



Gold

Market Dynamics

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Overview



Gold market drivers

How has monetary policy affected gold price and allocations?

Price discovery and market dislocation

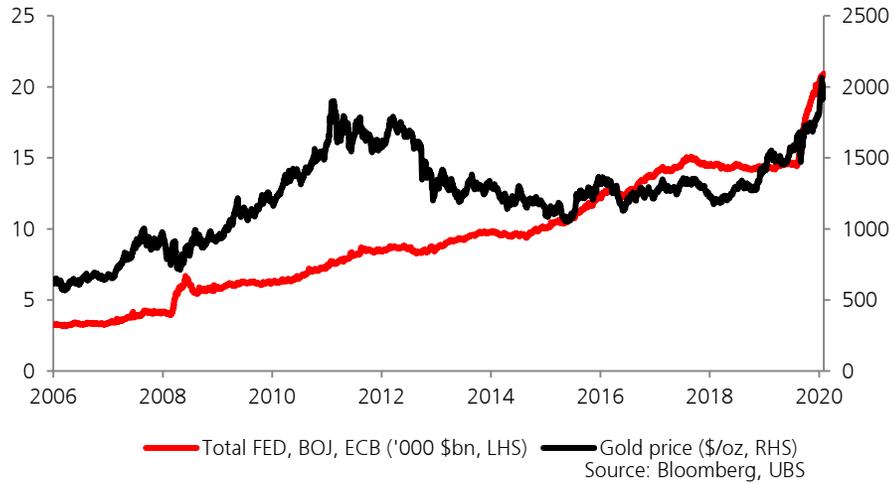
How has Covid-19 disrupted the gold market?

Evolution of market participants

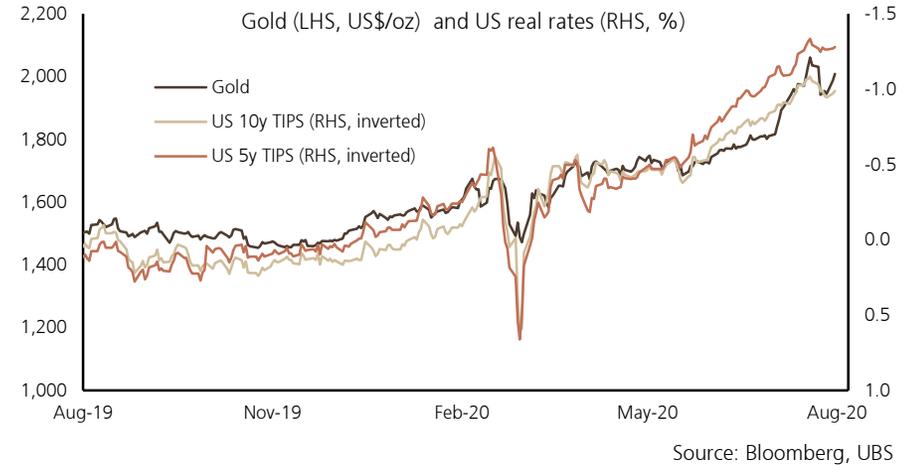
How has the investment trend changed for gold?

Gold market drivers

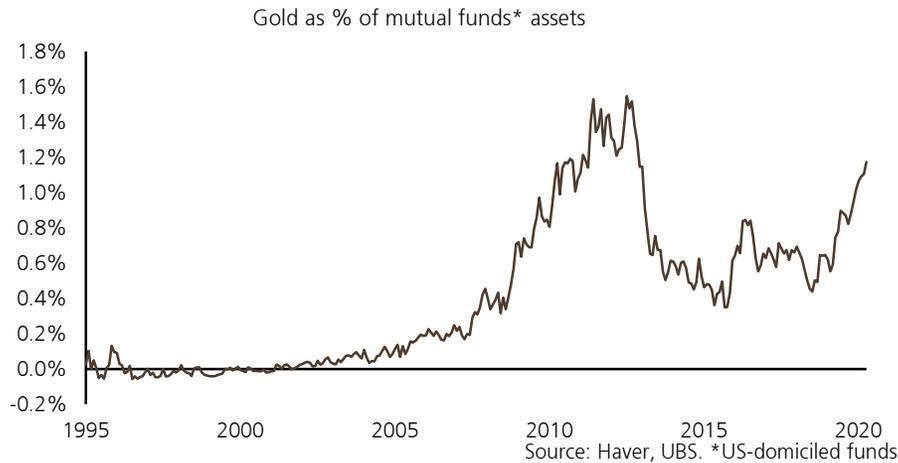
Stimulus the catalyst for gold's rally



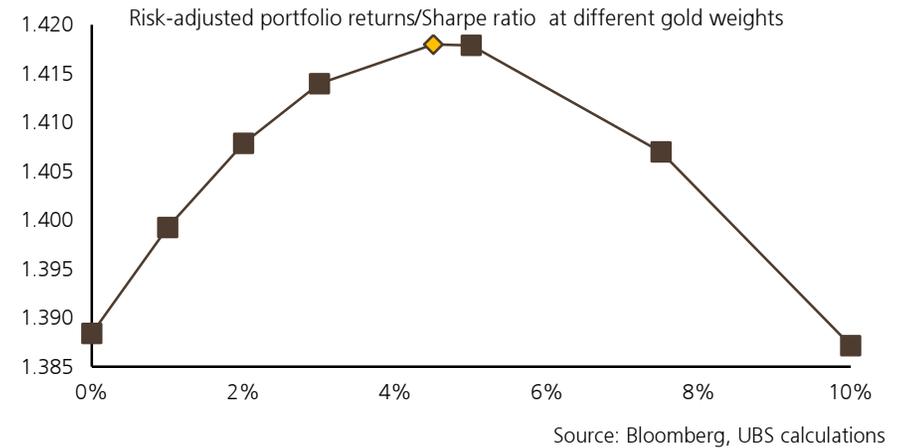
Gold and real rates move in sync



Gold allocation is on the rise



Optimal allocation at 5%

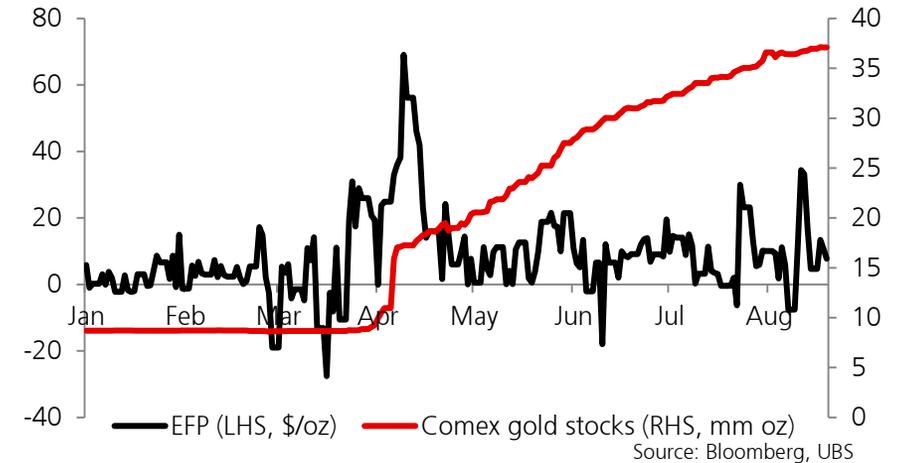


Price discovery and market dislocation

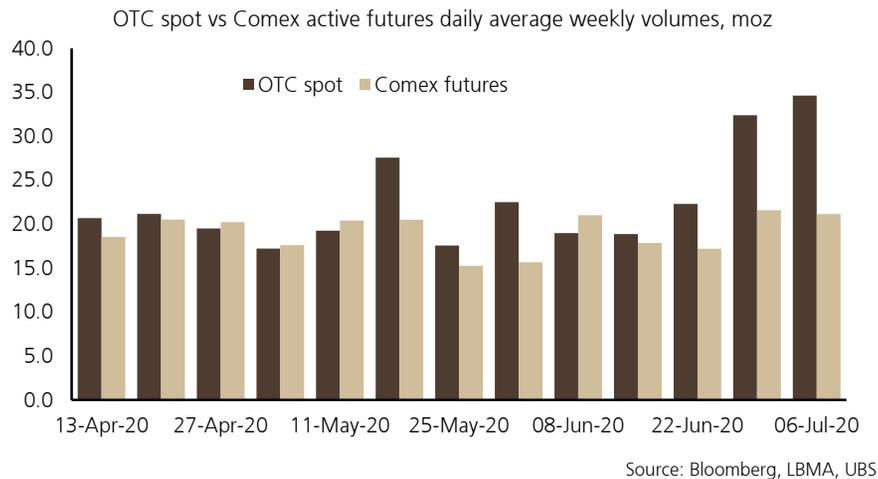
Drivers

- Kneejerk liquidation in March to 1450, dealers buying the EFP
- Swiss refineries ceased production in early April. Switzerland accounts for 70% of global bullion fabrication
- The breakdown of supply chains (Gold is typically shipped via commercial jets)
- Resulting unwind of the EFP carry trade
- VAR limits compromised, dislocation to remain for the foreseeable

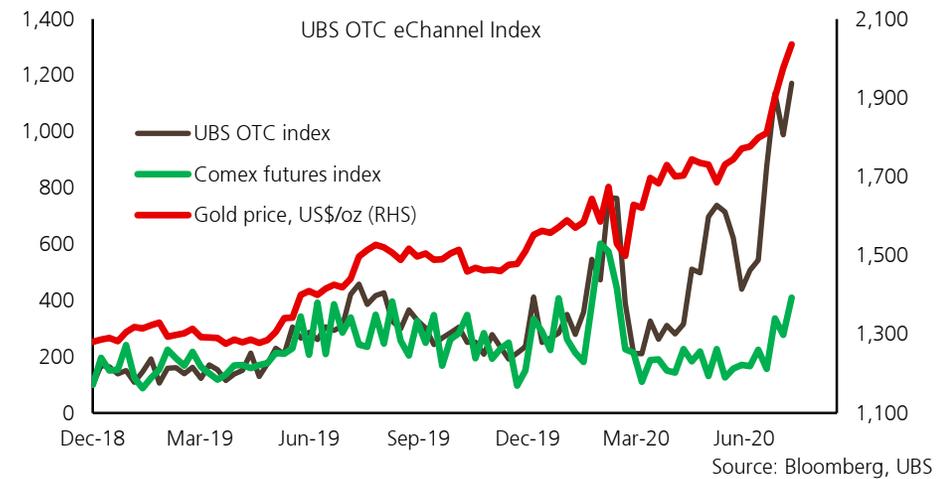
EFP triggered jump in Comex stocks



Post Covid migration from futures to OTC



Participation via OTC has increased

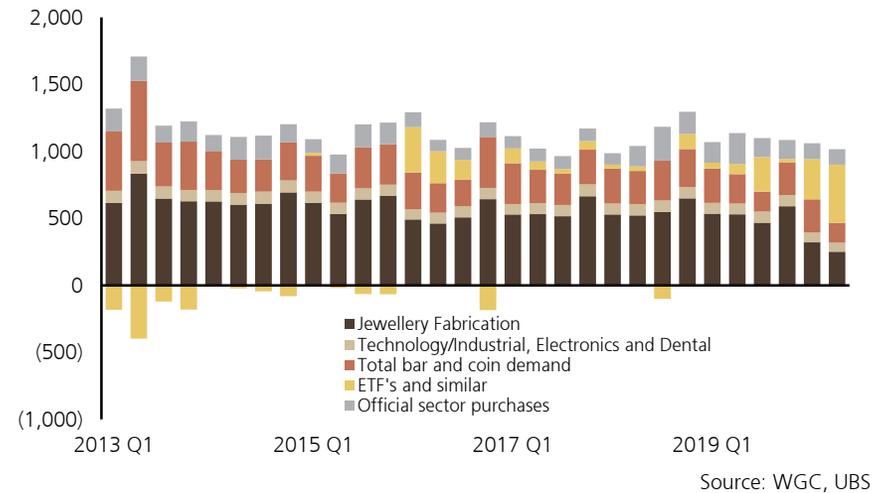


Evolution of market participants

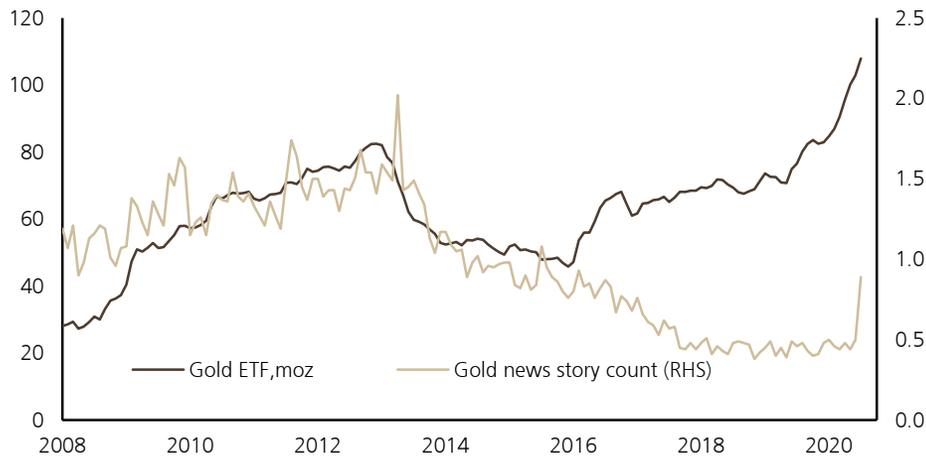
Trends

- 2020 has seen an acceleration in investor trends especially strategic and retail interest
- The meteoric shift in gold expression: record H1 in ETF demand – asset allocators and risk parity investors
- Official sector trends: the last decade swung the community from net sellers to buyers. We continue to see bias to buy on dips
- Greater retail participation helped by ETFs & online trading
- Undercurrent of sticky demand, key levels bring in Asian speculators and broad retail participation
- Disruptors: growth in technology enabled gold trading

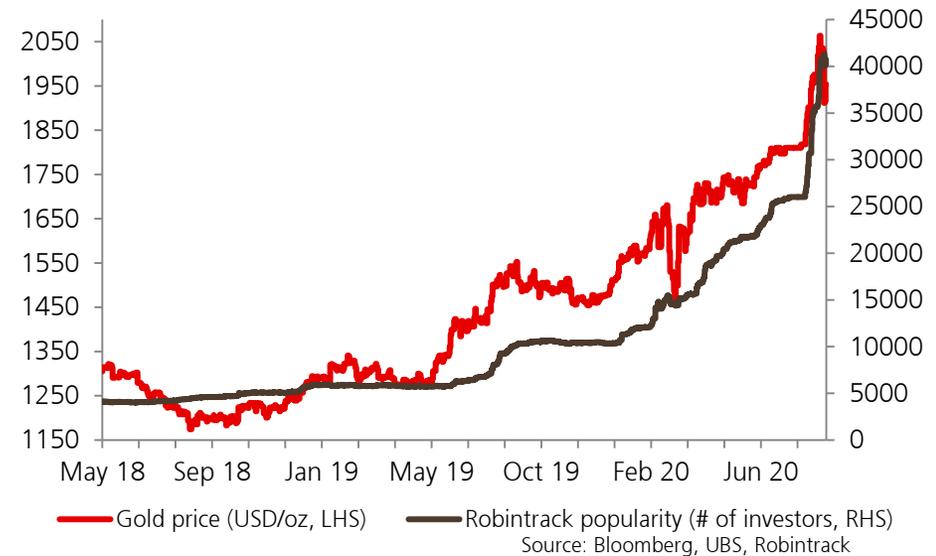
Strong ETFs demand in H1



Pick up in media interest



Retail momentum accelerates



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