

Report from Abroad:

Events attended by the Chief Executive

By Stewart Murray, Chief Executive, LBMA

The Russian Bullion Seminar (Moscow, 18th November, 2010)

This one-day seminar attracted an audience of 120 delegates from more than 30 major companies and organisations, including a good number of LBMA members located in London, Zurich and Luxembourg. The event was organised primarily by Anton Dranitsyn of MDM Bank with support from Sergey Danov of the Russian Trading System (the two companies also being the main sponsors of the seminar). A number of other Russian banks and institutions provided a secondary level of sponsorship as did ICAP and MKS.

Stewart Murray opened the seminar by giving an update on what has been happening in the LBMA and the London Bullion Market. At the end of Stewart's speech, he presented Anton with the certificate marking MDM Bank's acceptance as an LBMA Associate. This was followed by Edel Tully of UBS who gave an excellent presentation on the outlook for gold (plus some comments on silver) and David Jollie of Mitsui who did the same for the PGMs. The final paper from London was by Mark Bruce of ICAP who reviewed the function of the EBS broking platform.

The remaining papers were from the Russian side. Sergey Danov gave a brief presentation on the Russian Trading System, followed by Eduard Rybkin of the Uralsib Financial Corporation on legislative and insurance problems relating to the provision of allocated and unallocated accounts in Russia. Valery Braiko (one of the stalwarts of the Russian gold industry) gave a presentation on many aspects of the Russian gold industry (including lots of statistics about production – in sharp contrast to the nearly zero statistical content of Russian papers that would have been delivered a couple a decades ago).

Fifth China Gold and Precious Metals Summit, Shanghai (2nd-3rd December, 2010)

This two-day event has become an established part of the precious metals conference circuit in recent years. There were about 250 participants with 20-30 from outside China. The main sponsors of the conference were the Shanghai Gold and Jewellery Trade Association, the Shanghai Gold Exchange and the China Gold Association. The simultaneous interpretation this year was of a very high standard which helped the foreign delegates to understand the Chinese language presentations, some of which were very interesting. Foreign speakers contributed half of the 20 papers included in the programme. But it was notable that the panel sessions held each afternoon consisted almost entirely of foreign speakers. The Chinese speakers addressed primarily local issues, including market structures and trading systems, production, the legal system and above all investment. Not surprisingly, the foreign speakers focused on the more global questions affecting the outlook for prices. There were two keynote speeches. The first was from an old friend of the LBMA, Shen Xiangrong, Chairman of the Shanghai Gold Exchange who spoke about the initiatives being taken to develop the Chinese gold market. The second, by the LBMA Chief Executive, described the OTC market focused on the loco London contracts for gold and silver. There was an interesting debate during one of the panel sessions about the role which



Sergei Kashuba also spoke on the Methods of Evaluating Risk in Russian Gold Mining. He based his talk on a recent Russian book which covered the topic of Economic Risks in Mining but which was a subject that he suggested was poorly understood in Russia. He also showed some interesting statistics about the way grades are falling in the main Russian gold-producing areas. The final paper was given by Mikhail Leskov of NBLgold. It described the different approaches to mining finance for different types of investors and at various stages of mine development and mine type. He also pointed out that there has been a consolidation in the Russian Gold Mining industry.



OTC trading should play in the Chinese precious metals market. This is a debate which the LBMA looks to continue at its Chinese Bullion Market Forum in Shanghai on 26th May 2011.

Tokyo Good Delivery Seminar (7th December, 2010)

Unlike the events mentioned above, this short seminar was a purely LBMA event, organised to provide an update on Good Delivery developments to Japanese refiners. In spite of the steady growth in the number of Chinese refiners on the Good Delivery List in recent years, Japanese refiners remain the single largest group on the List. The seminar was well attended with only one of the listed refiners in Japan not being represented. ■