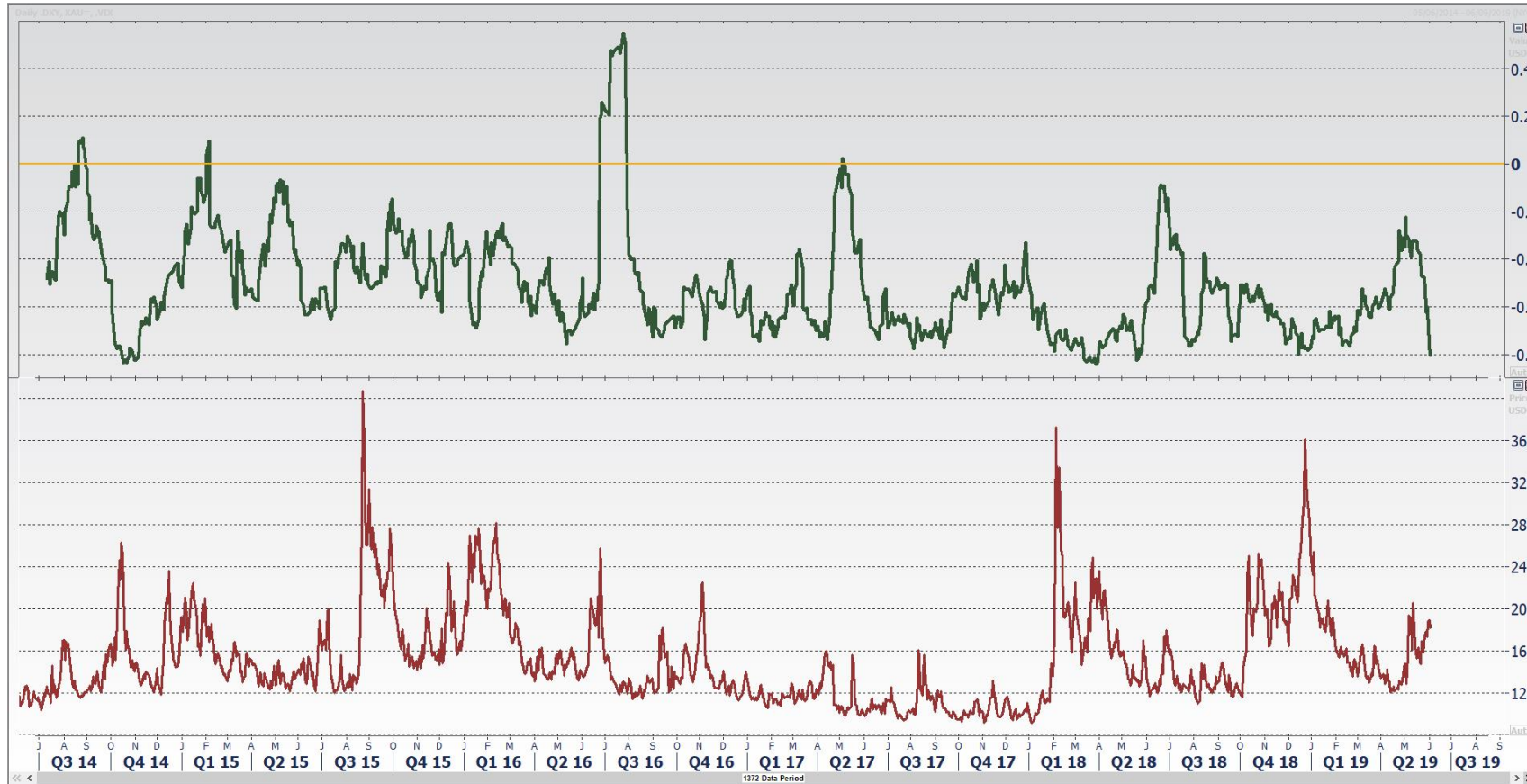
Five-year daily log average



Source: Refinitiv, INTL FCStone

# Relationship between gold against the U.S dollar, and VIX

Five-year daily log average vs spot VIX



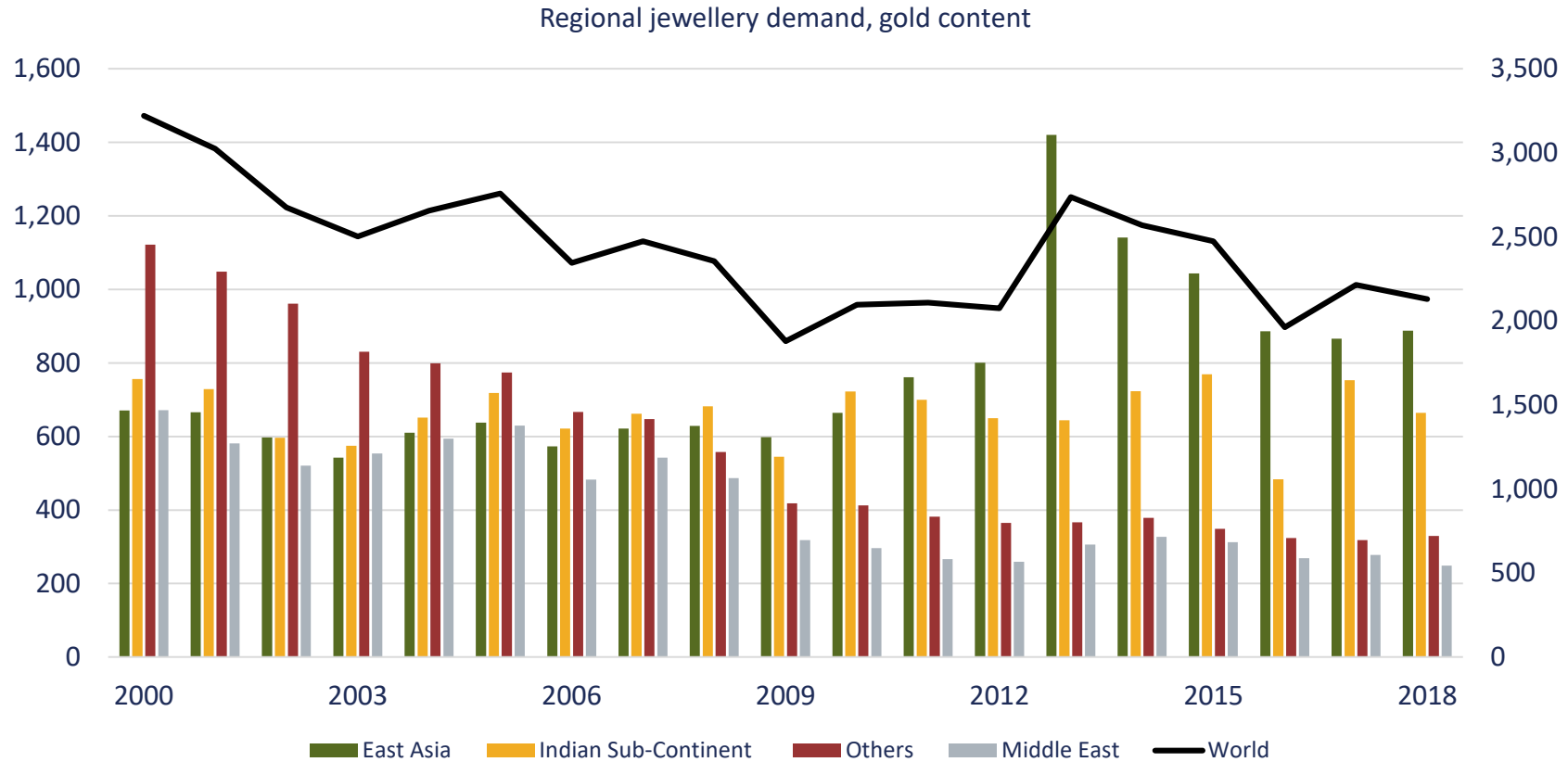
Source: Refinitiv, INTL FCStone

## Is the rise of the Asian gold market losing steam?

- Investment products to consider for medium term analysis:
  - Jewellery, investment bars, coins and medals
  - ETPs are more geared towards the western markets although the Chinese markets are evolving; World Gold Council reports 15.9 tonnes in the two major funds as of end-April 2019.
  - Note the important difference between Western jewellery products and those in East and South Asia and the Middle East.

# Globally: Jewellery; adornment vs investment

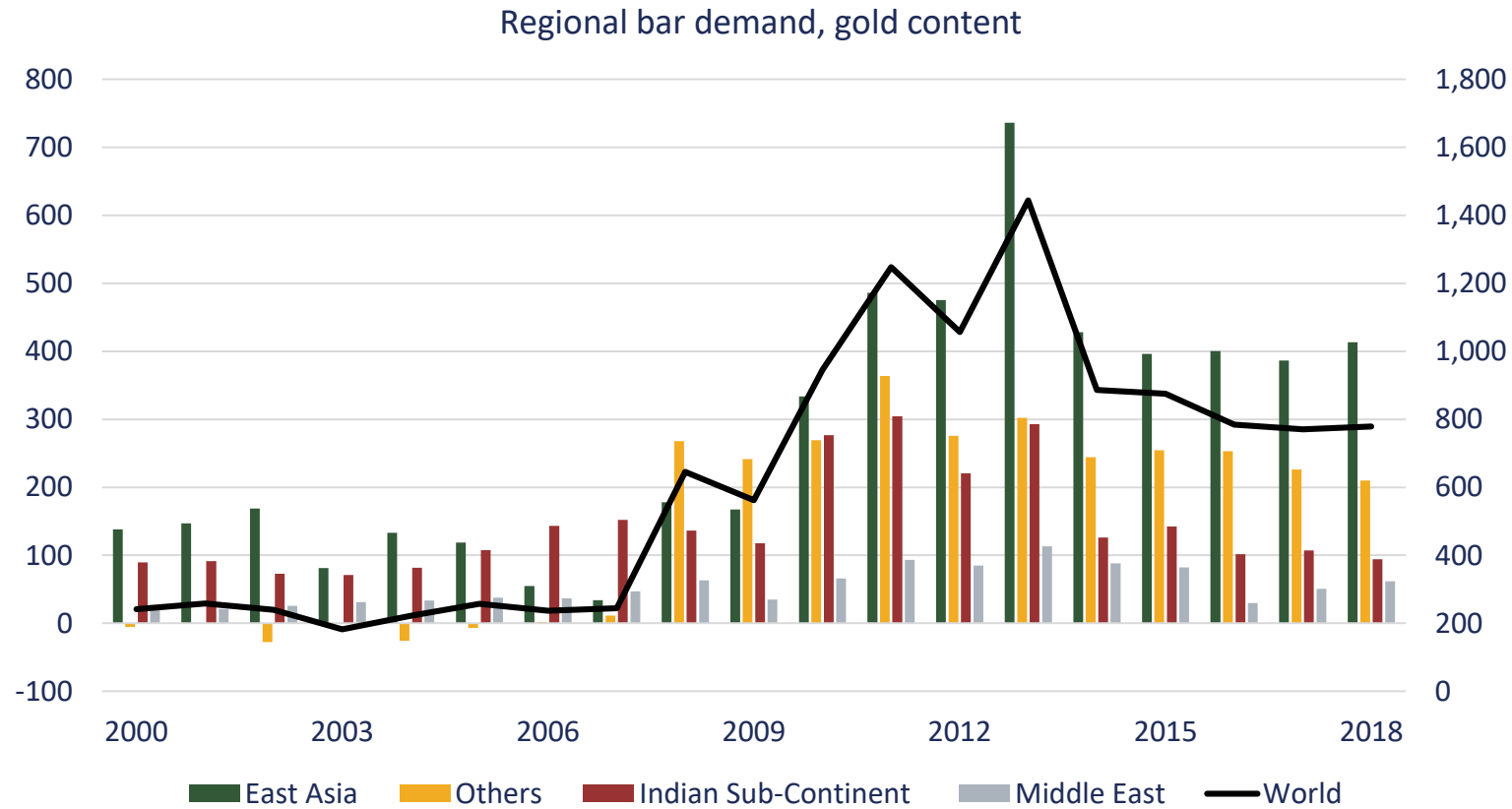
Tonnes



Source: GFMS, Refinitiv; INTL FCStone

# Regional bar demand, pre- and post-financial crisis

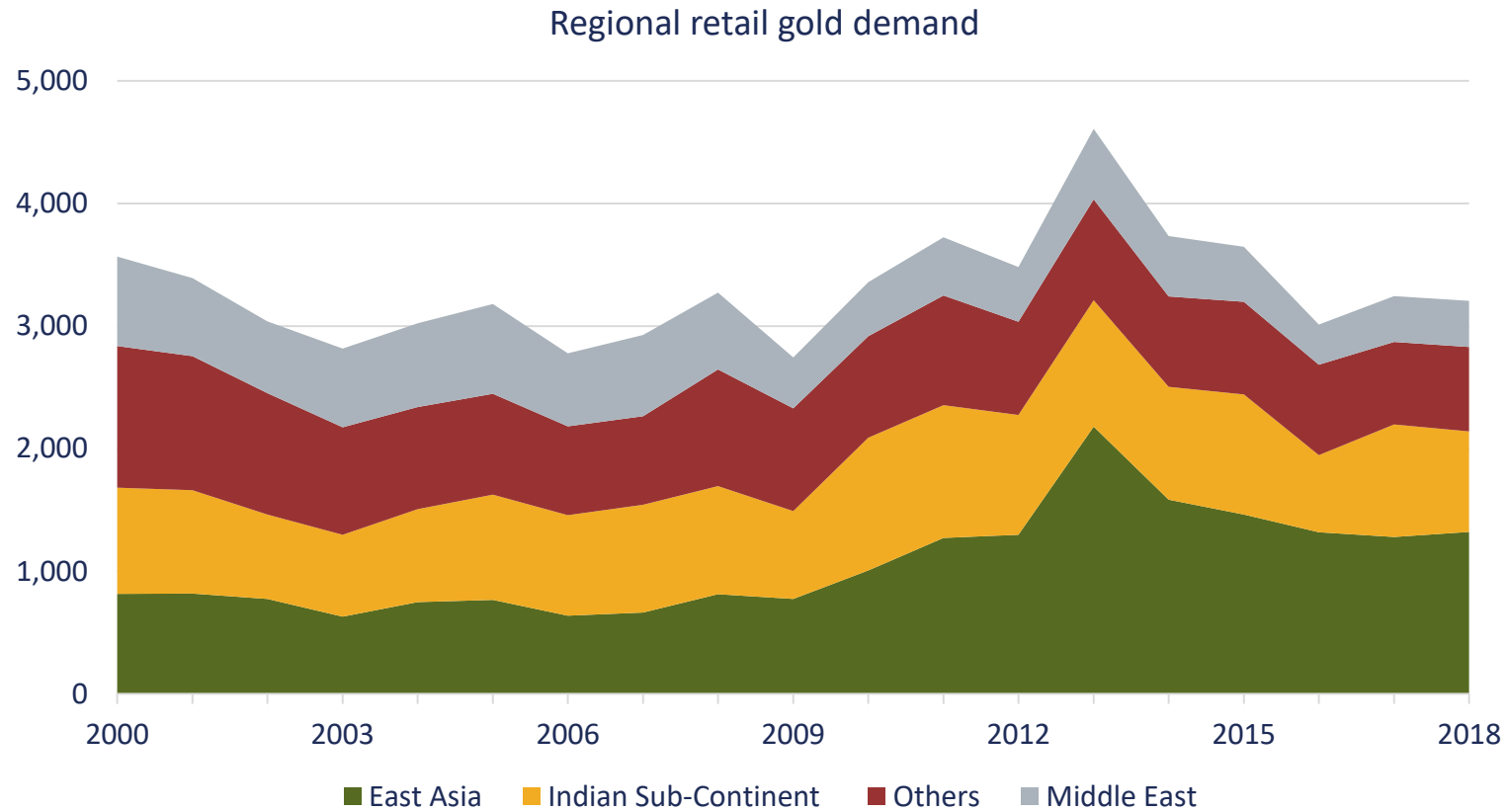
Tonnes



Source: GFMS Refinitiv, INTL FCStone

# Global retail demand, gold content

Tonnes

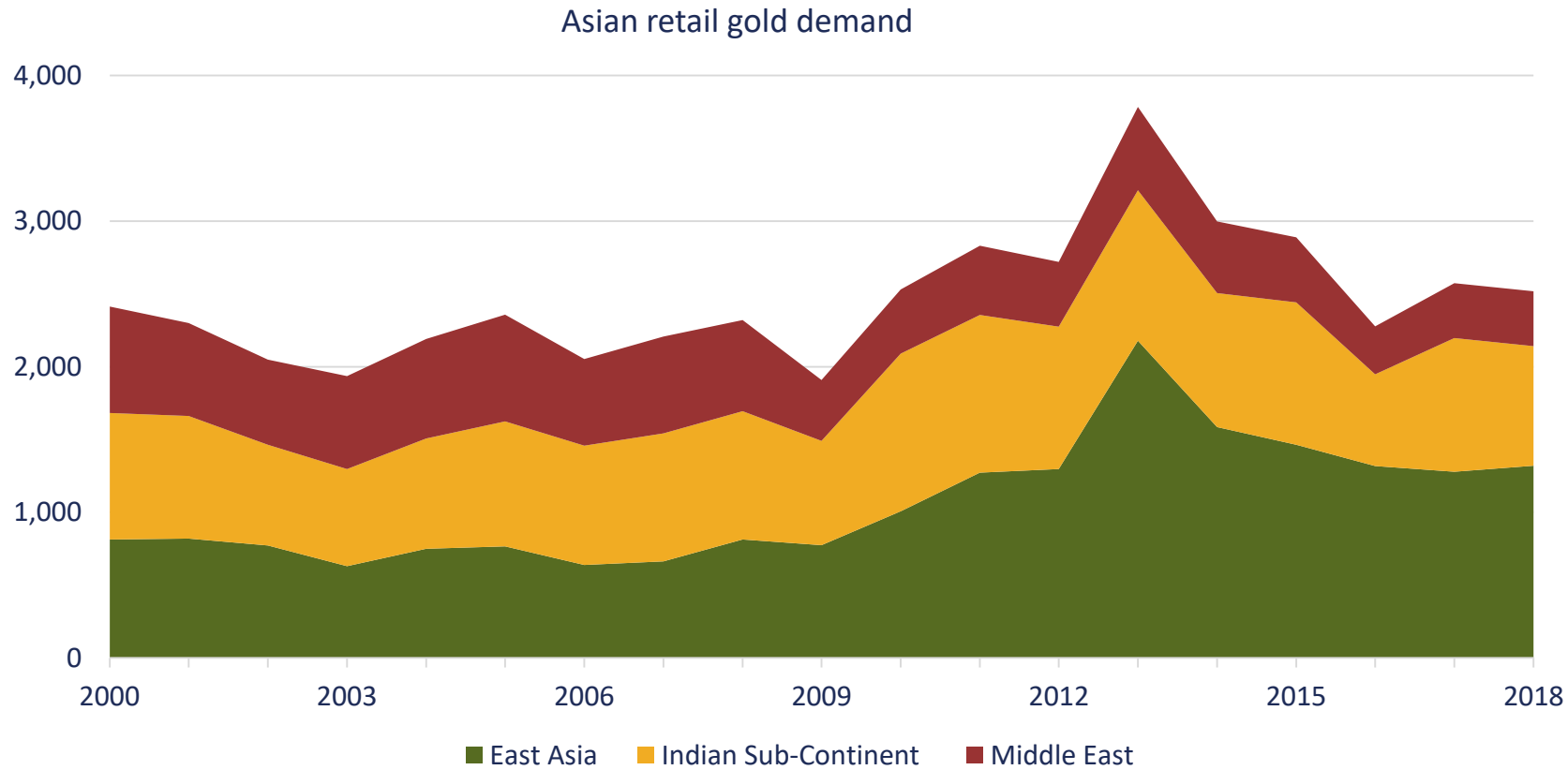


Source: GFMS Refinitiv, INTL FCStone



# Asia and the Middle East; retail gold demand

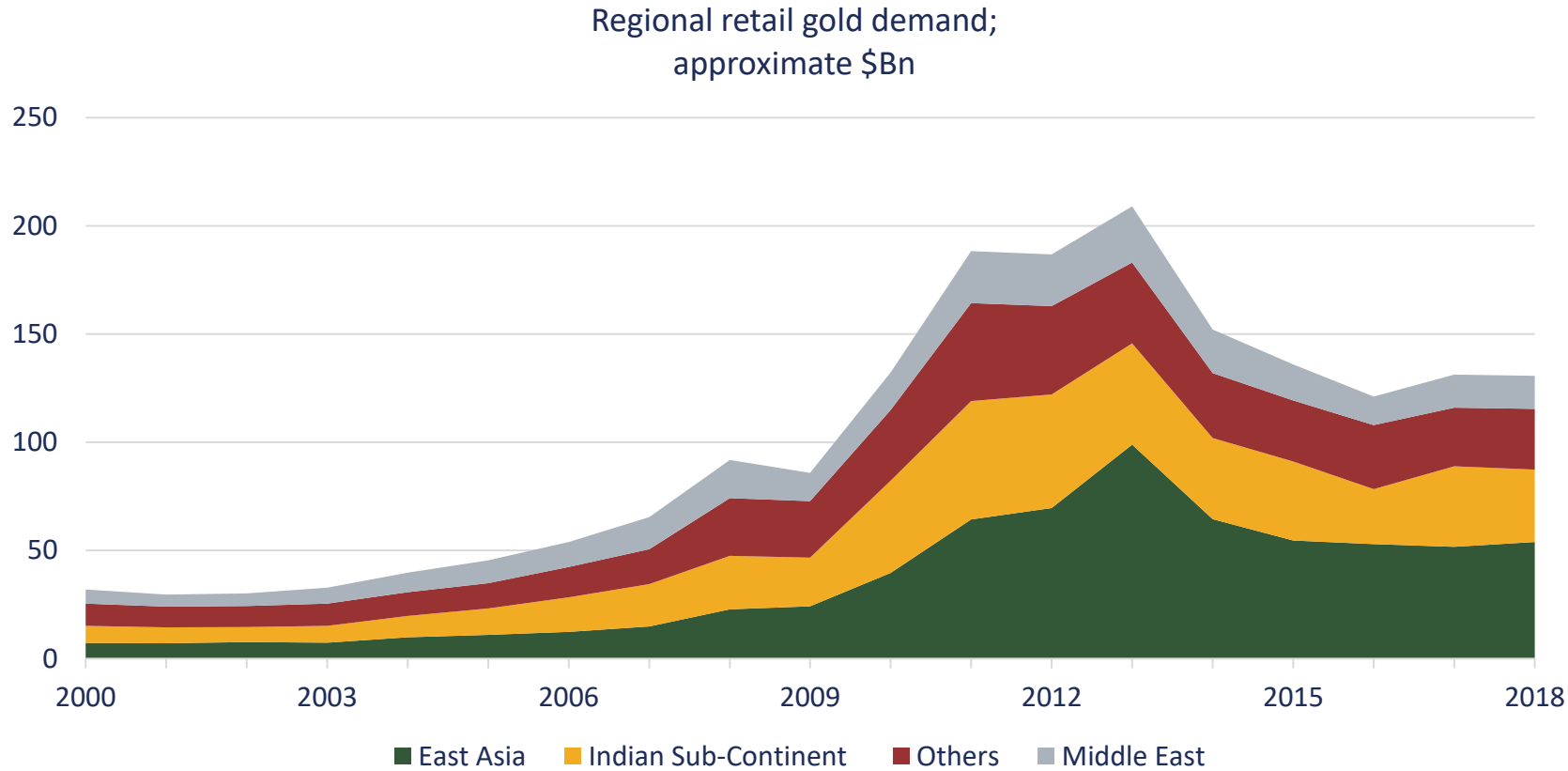
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Source: GFMS Refinitiv, INTL FCStone

# The story is slightly different in U.S. dollar terms

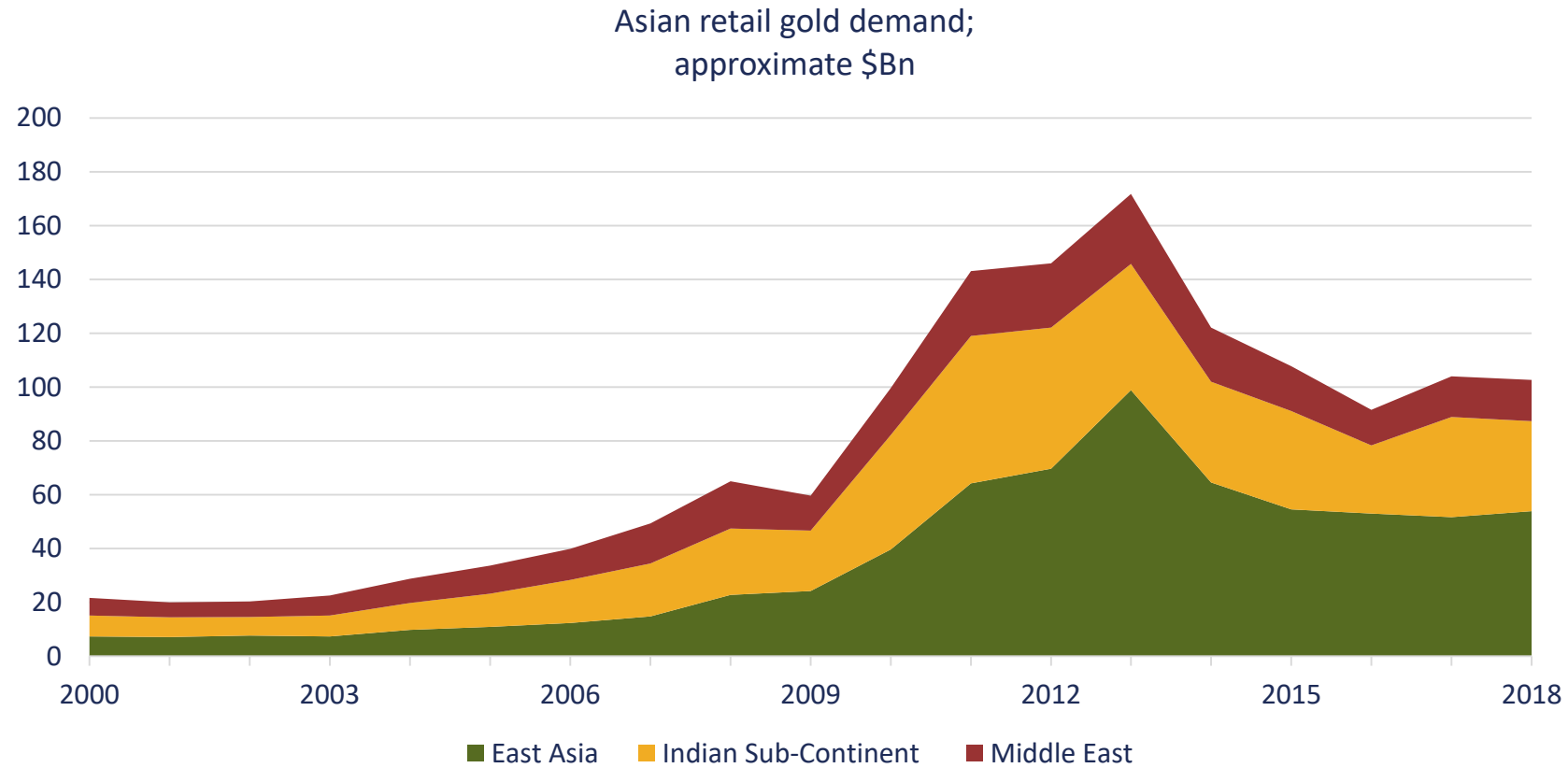
\$ Bn approx



Source: GFMS Refinitiv, INTL FCStone

# And notably in Asia

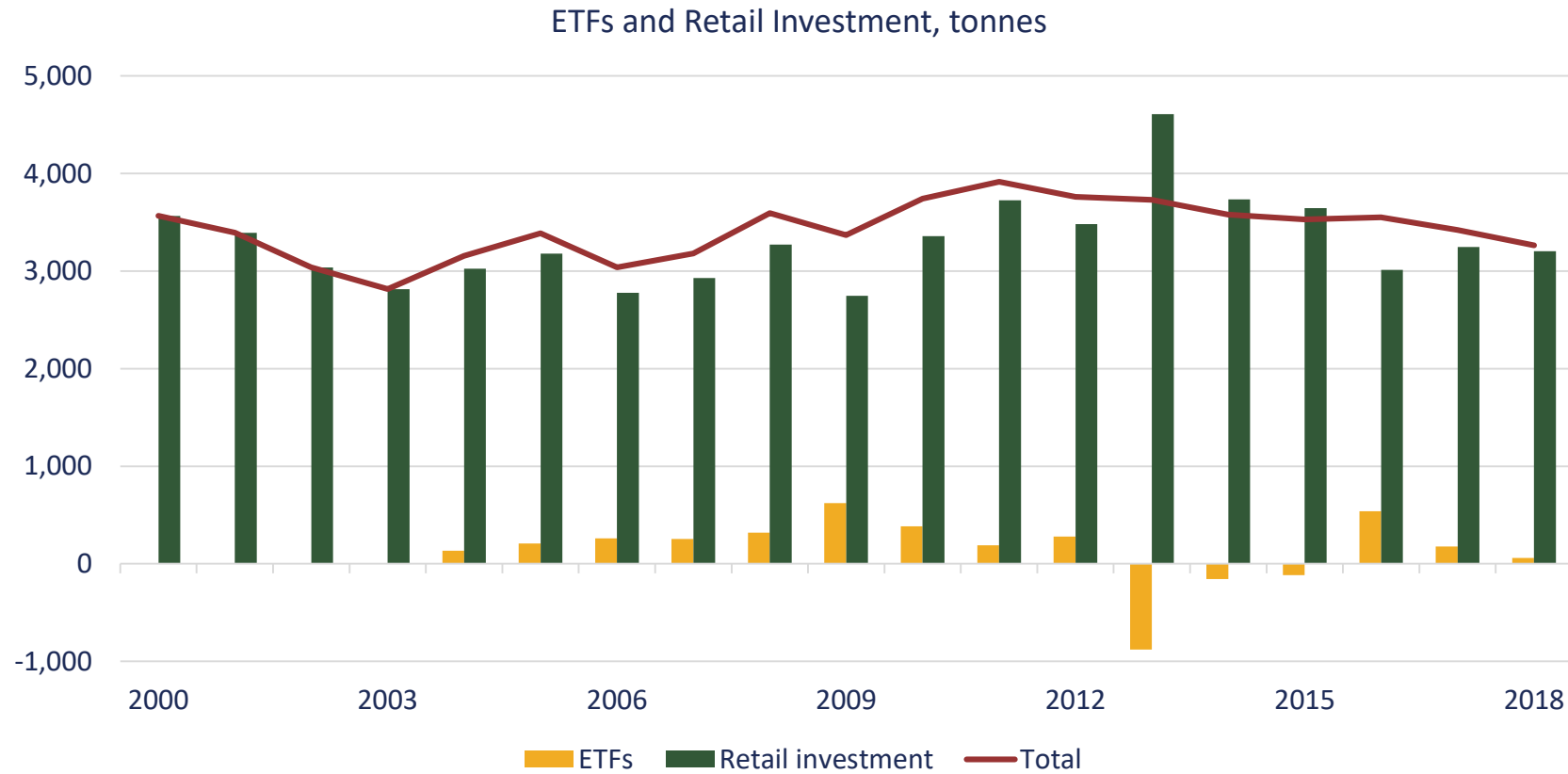
\$ Bn approx



Source: GFMS Refinitiv, INTL FCStone

# ETFs smooth the profile to a degree – note the year 2013

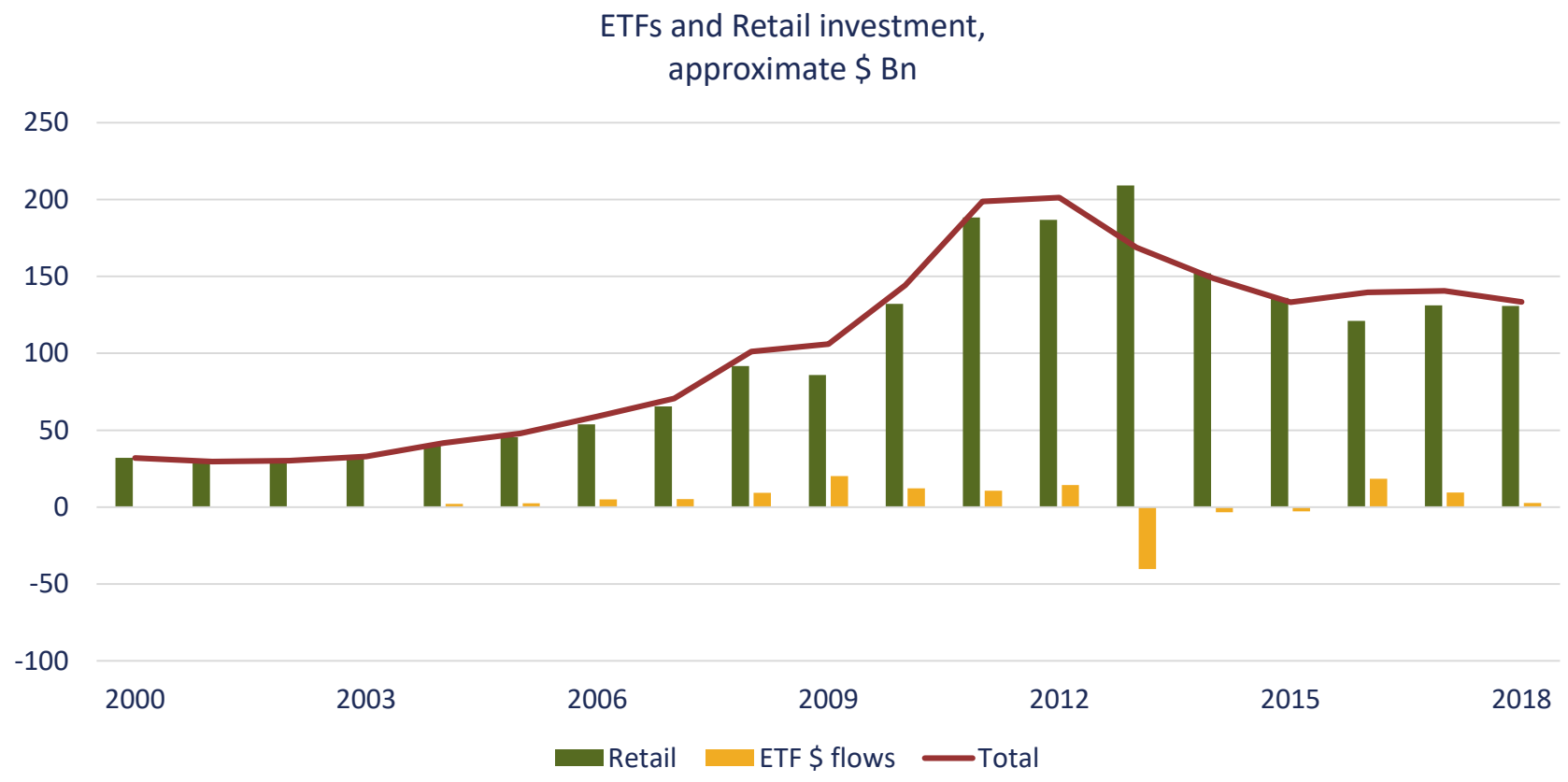
Tonnes



Source: Bloomberg, INTL FCStone

# While in U.S. dollar terms the picture is broadly flat now

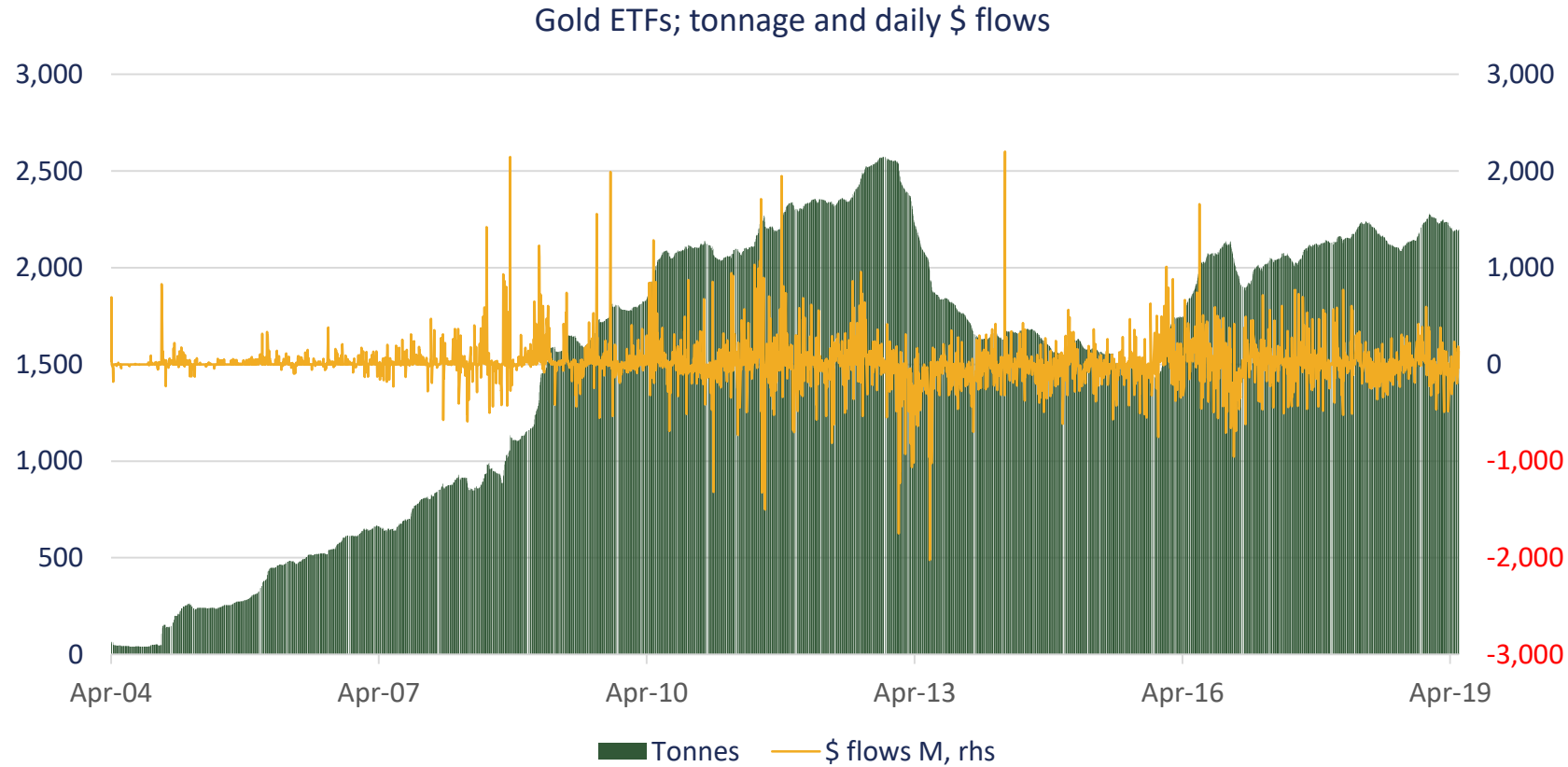
\$ Bn approx



Source: Bloomberg, INTL FCStone

# ETFs at over 2,220 t in early June

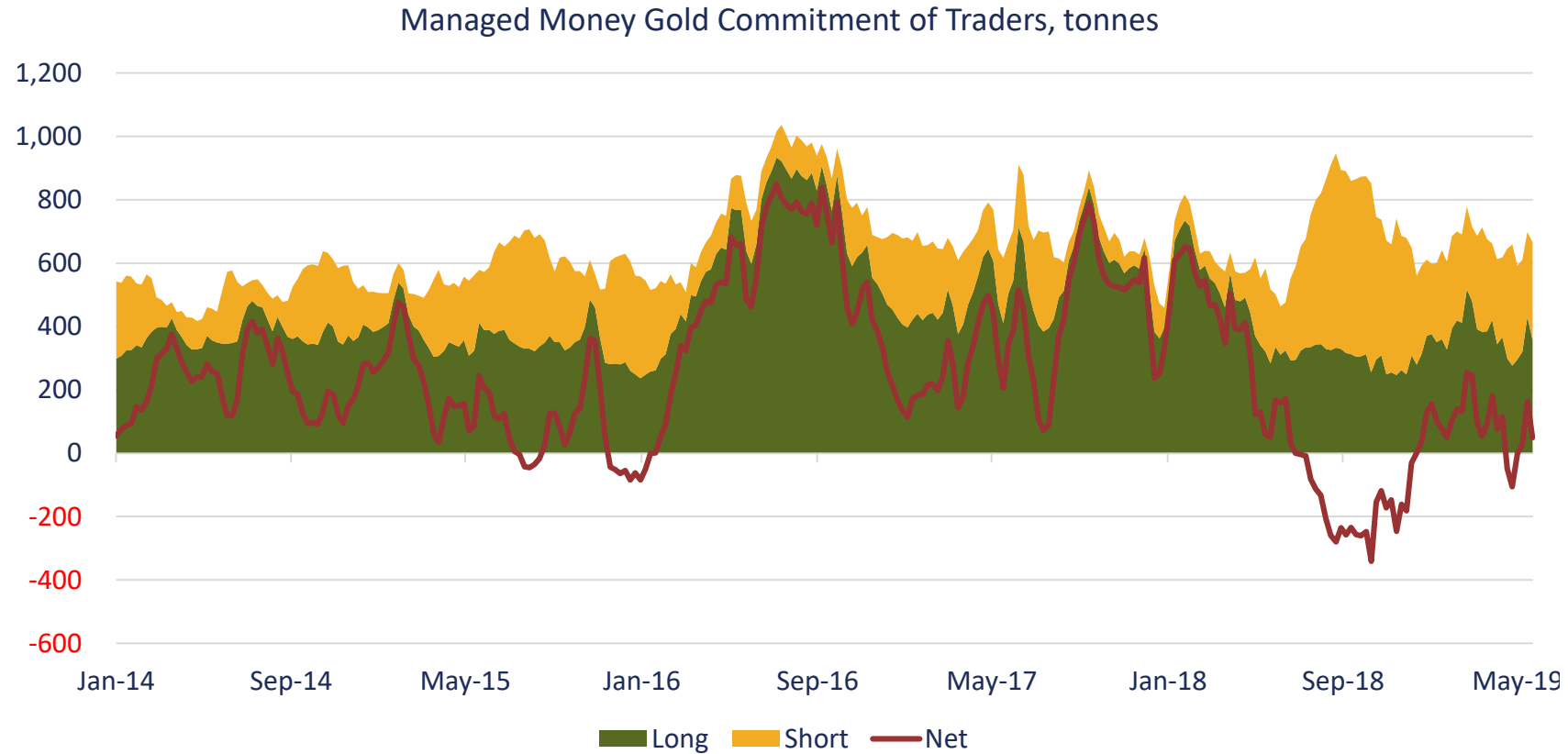
This would be the sixth largest central bank holding in the world and valued at more than \$90Bn



Source: Bloomberg, INTL FCStone

# Managed Money gold positions, COMEX

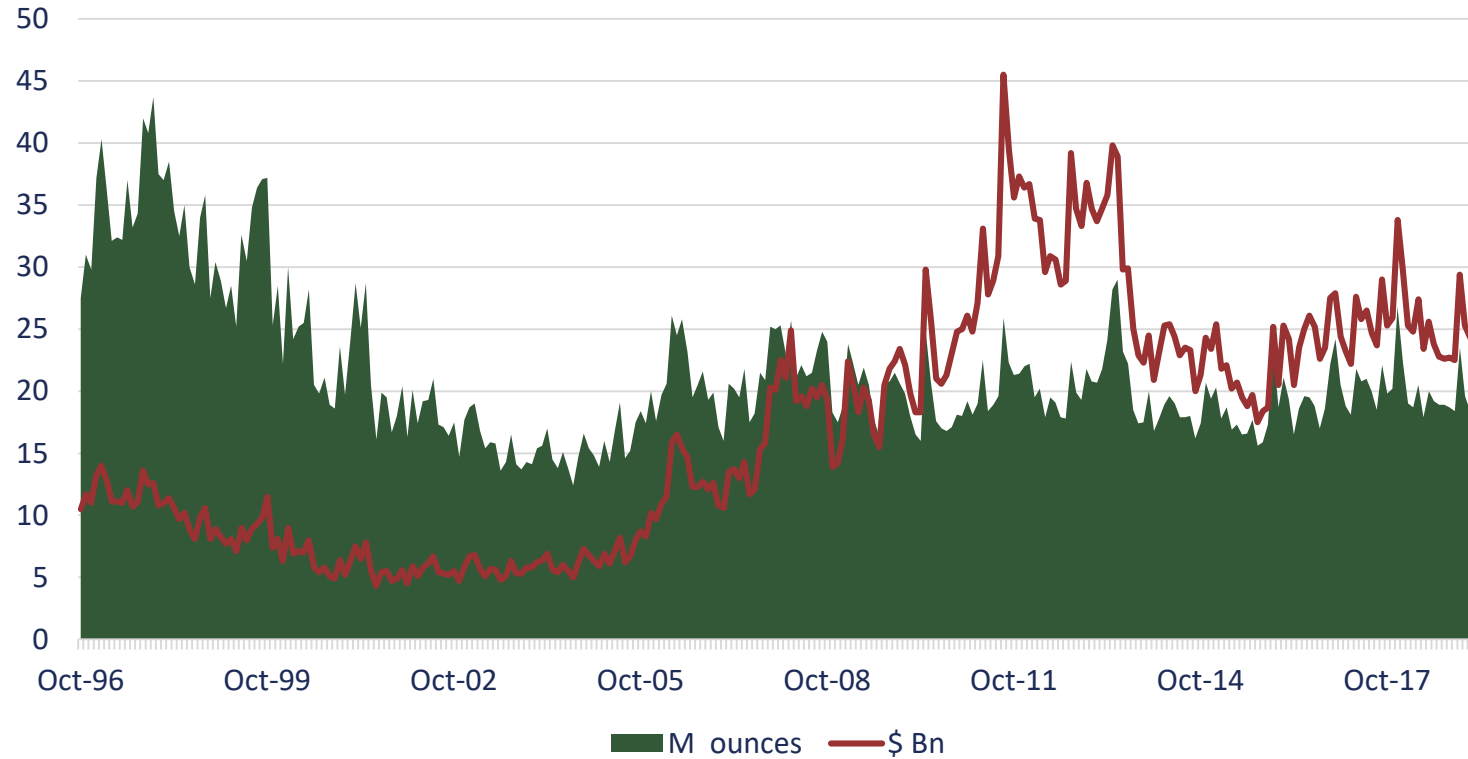
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Source: CFTC, INTL FCStone

# LBMA transfers; daily average volume and value

LBMA gold transfers; daily average by month



Source: LBMA, INTL FCStone

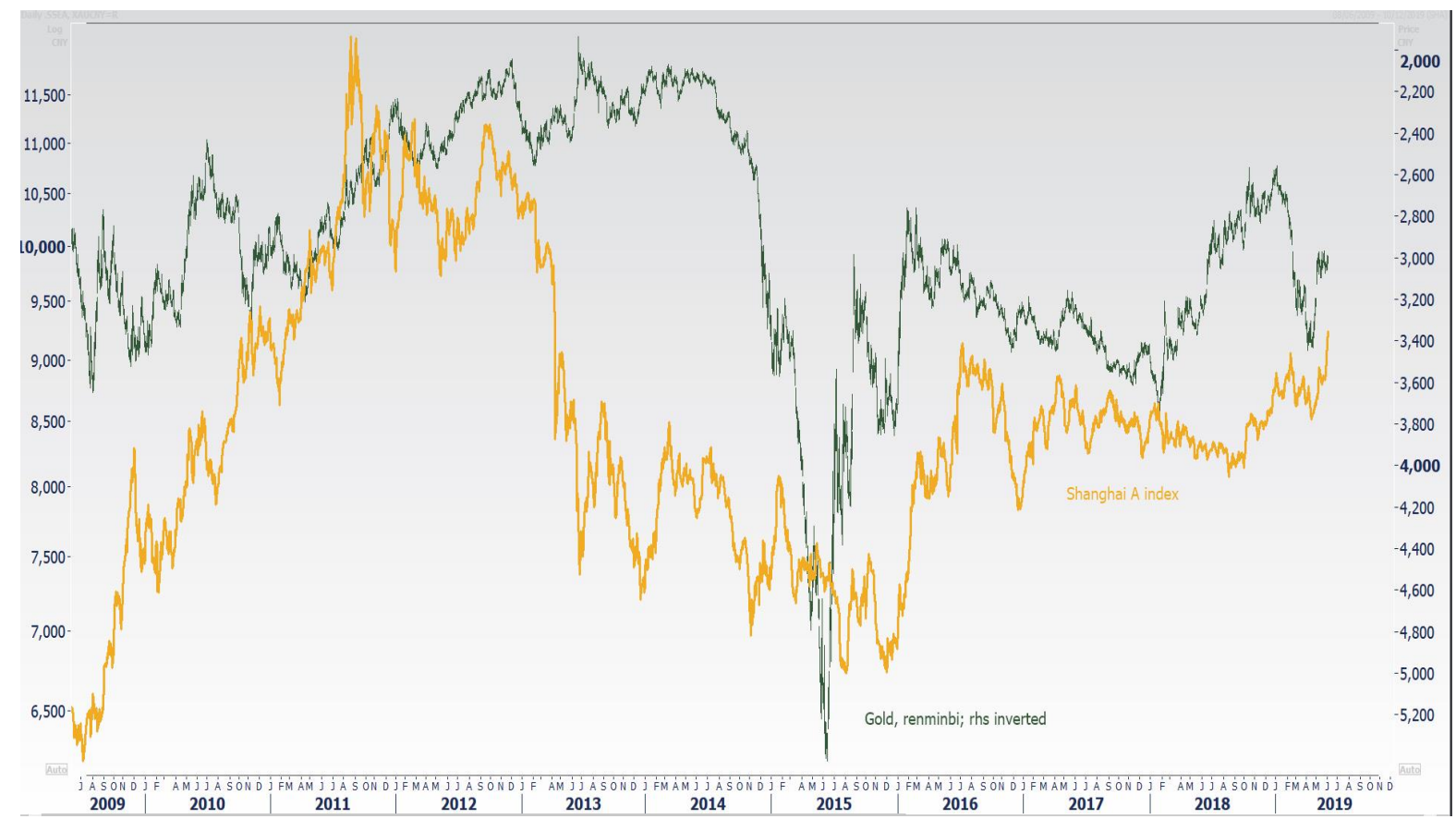


# Gold (CNY) and the Shanghai A Index



Source: Bloomberg, INTL FCStone

# Gold (CNY, inverted) and the Shanghai A Index



Source: Bloomberg, INTL FCStone

# The gold market; small but deep

- LBMA loco London overall volume is of the order of three times the volume of transfers and comprises an estimated 70% of world OTC turnover.
- This puts the global market for 2018 at an approximate volume of 660,000 tonnes.
- That is almost 200 times global mine production last year, with an approximate turnover of \$27 trillion.