



Chinese gold demand is at least twice as much as what is reported by the World Gold Council (WGC) and thought by most investors around the world!

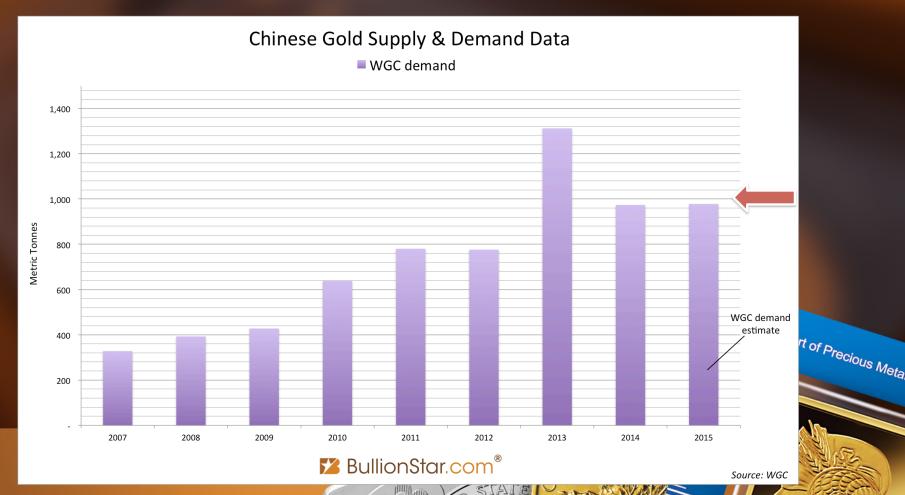
- The WGC states Chinese consumer gold demand since 2013 is approximately 1,000 tonnes a year.
- In reality Chinese consumer gold demand since 2013 is approximately 2,000 tonnes a year.

Speculating: roughly 500 tonnes of official demand has to be added to yearly 2,000 tonnes consumer demand. Total (private + official) Chinese demand is 2,500 tonnes.



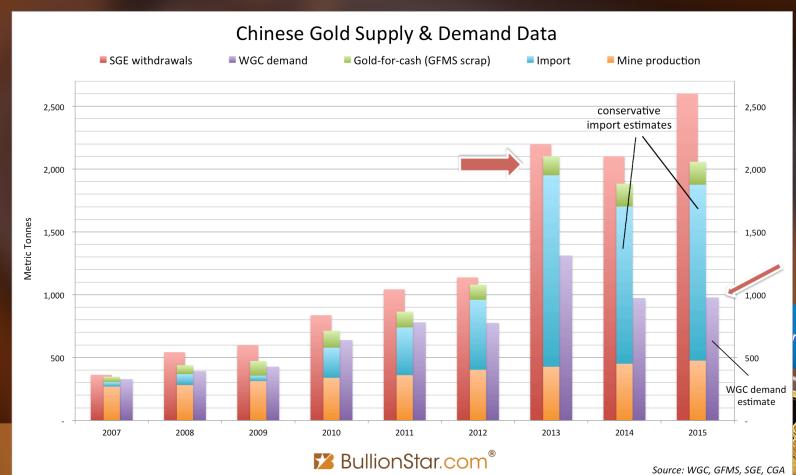


What the majority of global investors think Chinese gold demand is:





In reality Chinese gold demand is twice as much...

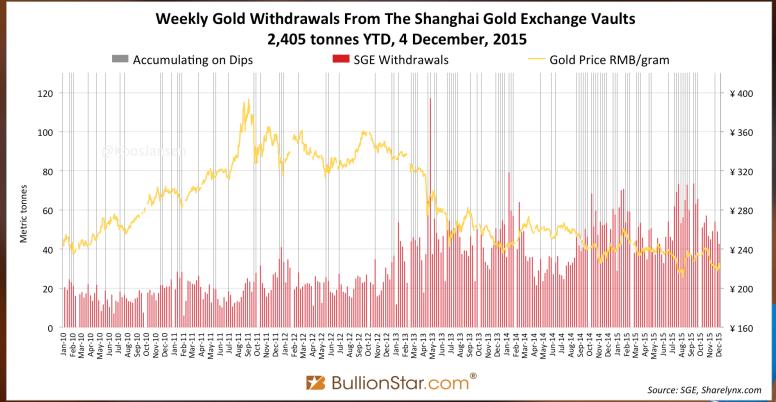


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Measuring genuine Chinese gold demand

- Withdrawals from Shanghai Gold Exchange vaults (SGE withdrawals).
- Reports from China Gold Association (CGA).
- Gold Export data UK, Switzerland, Hong Kong and Australia.
- Chinese domestic mining output.



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Examples SGE withdrawals equal Chinese gold demand:

2010 Chinese gold demand 8,37.21 tonnes. (source: China Gold Market Report 2010)

交割情况表 Delivery Specification						
交割品种 Variety	累计成交量(单边) Accumulated Trading Volume (One Side)	总入库 <u>量</u> Total Depositing Volume	总出库量 Total Withdrawing Volume	交割比 Delivery Ratio		
黄金 Gold	3,025,750.00	841,797.30	837,209.60	27.67%		
铂金 Platinum	27,344.00	27,463.00	27,601.00	100.94%		
白银 Silver	36,807,482.00	215,985.00	173,520.00	0.47%		

Table 6-3 China's gold demand structure in 2010				
Category	Amount (tons)	Proportion in the total demand (percent)	Gains/ losses over the previous year (tons)	Gains/ losses over the previous year (percent)
Gold jewelry manufacturing	357.12	42.66	17.52	5.11
Industrial raw materials	47.38	5.66	7.19	17.60
Other industrial purposes	8.52	1.02	1.11	14.98
Gold coin production	16.61	1.98	5.91	55.23
Hoarding of gold bars	141.88	16.95	68.59	93.95
Net investment	265.7	31.74	119.21	81.15
Total	837.21	100	237.72	39.65
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2010 SGE withdrawals 8,37.2096 tonnes (source: SGE Annual Report 2010)

交割情况表

单位: 千克

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品种	上月交割量	本月交割量	增减	本月交割比	本年累计交 割量	本年累计交 割比
黄金	168336.8	218045. 9	29. 53%	38. 49%	2196961. 75	37.83%

SGE withdrawals 2013, total 2,197 tonnes (source: SGE Chinese monthly report December 2013)

	表50 2013年全国黄金供应量结构表				
类别	供给量(吨)	占总供给量%	比2012年增加±量	比2012年 ± %	
矿产金	445.417	20.26	28.741	6.90	
回收金	246.923	11.23	14.503	6.24	
进口成品金	1506.50	65.51	1004.534	197.98	
总计	2198.840	100	1017.878	91.80	

2013 Chinese gold demand 2,198 tonnes. (Purple = domestic and overseas mine output, green = recycled gold, blue = bullion import. Source: China Gold

Association Yearbook 2013)





President of SGE Transaction Department in 2014:

This 2,200 tonnes of gold, after leaving our vaults, they entered thousands of Chinese households in the form of jewelry and investment purchases.





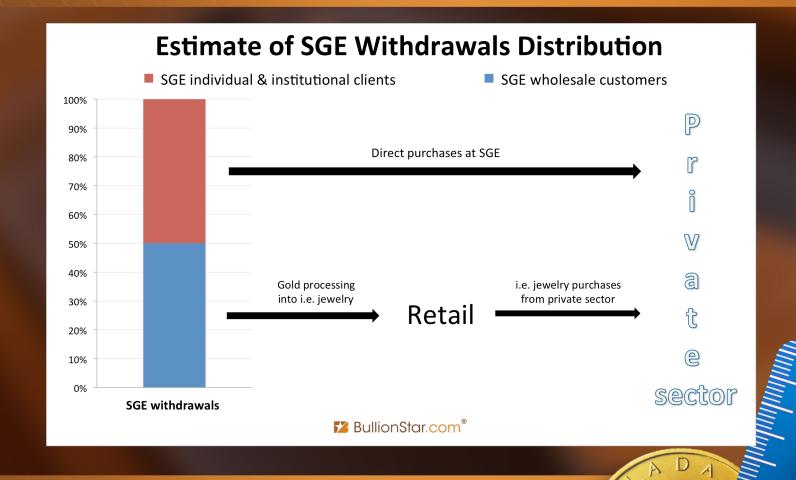
What Causes The Difference Between SGE Withdrawals And WGC Demand?

Direct purchases from individual and institutional investors at the SGE.

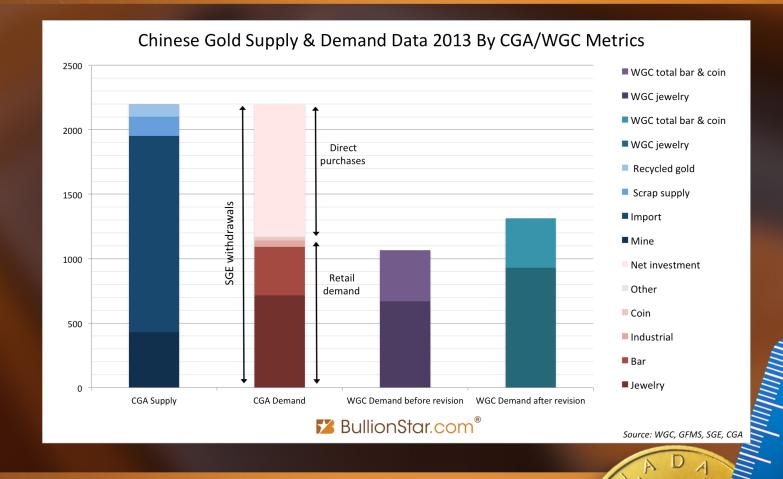
SGE has 7 million individual clients and more than 8,000 institutional clients.

- SGE withdrawals capture total gold demand.
- WGC demand only captures retail jewelry and bar demand.





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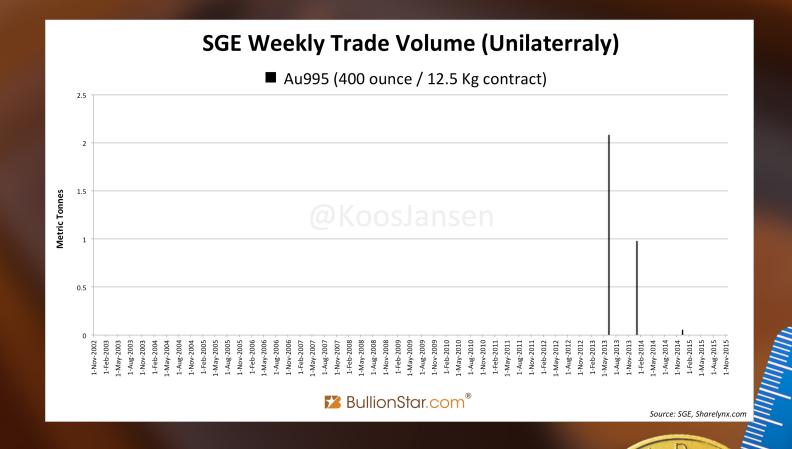




The PBOC: does it buy gold through the SGE? NO

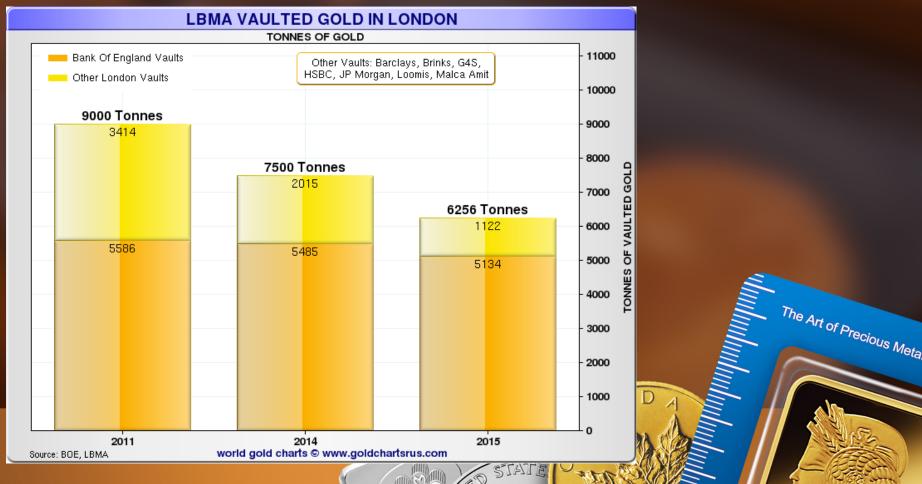
- SGE gold is denominated in renminbi. PBOC prefers to exchange dollars for gold.
- PBOC prefers OTC market for privacy.
- PBOC is likely buying 12.5 Kg bars, which are almost never traded over SGE.
- Monetary gold export doesn't show up in foreign trade statistics.
- MANY Sources confirm the PBOC buys gold in the international OTC market.





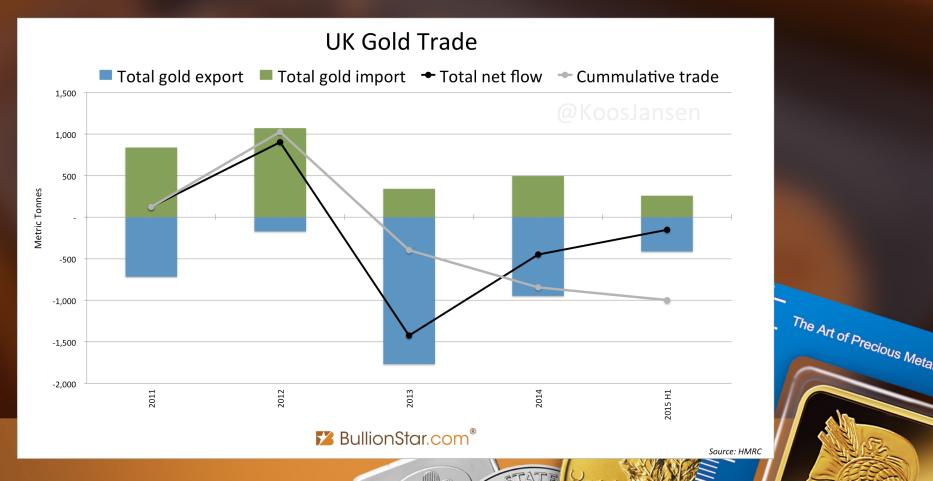


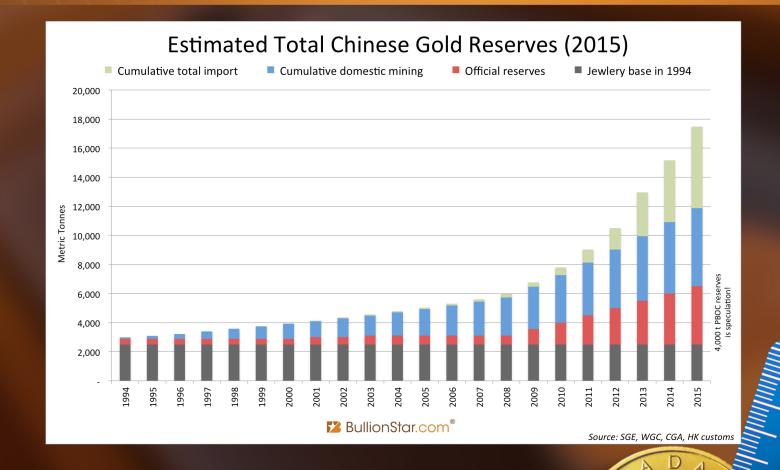
± 2,750 tonnes have been exported from London from 2011 until 2015.





2011 – 2015 net non-monetary gold export from the UK was 1,000 tonnes





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