GLOBAL GOLD MARKETS AND GOLD TRANSACTIONS

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Abstract: *This scientific article talks about the world gold markets and the reforms and changes in the gold market and the results achieved together with it.*
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The main gold consuming countries are clearly divided into two groups. On the one hand, it is a group of technically developed countries. Gold is relatively widely used in various fields of technology and industry, as well as in the production of jewelry… The leading countries in the use of gold for technical purposes are: - Japan, the USA and Germany. Here, gold serves as an indicator of the development of high technologies in electronic and electrical engineering, space, instrument industry, etc.

Another group of countries is countries where the main share of gold, and sometimes its entire mass, is consumed only for the needs of the jewelry industry. Among them: in Europe – Italy, Portugal; In South-East Asia – China, India and island Asian countries (Indonesia, Malaysia); In the Middle East, Asia Minor and North Africa – United Arab Emirates, Israel, Kuwait, Egypt.

The main producer of jewelry in Europe – Italy – accounts for 15.6% of the gold used in the world jewelry industry; the main Asian producer of gold jewelry – India – accounts for 15.2% of gold.

In Russia, 15-17 tons of gold are used for technical needs (55-60% of the total amount of metal consumed in the country), about 12 tons (40-45%) are used for the production of jewelry. Russia's share among gold consuming countries is about 1.0%. According to this indicator, Russia ranks alongside countries such as Spain, Mexico, Brazil, Kuwait, and others. As gold lost its monetary and savings functions, the composition of its consumption by industry in the world began to change. More and more of this metal is supplied for industrial needs. In the last 15 years, the world consumption of gold by the jewelry industry has doubled – up to 3 thousand tons per year. Jewelry accounts for 85%. Of all gold sold. Moreover, more than 70 percent. From the level of world consumption falls on the countries of Asia and the Middle East, which traditionally love gold jewelry.

Yellow metal is also in great demand from other industries. More than half of the relevant volume falls on the electronic industry (production of electrical engineering, radio and video equipment), almost 20% is absorbed by dental prostheses, and the rest falls on various industrial and household consumption – production of fabrics with gold threads, gilding of clothing accessories, etc.

The principle of «neutrality» of gold-currency reserves means that the net volume of currency funds sold by the Central Bank on the domestic currency market during the year will be within the value of monetary gold purchased during this period. In other words, the Central Bank does not intend to use or increase the existing gold and foreign currency reserves, based on the tasks of preventing a sharp increase in the money supply, when conducting operations in the domestic currency market.

As you can see, gold is not going to give up its position as one of the leading financial instruments, although officially the yellow metal has not been synonymous with money for more than thirty years: after the abolition of the gold standard in 1971, no currency is linked to the price of gold. And settlements between countries are carried out in a more modern way than the physical movement of bullion from one storage facility to another. But countries' gold reserves remain an important factor in its strength. This is especially noticeable in times of economic instability: even a shallow crisis will inevitably lead to an increase in the price of gold.In addition, given that world gold production is declining, and the demand for the precious metal, on the contrary, should grow (not only financial institutions, but also aviation, space, jewelry industry, medicine), gold mining is still profitable and it is easy to conclude that it is a socially important business.

There are two types of gold markets. On the one hand, there is the COMEX gold futures market and the London OTC unallocated gold market, creating high leverage and gold reserves from nothing. On the other hand, there are physical gold markets that derive gold prices from these paper markets. Currently, physical gold markets are not affected by international gold prices.

The shift of gold price dominance from the paper to the physical market is possible only by separating the prices of physical gold and paper gold. Such separation is possible when trading behavior changes in the paper markets and/or with a sharp emphasis and asymmetry in the supply and demand balance in the physical gold market. Changes in trading behavior in the paper gold markets may result in paper gold requirements (unallocated positions or gold futures positions) directly using conversion rights or indirectly through the sale of paper gold and the proceeds thereof. Due to the increased frequency of conversion of funds into physical reserves through purchase. Physical gold. Most of these paper claims relate to institutional and wholesale market clients. Increasing the margin for holders of paper gold who require direct conversion of paper bills into physical gold will likely make such conversion impossible, as regulators and authorities of exchanges and markets may force cash settlement of futures and unallocated positions.

An indirect option is to sell paper gold and then buy physical bullion in the physical gold market, such as from dealers BullionStar… The switch to physical gold will cause the demand for physical gold to exceed the available supply of gold. At the same time, the international price of gold falls due to selling pressure in paper gold markets, which separates the price of paper and physical gold and increases the risk of holding claims on paper gold for a long time.

A possible reason for the shift of interest from paper gold to physical gold may be the realization that physical gold reserves are limited by a significant mass of paper gold holders, and the demand for paper gold is partially met. Recognizing this fact becomes a self-fulfilling prophecy and causes more and more holders of paper gold to claim to convert it into physical gold. Today's physical gold markets have witnessed a steady movement of physical gold from West to East over the last few years due to the huge demand for physical gold from China, India and many other Asian countries. While physical gold flows are dynamic and can be reversed from destinations such as Hong Kong, Turkey, Dubai and Thailand, the same cannot be said for China and India, where much imported gold does not return. Since 2001, India has imported more than 11,000 tons of gold, while China has imported 7,200 tons.

In a paper gold market crash scenario, ownership of physically segregated and unbundled gold, i.e. physical gold that is free of conflicting rights and claims and not subject to credit or swaps, is paramount. Today, the paper gold market is a giant bubble that has grown to dangerous proportions, where huge amounts of demand are backed by very small reserves of physical gold. The volatile nature of such a bubble suggests that it is only a matter of time before it bursts.

In this scenario, owning physical gold is the only thing that can protect against the collapse of the financial system and the destruction of the partially backed gold banking system.

Uzbekistan is a country rich in mineral and natural resources and has very favorable natural and geographical conditions among the countries of Central Asia. Our country has mines with large reserves of natural gas, coal, copper, tungsten, oil, precious stones and, of course, platinum, gold and silver.

The Uzbek people have always had a special attitude to gold, since ancient times, people have been using gold items, many finds and traces of ore mining are a clear confirmation of this.

In the 8th century, the fame of gold products in Central Asia began to reach the farthest corners of Russia and Western Europe. In 1714-1717, an attempt was made by the Russian Empire to visit Khiva in order to find a mine of precious metals.

In the 19th century, another campaign to seize Uzbek underground resources began, in particular, gold prospectors and entrepreneurs from Europe came to the country with only one goal – to extract precious metals.

The rapid development of the mining and metallurgical industry took place during the Soviet Union. Large mines, including Muruntov, one of the largest gold mines in the world, located in the southwest of the Kyzylkum desert, were opened. In this place, in 1958, the Novoi mining and metallurgical combine, which took the leading positions in gold production and mining not only in Central Asia, but also in the whole world, was established. Muruntov remains one of the largest and deepest quarries in the world in terms of area. There are huge deposits of turquoise and arsenic in Muruntov. Some geologists call this land one of the largest gold deposits in the world, and according to various estimates, its volume is 5,300 tons per year.

Currently, Uzbekistan is the world leader in terms of gold reserves. In 2018, the gold reserves of our country amounted to 5.99 tons and took the fourth place in the world. These indicators have been growing for two years.

Today, the main gold ore bases and mines are located in the regions of Navoi, Tashkent, Samarkand, Kashkadarya, Surkhandarya and the Republic of Karakalpakstan.

Today, Muruntov, Myutenboy, Triada, Ajibugut, Omontoytov, Ko'kpatas, Daugyztov, Charmiton, Gujumsoy, Sarmich, Biron, Marjonbuloq, Kochbuloq, Qairogoch, Kizilolmasoy, Kovuldi, Pirmirob, Guzaksoy and other mines are known. . Gold is extracted from underground, through mines and by creating quarries on the surface of the earth.

«Almaliq KMK» and «Navoiy KMK» are the leading gold producing organizations in our country.

Currently, it is difficult to say how much gold there is in Uzbekistan, but it is estimated to be hundreds of tons. Prospecting and gold mining are still going on.

It is planned to increase the pace of gold mining and precious metal production in the near future. For these purposes, measures for the further development of the mining metallurgy sector have been approved.

In addition, in order to expand investment and savings opportunities, gold bars were put on sale on November 2 of this year. Gold bars are made of pure gold of 999.9 standard and weight of 5, 10, 20 and 50 grams. From 1993 to 2005, gold production increased: almost 850% in Peru, 368% in Indonesia, 180% in China, more than 100% in Mexico, gold production in Mali increased 10 times, gold mining industry was created in Argentina and the Kyrgyz Republic, and in this world with an increase of only 8.7%. At the same time, production in South Africa continued to decline by more than 50% in ten years, and in 2002, for the first time in 9 years, the production of the metal increased by 1% compared to 2001, in 2003, the volume of gold. Production in this country fell again.

In 2012, the volume of the golden girl in South Africa was only 172 tons.

Since 2007, China has been the world's largest gold producer. In 2015, the volume of gold mining in this country reached 490 tons. Australia is in second place

– 300 tons in 2015. In 2015, the volume of gold production in Russia (third place) was 242 tons, followed by the USA (fourth in the world) – 200 tons and Canada – 150 tons.

During the sharp and prolonged decline in gold prices (1996-2001), gold mining companies significantly reduced their unit costs, both operating and capital expenditures. This was achieved by reducing the volume of geological exploration, closing unprofitable mines, introducing capital and labor-saving technologies, and accelerating gold mining in countries with cheap labor. In the 1980s, the United States, Australia, and Canada provided the main growth in overseas gold production, but from the mid-1990s production in these countries stabilized and then declined. At the same time, production in China, Indonesia, Peru and Ghana has grown rapidly. Everything has a merger of gold mining companies in the past years. Large companies have advantages in fundraising, science and technology policy, and diversification of political and economic risks.

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