

# Equity Investment Advisers Gold Report



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## South Korea asks India to relax gold and silver import norms

South Korea has asked India to remove restrictions on gold and silver imports, which were imposed to check abuse of free trade agreement leading to significant surge in the inbound shipments.

In August 2017, India restricted imports of gold and silver items from South Korea to check spurt in the inbound shipments of the precious metals from that country. "South Korea is asking for removal of these restrictions, but we have asked them to increase value addition norms," a government official said.

As part of the restrictions, importers have to obtain a licence from the Directorate General of Foreign Trade (DGFT) for importing gold and silver from South Korea. The two nations implemented a free trade agreement in January 2010. Under the pact, basic customs duty on gold was eliminated. Further, the 12.5 per cent countervailing duty on gold imports has been subsumed in the Goods and Services Tax. Accordingly, the imports now attract only 3 per cent integrated GST. On the other hand, imports of gold from non-FTA countries attract 10 per cent customs duty. Gems and jewellery exporters too have asked not to ease the restrictions as it would impact their shipments.

## Russia to Become World's Second-Biggest Gold Producer

Russia reportedly is poised to double gold extraction and become the world's second biggest producer.

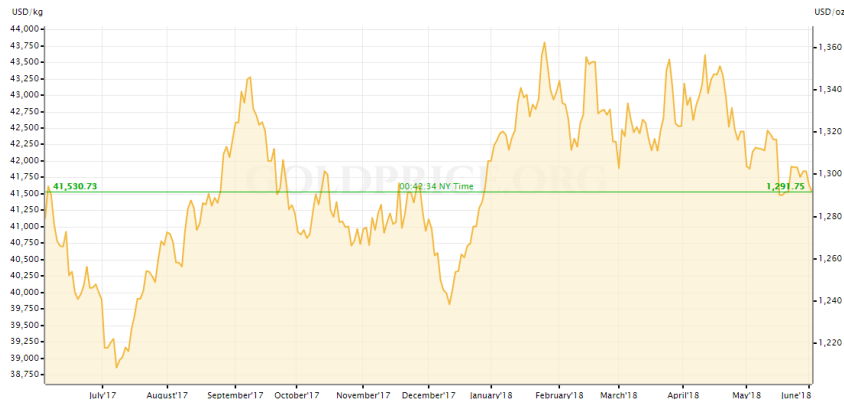
Major Russian gold mining companies are planning to almost double production, according to RT, a Russian international television network and website funded by the Russian government.

Russia is third in the global rating of gold miners after Australia and China.

However, that could change in less than a decade, according to Mikhail Leskov, deputy CEO at the Moscow-based Institute of Geotechnology, as quoted by Vedomosti, a Russian-language business daily published in Moscow. In 2017, Russia extracted 8.8 million ounces, accounting for 8.3 percent of total global production, according to data by the UK consultancy Metals Focus, as quoted by the media. The newly discovered gold deposits will reportedly allow miners to increase extraction by half in seven years. By 2030, extraction is expected to grow by nearly eight million ounces.

The Russian gold mining industry has almost doubled its volume of extraction over the last two decades. The country's producers mined 2,189 tons of gold over the last 10 years, according to the Russian Union of Gold Producers. Meanwhile, the price of the precious metal is expected to rise into next year amid a weakening dollar, experts told Bloomberg.

## Gold Price



## Silver Price



## Gold To Silver Price Ratio

1 Year Gold/Silver



## Deutsche Bank faces another challenge with Fed stress test

Deutsche Bank AG will face another challenge this month when the Federal Reserve publishes the results of a "stress test" on the bulk of its U.S. operations for the first time.

Germany's largest lender is already facing challenges with U.S. bank regulators and in financial markets, with its stock price falling to historic lows on Thursday. Standard & Poor's downgraded its credit rating to BBB+ from A- on Friday. The downgrade came after reports earlier in the week that the Fed designated one of Deutsche Bank's U.S. businesses as "troubled" last year, something a person with knowledge of the matter confirmed to Reuters on Friday.

The Fed's stress test results, expected to be released sometime this month, will be the next big public barometer of Deutsche Bank's financial strength.

It could be difficult for a bank with a subsidiary on the "troubled" list to pass the scenarios, according to a person familiar with the tests who was not authorized to speak publicly. That is because the capital, liquidity and risk management failures that would land a bank on the list are similar to those that lead banks to flunk the stress test, the person said.

The Fed has been examining how the biggest U.S. banks would handle a range of adverse economic and market scenarios since 2009, requiring many to shore up their capital buffers and risk management controls.

But this is the first year it will publicly release results of six foreign lenders, including Deutsche Bank, after requiring them to create consolidated U.S. holding companies with ring-fenced capital. The Fed tested those new entities last year in a trial run, the results of which are confidential.

## The Quick Rundown: Tariffs Will Make Gold Surge! Maybe.

- The United States will, after much deliberation, be imposing 25% tariffs on \$50 billion worth of Chinese exports to America, with China promising retaliation.
- The White House also reinstated tariffs on imports of steel and aluminium on Canada, Mexico and the EU.
- Steel prices are already up 45% from 2017, even before the government considers tariffs on imported automobiles.
- In case it wasn't obvious, a global environment where the United States declares trade war on everyone within punching range is not exactly conducive to stability.
- It also pushes up prices on producer and consumer goods, which in turn, has an inflationary effect.
- The WGC commented that in years where inflation exceeded 3%, annual gold returns were, on average, 15%.
- When gold hit \$1,900 in 2011, consumer prices were up nearly 4%.

You may also be interested in:

<https://seekingalpha.com/article/4179233-can-gold-overcome-dog-days-summer>

<http://www.mining.com/rio-tinto-completes-sale-australian-coal-asset/>

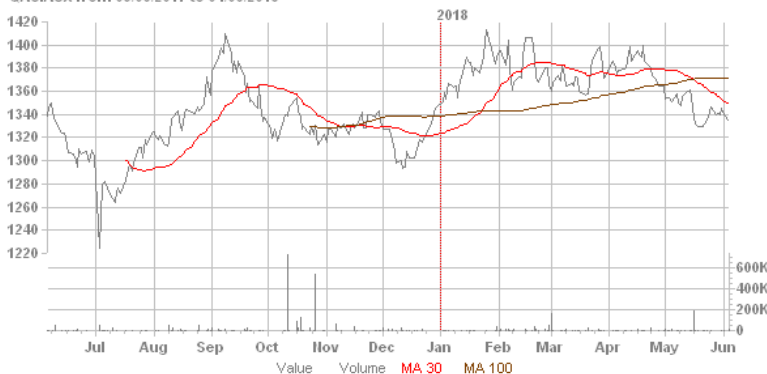
## ETF – Singapore Gold

ZGOL.ASX from 05/06/2017 to 04/06/2018



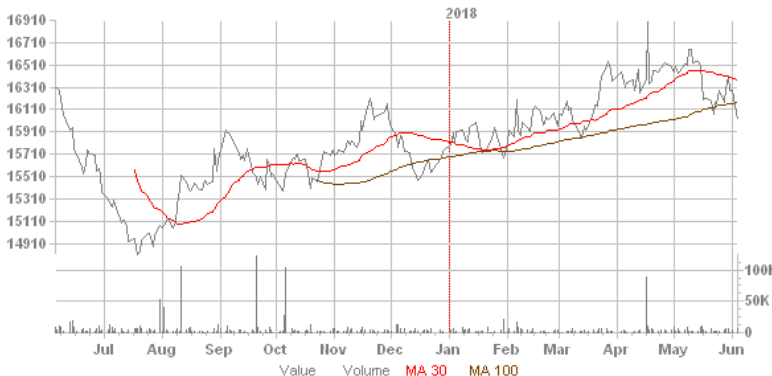
## ETF – Betashares Gold

GAU.ASX from 05/06/2017 to 04/06/2018



## ETF – Physical Gold

GOLD.ASX from 05/06/2017 to 04/06/2018



Listing (ASX)	Points	Percent.	Price AU
Evolution Mining	0.0060	1.744%	\$3.380
Newcrest Mining	0.065	0.309%	\$21.075
Northern Star	0.020	0.312%	\$6.380
Rio Tinto	1.560	1.877%	\$81.540
South32	0.065	1.675%	\$3.815

As at 5:00 pm NZT, 05 June

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