



**BORSA  
İSTANBUL**

# Study on Gold Trading in the OIC Member States

The Organisation of Islamic Cooperation  
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# Overview

- ③ Objective
- ③ Facts & Figures
- ③ Data Tables
- ③ Project Fundamentals
- ③ Challenges & Strengths & Actions to be Taken



# Objective of the Study

- ④ Evaluating the gold market project among OIC Member States.
  - ④ Assessment has been made within framework of;
    - «executing gold trades among OIC Member States in an organized and transparent manner»,
    - «conducting such trades over a common structure»,
    - «getting access to more investors» and
    - «ensuring effective pricing».
- ④ Expectation is;
  - «enhancing cooperation among OIC Member States, economies and economic institutions»



# Facts & Figures



# Facts & Figures about gold

- ④ **2/3** of the world's annual **physical gold** supply from **mines**; and the **remaining 1/3** from **scrap**
- ④ Top gold producer continents: **Asia, Africa** and **South America**
- ④ Top 5 gold producer countries: **China, Australia, Russia, USA** and **Peru** (account for 44% of the world).
- ④ OIC Member States within top 20 gold producers: **Indonesia, Uzbekistan, Kazakhstan** and **Mali** (9,36% of the world)
- ④ Mine production in OIC Member States: **15,7%** of the world total by **520** tonnes/year
- ④ **73** refineries in LBMA Good Delivery List (Japan 11, China and Russia 8 each, Switzerland 6 etc ) and their production was 6,601 tonnes in 2013.

\*Source: GFMS; LBMA



# Facts & Figures about gold

- ④ 9 out of 73 refineries in GDL based on OIC Member States.
- ④ Switzerland's refineries' capacity is over 3,000 tonnes/year (the highest in the world)
- ④ Top 5 demanding countries: **China, India, USA, Germany** and **Turkey** (respectively)
- ④ Total demand of China and India is half of the world demand.
- ④ **UAE (Dubai)** and **Turkey** stand out among OIC Member States, through their organized markets

\*Source: GFMS; LBMA



# Data Tables



# Dealings at World Exchanges

Exchanges	2012	2013	2014
COMEX (futures )	136,522	147,093	126,024
SHFE (futures)	5,917	20,088	23,858
SGE (futures)	2,113	3,347	4,724
TOCOM (futures)	11,895	12,225	8,745
MCX (futures )	10,324	8,945	3,972
SGE (Spot)	950	2,003	2,560
ICE Futures US (futures)	1,177	1,116	508
DGCX (Futures)	497	426	426
BORSA ISTANBUL (Spot)	312	438	239

- Data are in tonnes
- Source: GFMS





# Supply & Demand

tonnes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Supply</b>										
Mine production	2.561	2.496	2.499	2.429	2.612	2.742	2.846	2.875	3.061	3.133
Scrap	903	1.133	1.006	1.352	1.728	1.713	1.675	1.677	1.287	1.125
Net Hedging Supply	-92	-434	-432	-357	-234	-106	18	-40	-39	103
<b>Total Supply</b>	<b>3.372</b>	<b>3.195</b>	<b>3.072</b>	<b>3.424</b>	<b>4.106</b>	<b>4.349</b>	<b>4.539</b>	<b>4.513</b>	<b>4.310</b>	<b>4.362</b>
<b>Demand</b>										
Jewellery	2.722	2.302	2.426	2.308	1.819	2.033	2.034	2.008	2.439	2.213
Industrial Fabrication	449	480	487	471	422	476	468	426	419	400
Electronics	294	325	331	318	283	333	330	295	289	279
Dental & Medical	62	61	58	56	53	48	43	39	36	34
Other Industrial	92	94	98	97	86	95	95	92	93	87
Net Official Sector	-663	-365	-484	-235	-34	77	457	544	409	466
Retail Investment	416	428	436	916	830	1.221	1.556	1.343	1.775	1.079
Bars	261	236	236	659	548	934	1.230	1.039	1.394	829
Coins	155	192	200	257	283	287	326	304	380	251
<b>Physical Demand</b>	<b>2.923</b>	<b>2.845</b>	<b>2.864</b>	<b>3.460</b>	<b>3.038</b>	<b>3.807</b>	<b>4.515</b>	<b>4.321</b>	<b>5.041</b>	<b>4.158</b>
<b>Physical Surplus / Deficit</b>	<b>448</b>	<b>350</b>	<b>208</b>	<b>-36</b>	<b>1.068</b>	<b>542</b>	<b>25</b>	<b>192</b>	<b>-732</b>	<b>204</b>
ETF Inventory Build	208	260	253	321	623	382	185	279	-880	-160
Exchange Inventory Build	29	32	-10	34	39	54	-6	-10	-98	1
<b>Net Balance</b>	<b>212</b>	<b>58</b>	<b>-35</b>	<b>-391</b>	<b>406</b>	<b>106</b>	<b>-154</b>	<b>-78</b>	<b>246</b>	<b>363</b>
<b>Price (London PM, US\$/Oz)</b>	444,45	603,77	695,39	871,96	972,35	1.224,52	1.571,52	1.668,98	1.411,23	1.266,40

Source: GFMS



# Official Reserves

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
USA	8.135,08	8.133,46	8.133,46	8.133,46	8.133,46	8.133,46	8.133,46	8.133,46	8.133,46	8.133,46
Germany	3.427,79	3.422,51	3.417,37	3.412,58	3.406,77	3.400,95	3.396,29	3.391,34	3.387,14	3.384,19
IMF	3.217,32	3.217,32	3.217,32	3.217,32	3.005,32	2.814,04	2.814,04	2.814,04	2.814,04	2.814,04
Italy	2.451,84	2.451,84	2.451,84	2.451,84	2.451,84	2.451,84	2.451,84	2.451,84	2.451,84	2.451,84
France	2.825,79	2.719,76	2.603,06	2.492,15	2.435,41	2.435,41	2.435,41	2.435,38	2.435,38	2.435,38
Russia	386,86	401,48	450,34	519,58	649,03	788,62	882,96	957,76	1.035,21	1.208,17
China	599,98	599,98	599,98	599,98	1.054,09	1.054,09	1.054,09	1.054,09	1.054,09	1.054,09
Switzerland	1.290,10	1.290,10	1.145,19	1.040,09	1.040,09	1.040,06	1.040,06	1.040,06	1.040,06	1.040,00
Japan	765,20	765,20	765,20	765,20	765,20	765,20	765,20	765,20	765,20	765,20
Netherlands	694,94	640,94	621,44	612,45	612,45	612,45	612,45	612,45	612,45	612,45
India	357,75	357,75	357,75	357,75	557,74	557,74	557,74	557,74	557,74	557,74
Turkey	116,11	116,11	116,11	116,11	116,11	116,11	195,33	359,65	519,74	529,10
ECB	719,87	639,86	562,71	533,62	501,45	501,45	502,10	502,07	502,07	503,19
<b>World Total</b>	<b>30.832,76</b>	<b>30.467,70</b>	<b>29.963,20</b>	<b>29.981,12</b>	<b>30.505,65</b>	<b>30.840</b>	<b>31.206,03</b>	<b>31.681,19</b>	<b>31.853,97</b>	<b>32.028,74</b>

\* Data are in tonnes

\* **Source:** World Gold Council



# Gold Quantity per Person

Countries; Gr.	2013	2014
UAE*	6,25	8,54
Kuwait*	-	8,09
Hong Kong	8,31	6,14
Singapore	5,48	4,94
Qatar*	-	2,43
Saudi Arabia*	2,47	2,25
Belgium	1,95	1,97
Canada	1,65	1,64
Germany	1,88	1,6
Turkey*	2,29	1,55
Thailand	2,52	1,4
Taiwan	1,44	1,22
Australia	1,56	1,21
South Korea	1,05	1,1
Iran*	1,32	1,02
Japan	1,03	0,94
Vietnam	1,07	0,77
USA	-	0,76
India	0,8	0,69
Egypt*	0,72	0,68

\* OIC Member States ; Source: GFMS



# Foreign Trade

Country	Import	Export	Total	Net Balance
China (incl. Hong Kong)	243.393,05	374.667,16	618.060,21	<b>131.274,10</b>
USA	98.085,99	182.253,07	280.339,06	<b>84.167,08</b>
India	246.221,81	5.643,18	251.864,99	<b>-240.578,64</b>
United Kingdom	77.015,93	164.306,15	241.322,08	<b>87.290,22</b>
Australia	53.824,41	114.217,78	168.042,20	<b>60.393,37</b>
Canada	59.368,97	105.346,64	164.715,61	<b>45.977,67</b>
UAE**	93.473,78	69.617,24	163.091,02	<b>-23.856,54</b>
Thailand	72.019,93	36.405,35	108.425,28	<b>-35.614,58</b>
Italy	48.121,48	44.056,93	92.178,42	<b>-4.064,55</b>
Turkey**	58.501,69	33.460,19	91.961,88	<b>-25.041,50</b>
Germany	39.413,73	48.653,53	88.067,26	<b>9.239,80</b>
Peru	16,69	58.922,83	58.939,52	<b>58.906,15</b>
Japan	8.275,92	47.113,82	55.389,74	<b>38.837,90</b>
Mexico	2.057,85	41.531,62	43.589,47	<b>39.473,77</b>
Singapore	17.218,49	16.113,85	33.332,35	<b>-1.104,64</b>
South Africa	26,96	30.633,89	30.660,85	<b>30.606,92</b>
South Korea	11.311,79	16.080,54	27.392,34	<b>4.768,75</b>
Asia (other)	14.150,24	9.562,71	23.712,95	<b>-4.587,54</b>
Austria	16.601,92	6.325,32	22.927,24	<b>-10.276,60</b>
Ghana	0,10	21.681,19	21.681,30	<b>21.681,09</b>
Malaysia**	16.891,59	2.261,30	19.152,89	<b>-14.630,29</b>

Data are cumulative of the decade between 2003-2014.

\*\* OIC Member States;

Source: [comtrade.un.org/data/](http://comtrade.un.org/data/)



# Scrap Gold Supplies of OIC Member States

Country ; tonnes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average
Turkey	67,7	82,5	71,5	199	217,2	122	78	72,3	56,3	41,4	100,79
Indonesia	67	71,9	67,9	72,5	79,9	64,9	58,3	49	36,2	36,3	60,39
UAE	28,2	34	43,8	59,4	70,6	110	71,4	73,4	57	51,4	59,92
Saudi Arabia & Yemen	92,5	133,7	56,4	69,4	57,3	44,1	37,1	33,5	23,6	20,8	56,84
Egypt	72,7	77,5	56,5	35,8	65	48	47,6	53,6	43,2	39,9	53,98
Pakistan & Afghanistan	30,9	33,4	31,7	35,5	53,8	50,4	42,7	47,2	37,2	28,8	39,16
Iran	16,1	21,9	23	25,9	32,1	32,7	32,4	32,9	24,3	22,1	26,34
Iraq & Syria	14,4	23,9	19	21,9	35,6	36,7	36	33,1	25,3	15,5	26,14
Malaysia	11	19,1	16,4	18,4	19,2	22,2	19,2	16,6	13,2	12,3	16,76
Libya	4,6	9,7	9,4	10,4	13,4	15,7	16,6	14,4	8,8	8,2	11,12
Lebanon	6,6	9,9	4,8	6,2	15,1	19,7	14,9	12,6	9,6	8,5	10,79
Kuwait	12,4	21,8	9,7	10,2	10,4	8,5	7,7	6,2	5	4,5	9,64
Morocco	5,9	6,3	6,2	6,3	9,7	9,3	12	11,3	9,3	8,9	8,52
Jordan	4,6	8,7	7	5,6	9,2	12,7	10,8	9,7	7,2	7,4	8,29
Algeria	2,7	2,8	3,3	3,6	5,8	6,1	7,9	7,5	6,8	6,6	5,31
Oman & Qatar	3,1	6,1	5,7	6,4	7,3	6,7	5,4	4,9	3,9	3,6	5,31
Bahrain	1,8	3,8	3,8	3,8	4,7	4,5	4	3,5	2,6	2,5	3,5
Uzbekistan	2,2	2,2	2,2	2,4	3,1	2,9	3	3,2	2,9	2,7	2,68
Kazakhstan	2,2	2,2	2,2	2,4	3,1	2,9	3	3,2	2,9	2,7	2,68
<b>Total</b>	<b>446,6</b>	<b>571,4</b>	<b>440,5</b>	<b>595,1</b>	<b>712,5</b>	<b>620</b>	<b>508</b>	<b>488,1</b>	<b>375,3</b>	<b>324,1</b>	<b>508,16</b>
<b>World Total</b>	<b>903</b>	<b>1.133</b>	<b>1.006</b>	<b>1.352</b>	<b>1.728</b>	<b>1.713</b>	<b>1.675</b>	<b>1.677</b>	<b>1.287</b>	<b>1.125</b>	<b>1.360</b>
<b>Share of OIC (%)</b>	<b>49,5</b>	<b>50,4</b>	<b>43,8</b>	<b>44,0</b>	<b>41,2</b>	<b>36,2</b>	<b>30,3</b>	<b>29,1</b>	<b>29,2</b>	<b>28,8</b>	<b>37,4</b>



# Jewelry Fabrication of OIC Member States

Country ; tonnes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average
Turkey	251,1	184,9	219,7	183,2	80	73	77	73,8	87,1	114,8	134,46
Saudi Arabia & Yemen	124,6	89,6	99,5	85	53,5	46,5	36,8	32,5	41,4	37,3	64,67
Indonesia	86	64,2	62,7	60,8	45,5	38,4	38,7	43,5	51	43,9	53,47
Malaysia	74,1	58	60,9	56,2	44,9	43,6	37,1	34,7	44,6	40,7	49,48
Egypt	70,8	50,3	56,5	62,4	44	42,1	28,7	37,4	40,6	40,6	47,34
UAE	53,2	45,4	48,1	44,6	34	31	26,3	24,7	34,4	33,1	37,48
Pakistan & Afghanistan	64,2	53,9	50,3	43,8	29,6	26,1	22,1	20,6	24,6	20,9	35,61
Iran	36,5	32,2	36,2	35,6	30	29,9	27,8	27,7	31,3	24	31,12
Iraq & Syria	21,2	20	22,4	19,6	15,1	14,7	11,4	8,7	8,7	7,3	14,91
Uzbekistan	9,1	10	10,6	9,6	7,5	9,1	10,2	9,6	9,9	10	9,56
Kazakhstan	9,1	10	10,6	9,6	7,5	9,1	10,2	9,6	9,9	10	9,56
Bangladesh ( incl. Nepal)	13,6	11,8	11,7	10,3	8,1	7,7	7,1	7,2	8,1	5,7	9,13
Morocco	13,8	10,6	10,3	9,4	7,6	7	6,8	6,5	6,4	6,7	8,51
Kuwait	12,3	9,7	8,9	9,5	7,4	6,6	6,2	5,6	6,3	7	7,95
Oman & Qatar	11,3	9,9	10,3	8,7	6,6	5,9	5,2	4,8	5,8	5,5	7,4
Bahrain	11,4	9,6	9,9	8,6	6,4	5,7	5,1	4,5	5,8	5,6	7,26
Jordan	6,9	4,5	4,7	4,7	5,6	5,8	5,1	4,5	5,4	7,4	5,46
Lebanon	7,6	5,4	5,5	4,8	3,3	2,6	2,9	3,7	4,6	4,2	4,46
Libya	4,9	4,9	5,2	4,8	3,9	3,5	2,4	2,2	2,5	2,6	3,69
Algeria	3,9	3	3,4	3	2,5	2,4	2,1	2	2,2	2,3	2,68
<b>Total of OIC Member States</b>	<b>885,6</b>	<b>687,9</b>	<b>747,4</b>	<b>674,2</b>	<b>443</b>	<b>410,7</b>	<b>369,2</b>	<b>363,8</b>	<b>430,6</b>	<b>429,6</b>	<b>544,2</b>
<b>World Total</b>	<b>2.721,8</b>	<b>2.302,2</b>	<b>2.425,7</b>	<b>2.308,1</b>	<b>1.819</b>	<b>2.032,7</b>	<b>2.033,9</b>	<b>2.008,4</b>	<b>2.439</b>	<b>2.213</b>	<b>2.230,38</b>
<b>Share of OIC (%)</b>	<b>32,5</b>	<b>29,9</b>	<b>30,8</b>	<b>29,2</b>	<b>24,4</b>	<b>20,2</b>	<b>18,2</b>	<b>18,1</b>	<b>17,7</b>	<b>19,4</b>	<b>24,4</b>



# Official Gold Reserves of OIC Member States

Country ; tonnes	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Turkey	116,11	116,11	116,11	116,11	116,11	116,11	195,33	359,65	519,74	529,10
Saudi Arabia	142,95	142,95	142,95	322,91	322,91	322,91	322,91	322,91	322,91	322,91
Lebanon	286,83	286,83	286,83	286,83	286,83	286,83	286,83	286,83	286,83	286,83
Kazakhstan	59,75	67,34	69,55	71,94	70,45	67,31	81,99	115,30	143,70	191,78
Algeria	173,65	173,65	173,65	173,65	173,65	173,65	173,65	173,65	173,65	173,65
Libya	143,82	143,82	143,82	143,82	143,82	143,82	116,64	116,64	116,64	116,64
Kuwait	78,97	78,97	78,97	78,97	78,97	78,97	78,97	78,97	78,97	78,97
Indonesia	96,42	73,09	73,09	73,09	73,09	73,09	73,09	74,03	78,07	78,07
Egypt	75,64	75,61	75,61	75,61	75,61	75,61	75,61	75,61	75,61	75,61
Pakistan	65,29	65,32	65,44	65,44	65,44	64,38	64,41	64,45	64,45	64,48
Malaysia	36,39	36,39	36,39	36,39	36,39	36,39	36,39	36,39	36,39	35,77
Syria	25,91	25,91	25,91	25,82	25,82	25,82	25,82	25,82	25,82	25,82
Morocco	22,02	22,02	22,02	22,02	22,05	22,05	22,05	22,05	22,05	22,05
Afghanistan	-	-	-	21,87	21,87	21,87	21,87	21,87	21,87	21,87
Jordan	12,78	12,72	14,28	12,75	12,75	12,75	12,75	13,84	15,55	19,28
Bangladesh	3,51	3,51	3,51	3,51	3,51	13,50	13,53	13,53	13,50	13,78
Qatar	0,59	0,59	12,41	12,41	12,41	12,41	12,41	12,41	12,41	12,41
<b>Total</b>	<b>1.340</b>	<b>1.325</b>	<b>1.341</b>	<b>1.543</b>	<b>1.542</b>	<b>1.548</b>	<b>1.614</b>	<b>1.814</b>	<b>2.008</b>	<b>2.069</b>
<b>World Total</b>	<b>30.832</b>	<b>30.467</b>	<b>29.963</b>	<b>29.981</b>	<b>30.505</b>	<b>30.840</b>	<b>31.206</b>	<b>31.681</b>	<b>31.853</b>	<b>32.028</b>
<b>Share of OIC (%)</b>	<b>4,3</b>	<b>4,3</b>	<b>4,5</b>	<b>5,1</b>	<b>5,1</b>	<b>5,0</b>	<b>5,2</b>	<b>5,7</b>	<b>6,3</b>	<b>6,5</b>

Source: World Gold Council



# Project Fundamentals





# Project Fundamentals

- ④ The simplest strategy;
  - «**seeking for** an environment of **consensus** over basic interests to a possible extent» and
  - «**receiving support of gold exchanges and markets** based on OIC Member States»
- ④ The most fundamental starting point;
  - «Integration of existing gold exchanges electronically»
  - «enhancing friendship among OIC Member States»
  - «enhancing friendship/relationships among financial institutions of OIC Member States» and
  - «enabling banks and intermediaries to execute gold trades over the market»



# Project Fundamentals

- ④ All-important factors for success of the project:
  - «Gold mine reserves, production quantities and production costs»,
  - «Adequate number and production capacity of refineries»,
  - «Compliance by institutions storing gold and conducting secure delivery»,
  - «Use of high technology in trading platform as well as simplicity and usefulness of it»,
  - «Offering multilingual services»,
  - «Advanced financial markets, and diversity of gold and other precious metals-backed financial instruments»,
  - «Wide corporate investor base and advanced banking sector».



# Challenges & Strengths & Actions to be Taken



# Challenges & Strengths

## CHALLENGES

- ④ Only 4 OIC Member States in top 20 gold producers and only 9% share (all-OIC Member States' share is 16% in world total)
- ④ Only 9 refineries, with lower capacity, in LBMA GDL.
- ④ Only Dubai and Turkey have a noteworthy position in gold markets
- ④ Lower corporate investors
- ④ Lower gold reserves of central banks by 5,2% of the world total.
- ④ Lower gold bar demand by 11,2% of the world total.

## STRENGTHS

- ④ Higher scrap supply by 37.4% of the world total (twice than mines supply)
- ④ Higher jewelry production demand by 24.4% of the world total.
- ④ Higher individual/retail demand.



# Actions to be Taken

- ④ Standard unprocessed 1 kg and above 995/1.000 fineness gold bars or large bars (as well as silver, platinum and palladium)
- ④ Platinum- and palladium-backed murabaha and similar Islamic financial products
- ④ Sharia board
- ④ Keeping gold in official reserves
- ④ Beside spot market, also gold futures contracts with physical delivery
- ④ Easy-to-understand legislation
- ④ Central banks gold transactions via the market
- ④ Connection of refineries, vaults and custodian institutions electronically
- ④ Evenly distribution of custody and delivery centers, built with the-state-of-the-art technology,
- ④ International membership acceptance, beside OIC Member States' institutions
- ④ European Union acquis
- ④ OECD Guidance on Responsible Supply Chains of Gold



# Offer

It is tremendously important to integrate OIC Member States and assure coordination through one center which could be a «task force».





**BORSA**  
**İSTANBUL**

**Thank You...**