



# Gold

An investor's perspective

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# Overview

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## **Gold market drivers**

How has monetary policy affected gold price and allocations?

## **Price discovery and market dislocation**

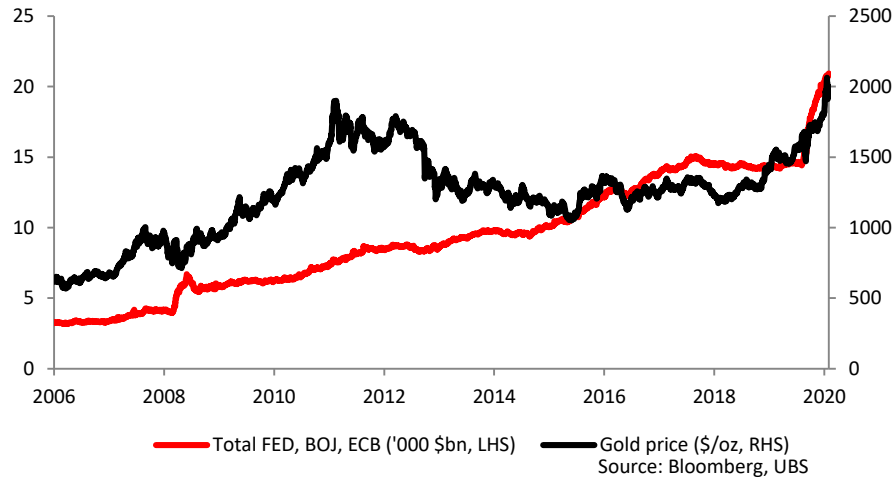
How has Covid-19 disrupted the gold market?

## **Evolution of market participants**

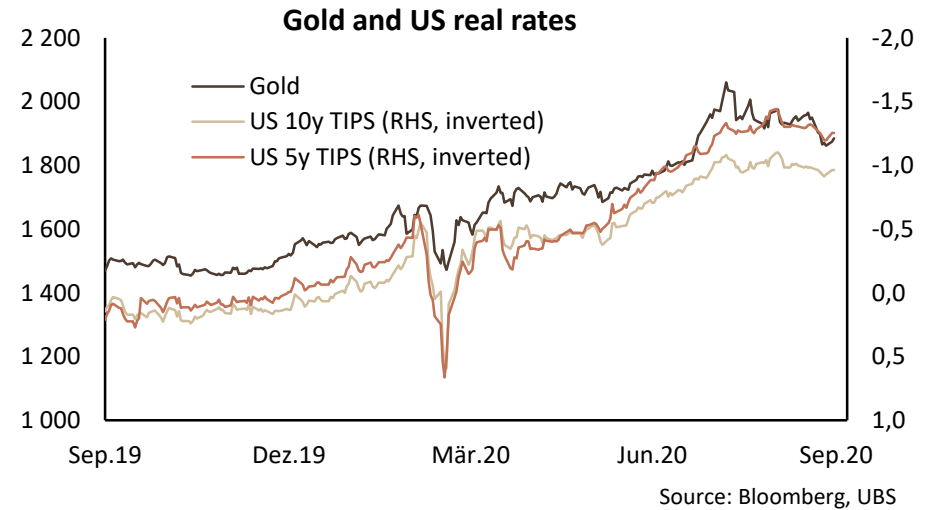
How has the investment trend changed for gold?

# Gold market drivers

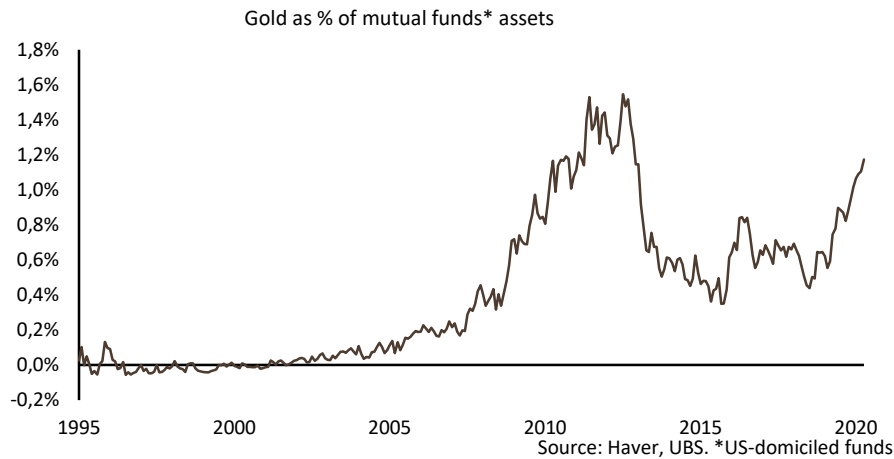
## Stimulus the catalyst for gold's rally



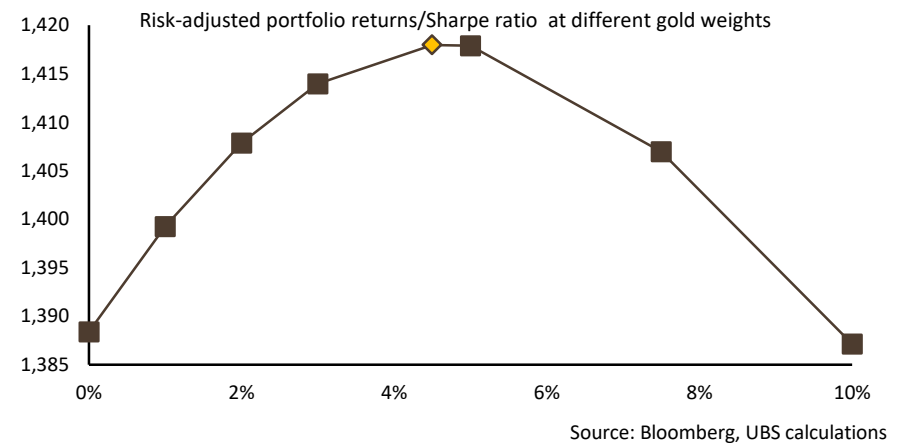
## Gold and real rates move in sync



## Gold allocation is on the rise



## Optimal allocation at 5%

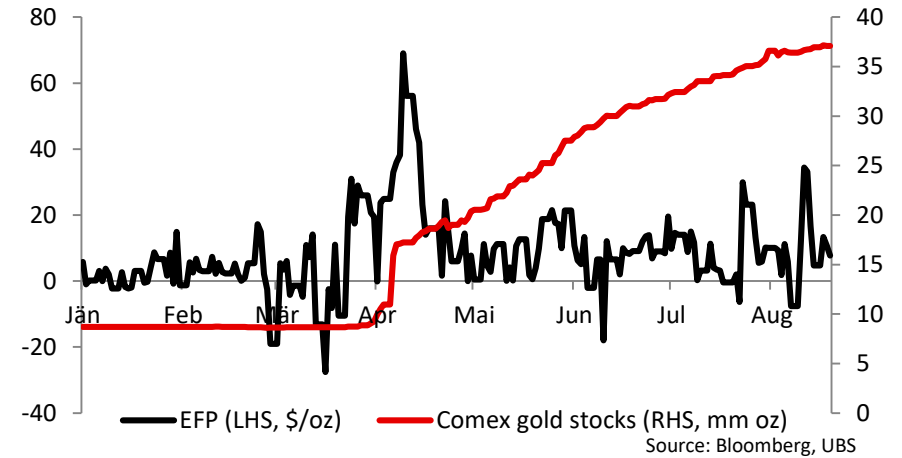


# Price discovery and market dislocation

## Drivers

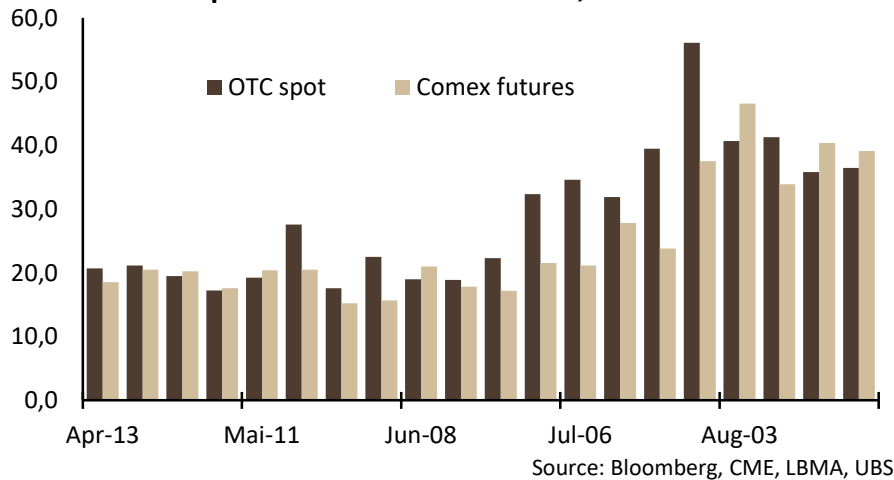
- Swiss refineries ceased production in early April. Switzerland accounts for 70% of global bullion fabrication
- The breakdown of supply chains (Gold is typically shipped via commercial jets)
- Resulting unwind of the EFP carry trade
- VAR limits compromised, dislocation to remain for the foreseeable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

## EFP triggered jump in Comex stocks



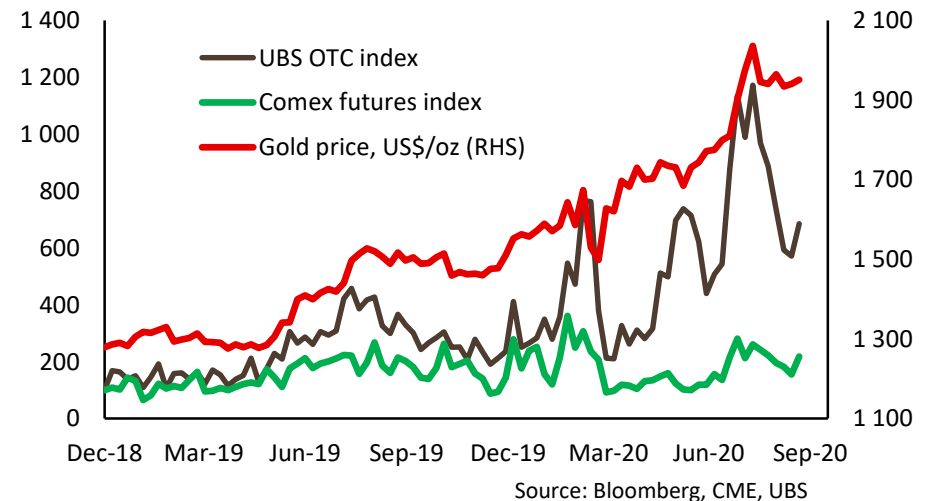
## Post Covid migration from futures to OTC

### OTC spot vs Comex active futures, ounces



## Participation via OTC has increased

### UBS OTC eChannel Index

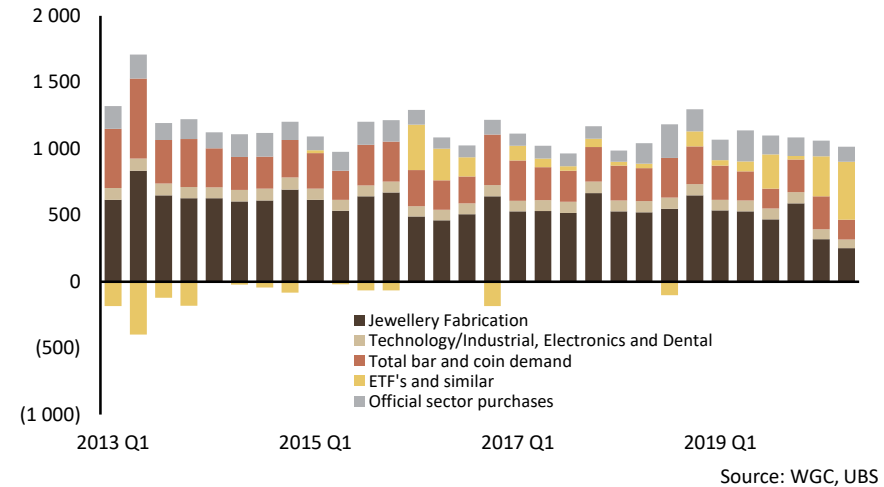


# Evolution of market participants

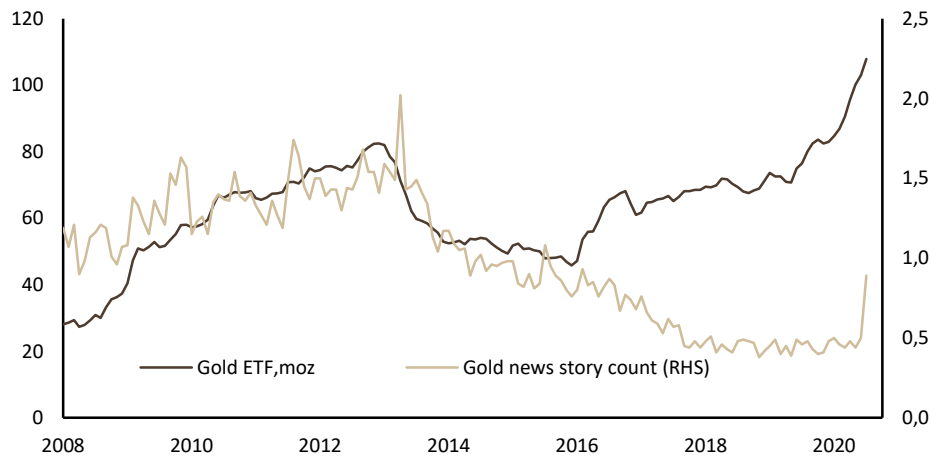
## Trends

- 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

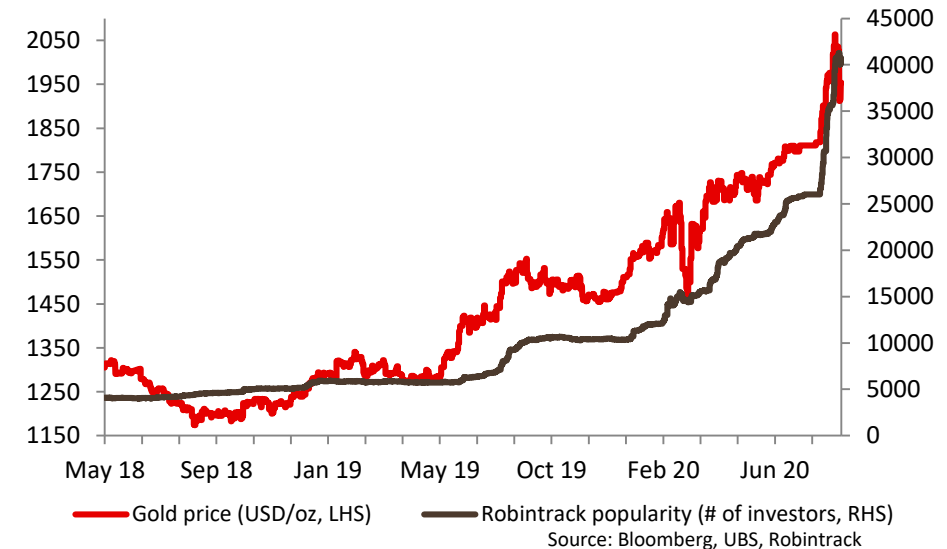
## Strong ETF demand in H1



## Pick up in media interest



## Retail momentum accelerates





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