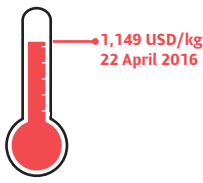


# Gold fever



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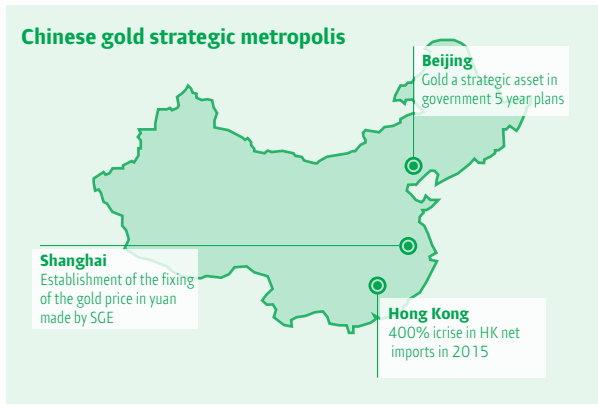
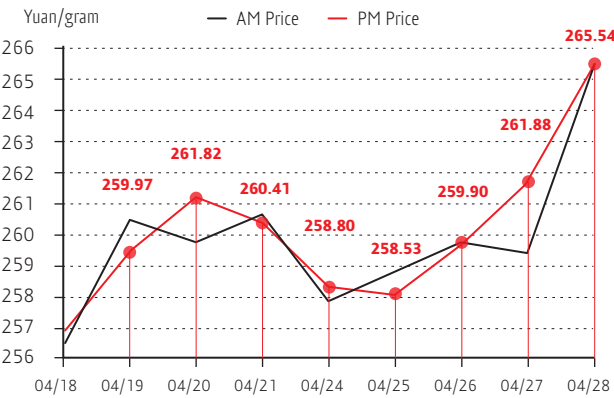
## Beijing challenge in London

Last week China launched its yuan-denominated gold benchmark with twice-daily auctions on the Shanghai Gold Exchange (SGE) to fix the price of gold. The launch of the Shanghai exchange is being hailed as a landmark event which will challenge the century-old system of fixing the gold price in London on the London Bullion Market Association (LBMA).

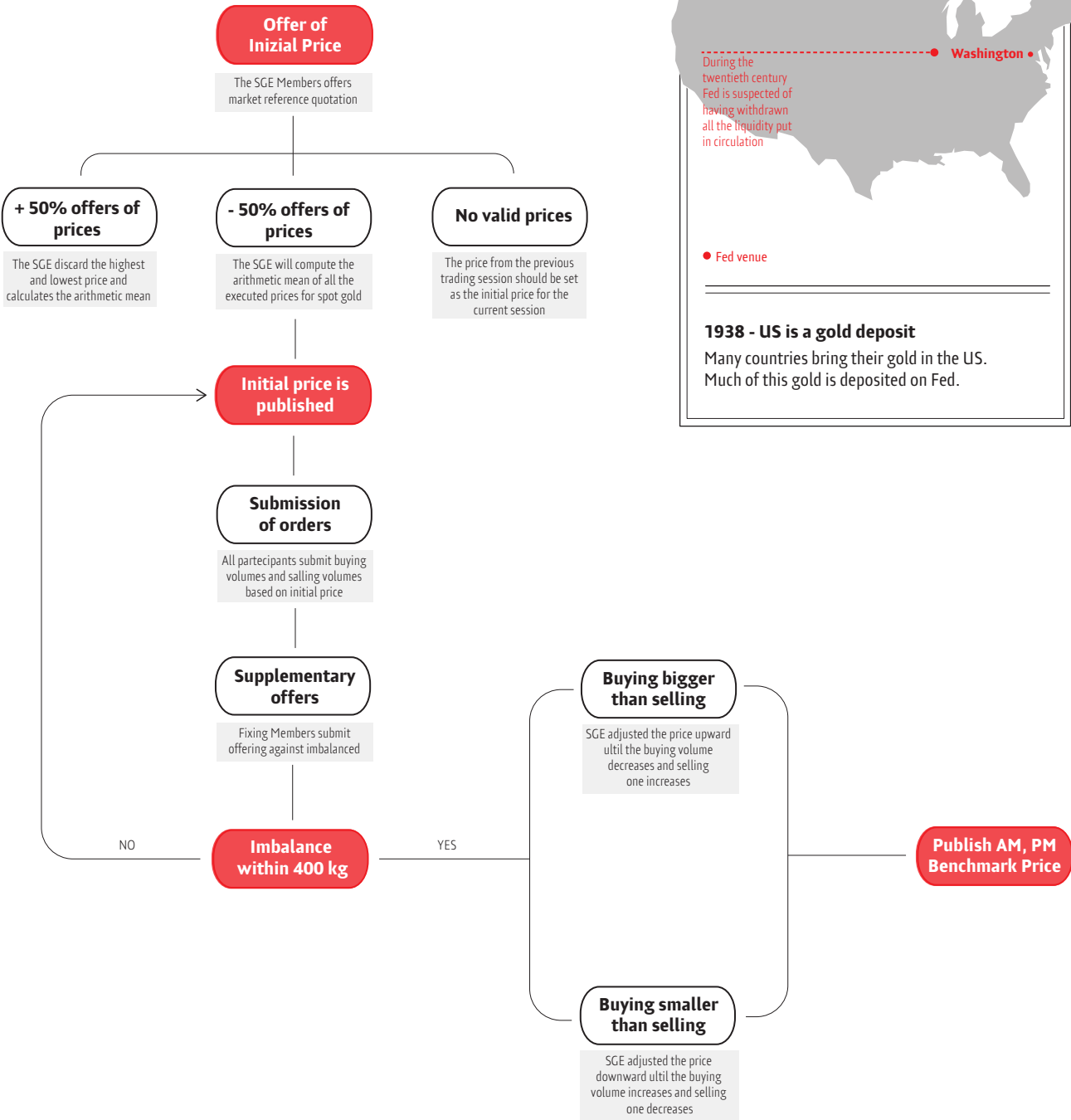
This is significant as gold is not only a commodity but it has been used historically to set the level of global currencies. Even today it is recognised as a highly valuable asset class which is held as reserves by the IMF, governments and central banks around the world.

One important difference between the gold fix on the SGE and the LBMA is that the SGE requires the party purchasing gold futures to deposit physical gold at the exchange. This is expected to create a price differential, with the Chinese exchange having a higher price than the London exchange.

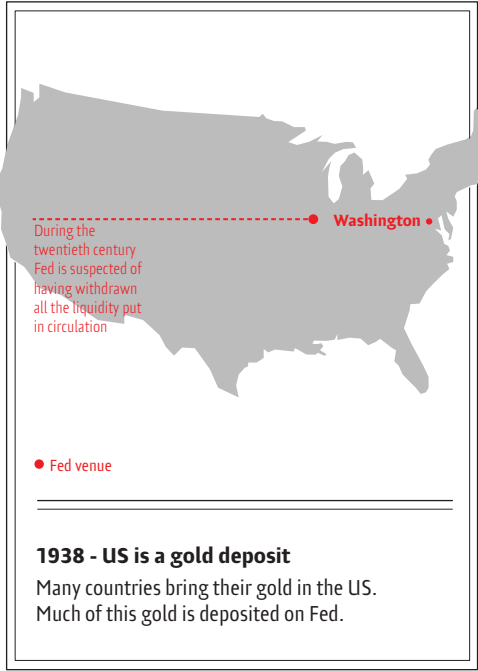
Shanghai gold fixing of this week



### Shanghai gold fixing process



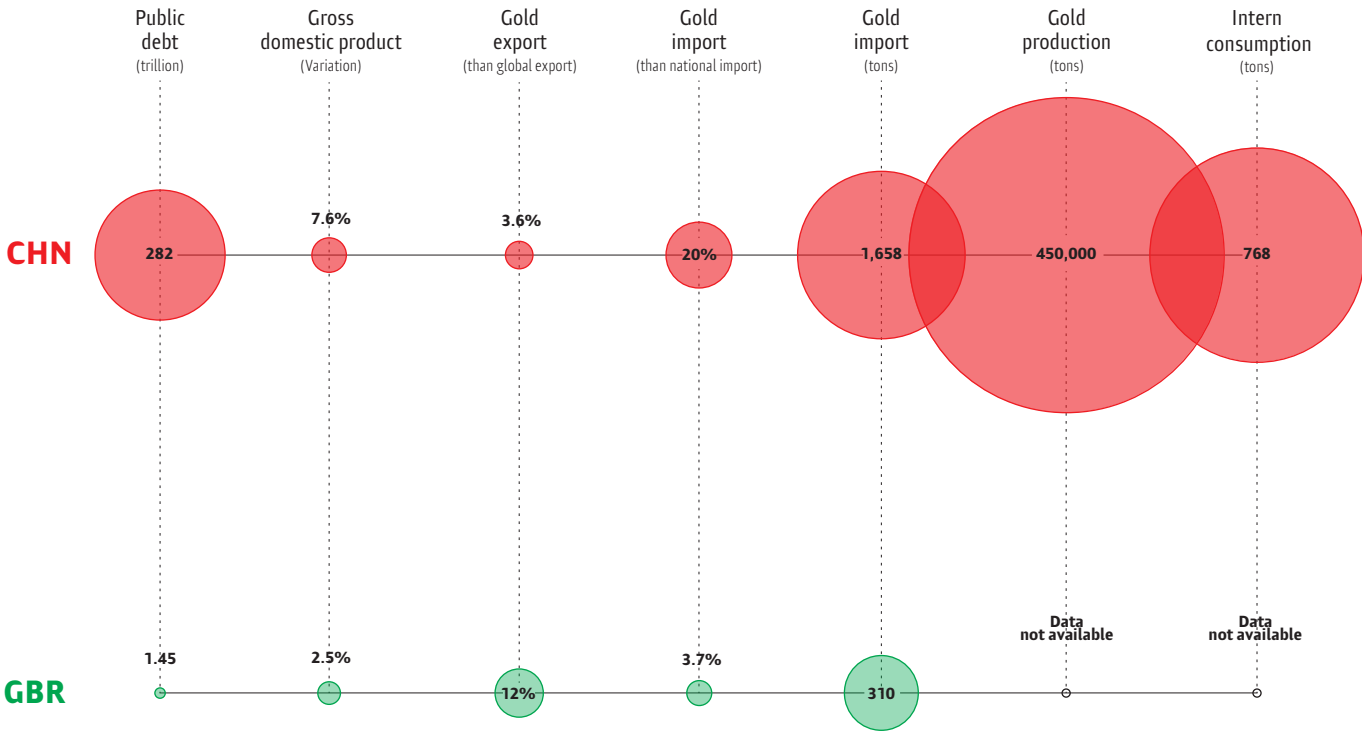
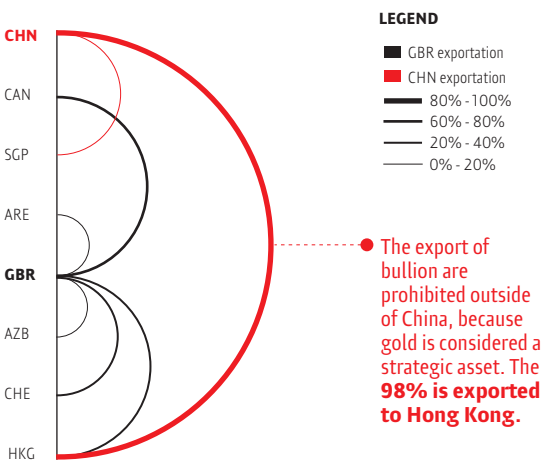
### Historical break



## China versus England

China and the United Kingdom may not be more different for what concerns the gold. China is the biggest producer and consumer, instead England has a an irrelevant role in the gold trade. Regarding the public debt however, the most worrying fact is China's situation.

### The chinese gold stays at home

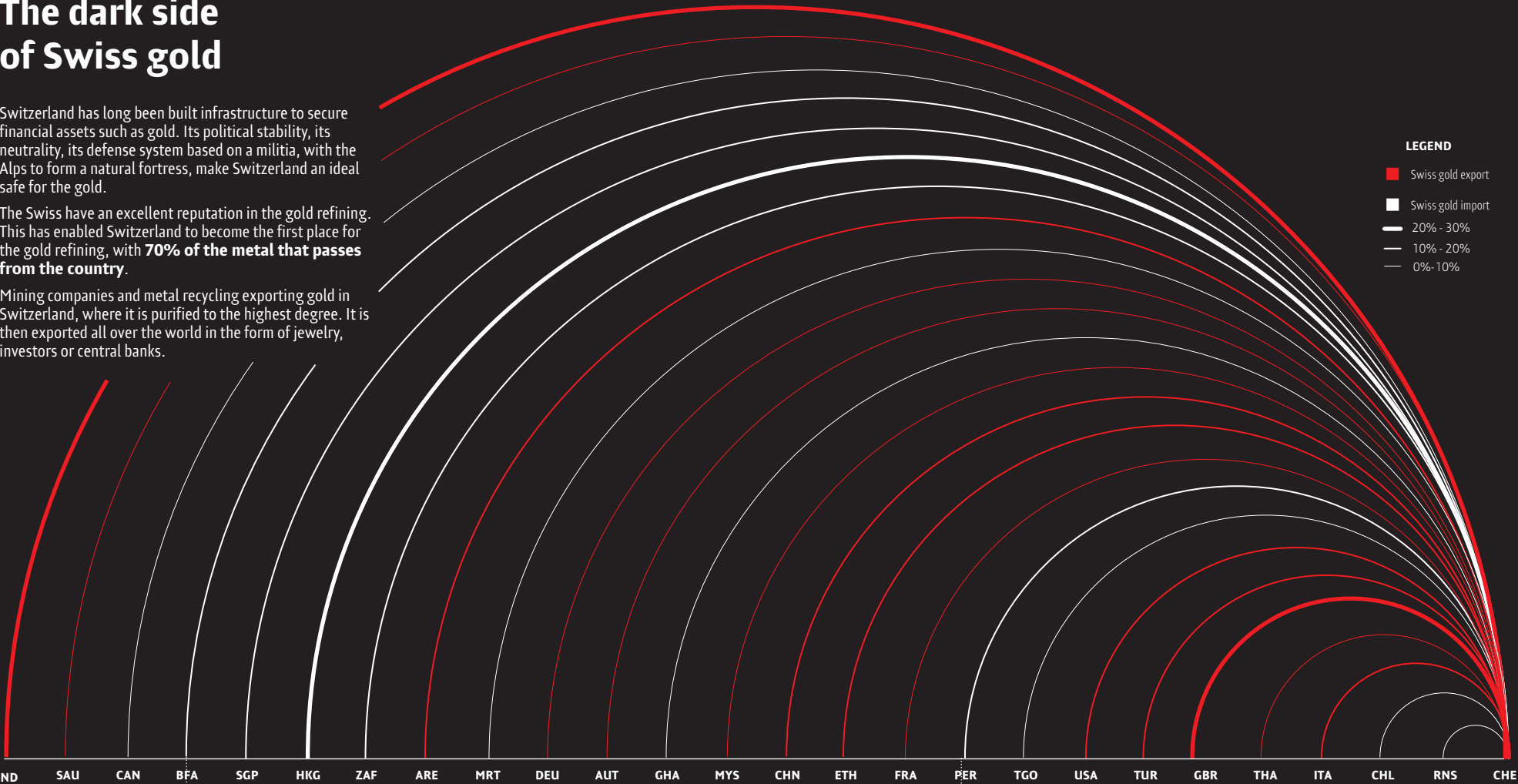


The dark side of Swiss gold

Switzerland has long been built infrastructure to secure financial assets such as gold. Its political stability, its neutrality, its defense system based on a militia, with the Alps to form a natural fortress, make Switzerland an ideal safe for the gold.

The Swiss have an excellent reputation in the gold refining. This has enabled Switzerland to become the first place for the gold refining, with **70% of the metal that passes from the country.**

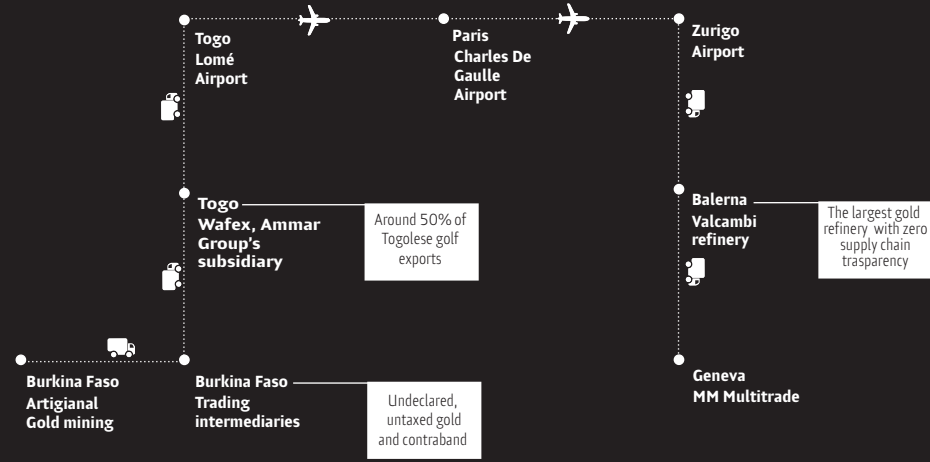
Mining companies and metal recycling exporting gold in Switzerland, where it is purified to the highest degree. It is then exported all over the world in the form of jewelry, investors or central banks.



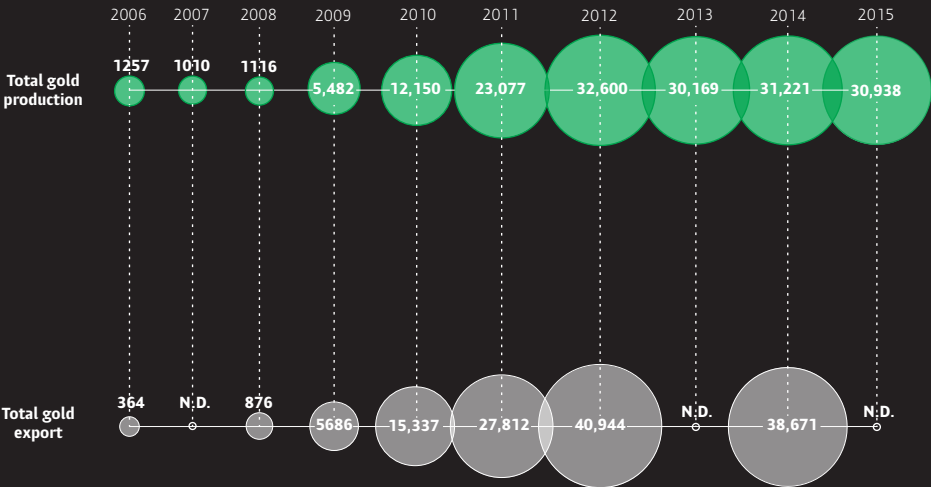
Switzerland Burkina Faso gold supply chain

In 2015, the Federal Council published statistics on the provenance of Switzerland's gold. The country imports thousands of kg of mined gold worth millions of Swiss francs from Togo, a non-producer country. This report traces the true source of this togolese gold to Burkina Faso.

Datas of 2015	Amount of Gold in Kg	Gold esported from TGO to CHE	Smuggled gold from BFA to TGO
BFA Tax (FCFA)	500	3,452,000,000	3,500,000,000
TGO Tax (FCFA)	45	310,680,000	315,000,000
Difference (CHF)	0.84	5,811,442	5,892,250

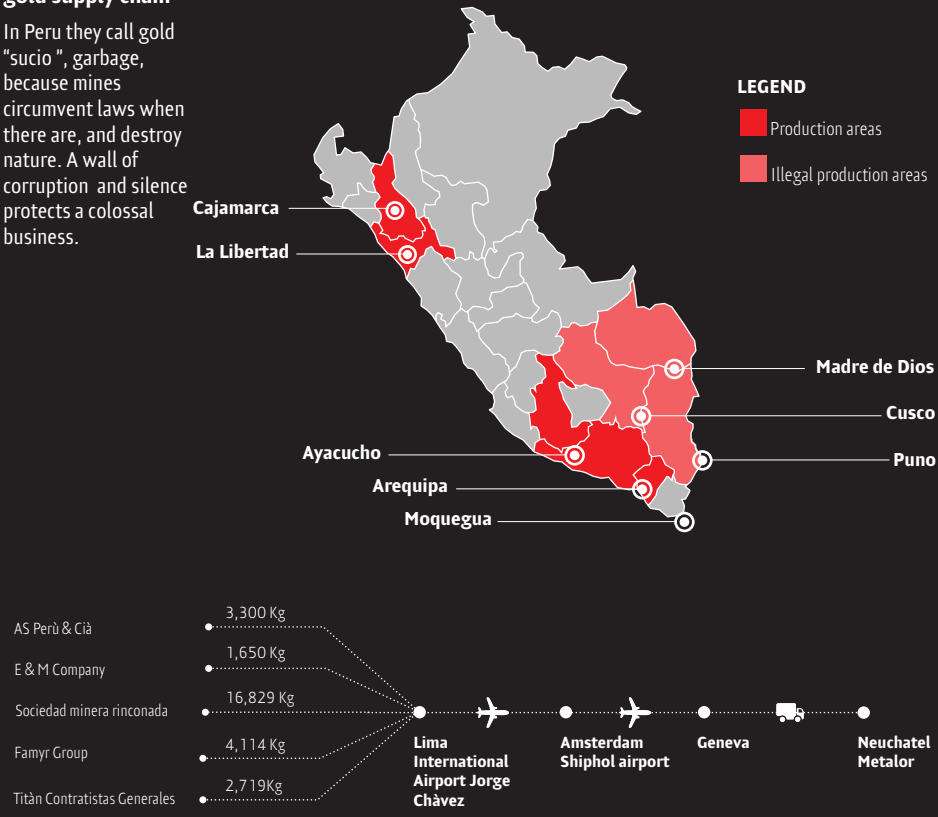


A strange mismatch between gold produced and exported

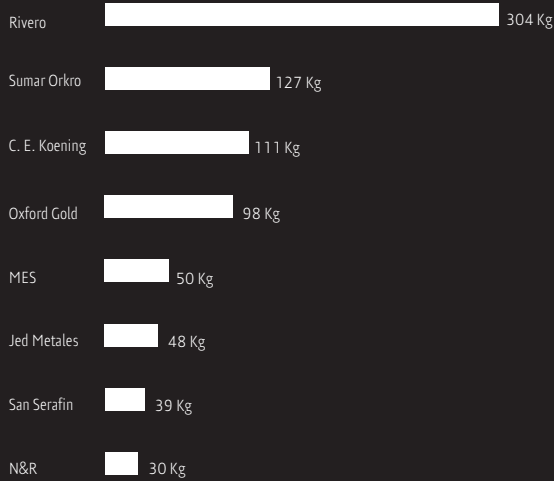


Switzerland Peruvian gold supply chain

In Peru they call gold "sucio", garbage, because mines circumvent laws when there are, and destroy nature. A wall of corruption and silence protects a colossal business.



Companies investigated for money laundering



The dirty gold also from the nearby Ecuador, Colombia and Bolivia, but it is in Peru that these criminal trafficking appear to be far richer and consolidated. Many of the companies involved are large multinational companies, such as American ones.