

SPDR GOLD TRUST  
Form FWP  
April 07, 2016

Filed Pursuant To Rule 433

Registration No. 333-209926

April 7, 2016

## Market Update

Gold outshines the market in Q1 2016

April 2016

[www.gold.org](http://www.gold.org)

### A glittering start to 2016

Gold staged a spectacular rally in the first quarter of this year, rising 17% in US dollar terms – its best performance in almost three decades. The return on gold significantly outperformed other major stock, bond and commodity indices.

We believe that market uncertainty and expansionary monetary policies will continue to support both investment and central bank demand. This, combined with an analysis of previous bull-bear cycles, suggests we may be entering a new bull market for gold.

### The gold price rose by 17% in US dollars in Q1 2016.

Gold's strong rally made it one of the best performing global assets during the first quarter. Its price also increased in the major trading currencies, rising by 11%, 20% and 9% in euro, British pound and Japanese yen terms respectively. It was up 16% in Chinese renminbi and Indian rupee terms, and 12% in Turkish lira (**Table 1**).

### Table 1: Gold delivers strong returns to investors around the world

Quarterly gold performance in key currencies\*

	USD	EUR	GBP	JPY	CNY	INR	TRY
Return	16.7%	10.9%	19.2%	8.8%	15.5%	16.3%	12.2%
Ann. volatility	20.7%	17.6%	21.5%	16.0%	21.7%	21.8%	23.0%
Prev. Double digit	Q3 12	Q1 15	Q3 11	Q1 12	Q2 10	Q3 11	Q3 13
Prev. High return	Q3 86	Q1 15	Q4 08	Q1 12	Q1 94	Q3 11	Q3 13

\*Gold price performance in US dollars, euro, British pound, Japanese yen, Chinese renminbi, Indian rupee, and Turkish lira selected either by their importance in global transactions or their relevance to gold demand.

Source: Bloomberg, ICE Benchmark Administration Ltd., World Gold Council

### **Gold outperforms other major asset classes**

Gold also outperformed other asset classes, including major equity indices – some of which posted outright declines investment grade and high yield bonds, as well as the commodities complex, including oil (**Chart 1**).

### **Chart 1: Gold strongly outperformed most of the assets that investors hold**

Quarterly return of key assets measured in US dollars\*

\*Return based on the LBMA Gold Price; Barclays Euro Treasury Aggregate; Brent crude; Barclays US Treasury, Credit and High Yield Aggregates respectively; MSCI EM Index; S&P 500; Barclays 1-3 month T-Bill; Russell 2000; MSCI EMU Index; S&P Goldman Sachs Commodity Index; Hang Seng Index; and TOPIX.

Source: Bloomberg, ICE Benchmark Administration Ltd., World Gold Council

### **Market uncertainty and expansionary policies support gold**

The rally in the gold price is being supported by five key factors, in our view:

1. Ongoing concerns about economic growth and financial stability in emerging markets
2. A hiatus in the rise of the US dollar
3. The implementation of negative interest rate policies by leading global central banks<sup>1</sup>
4. The return of pent up investment demand for gold
5. Price momentum (i.e. investors following gold's upward trend).

<sup>1</sup> See *Gold in a world of negative interest rates*, March 2016.

## Investment demand has been strong on many fronts

The gold price has benefitted from strong investment inflows. Combined sales of 22k (Eagles) and 24k (Buffalos) gold coins by the US Mint, increased 51% YoY in the first quarter, while gold-backed ETFs had the second strongest quarter on record, with demand from the US, Europe and China and other regions rising by a combined 363 tonnes (**Chart 2**). Net long positions on COMEX,<sup>2</sup> the world's largest gold futures exchange, had its largest quarterly average increase since the Q4 2009. Anecdotal evidence suggests that, in contrast to increases in investment flows in the recent past, investor interest is broader based, coming from both retail and institutional investors.

## Chart 2: Gold-backed ETFs have seen their strongest inflows since the 2008-2009 financial crisis

Global gold-backed ETF (and similar) flows\*

\*Includes 75 global gold-backed ETFs and similar products we regularly monitor.

Source: Respective ETFs and fund managers, World Gold Council

## The start of a new bull run for gold?

Historical analysis of previous bull-bear market cycles is also encouraging.<sup>3</sup> Gold has experienced five bull markets and five subsequent bear markets since the 1970s<sup>4</sup> (**Table 2**). Previous bear markets (excluding the current one) have had a median length of 52 months, during which the price of gold declined between 35% and 55%. As of December 2015, gold's price pullback was already in line with the median length and magnitude of these previous bear markets.

2 Non-commercial net longs exclude producers and qualified hedgers and are usually considered a proxy of positioning by the more speculative end of the spectrum.

3 Past performance is not a guarantee future performance.

4 See *Investment Commentary: 2015 review and 2016 outlook*, January 2016.

History also shows that two consecutive quarters of strong returns have typically resulted in a more sustained rally. So far, we have had one very strong quarter. But inflows into gold look, to us, set to remain robust in second quarter, as the current macroeconomic environment remains supportive for both investment and central bank demand. The interconnectedness of global financial markets has increased the likelihood of successive economic crises and market contagion, in our view. In addition, the prolonged presence of low (even negative) interest rates has fundamentally altered the way investors think about risk.<sup>5</sup>

## Table 2: Gold has experienced five bear and bull cycles since the 1970s\*

Bull market			Bear market		
Dates	M	Cumulative return	Dates	M	Cumulative return
1/70-1/75	61	451.4%	1/75-9/76	20	-46.4%
10/76-2/80	41	721.3%	2/80-3/85	61	-55.9%
3/85-12/87	33	75.8%	12/87-3/93	63	-34.7%
4/93-2/96	35	27.2%	2/96-9/99	43	-39.1%
10/99-9/11	144	649.6%	9/11-12/15	52	-44.1%
<b>Average</b>	<b>63</b>	<b>385.1%</b>	<b>Average</b>	<b>47</b>	<b>-44.0%</b>
<b>Median</b>	<b>41</b>	<b>451.4%</b>	<b>Median</b>	<b>52</b>	<b>-42.7%</b>

\*We are defining a bull market as a period where US dollar gold prices rose for at least two consecutive years and bear markets as the subsequent periods where the price generally fell for a sustained time.

M=length in months.

Excludes the period from September 2011 to December 2015.

Source: Bloomberg, ICE Benchmark Administration Ltd, World Gold Council

5 See *Gold in a world of negative interest rates*, March 2016.

### **About the World Gold Council**

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.

We develop gold-backed solutions, services and products, based on authoritative market insight and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East and the US, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

### **World Gold Council**

10 Old Bailey, London EC4M 7NG

United Kingdom

**T** +44 20 7826 4700

**F** +44 20 7826 4799

**W** [www.gold.org](http://www.gold.org)

### **For more information**

Please contact:

#### **Juan Carlos Artigas**

Director, Investment Research

[juancarlos.artigas@gold.org](mailto:juancarlos.artigas@gold.org)

+1 212 317 3826

#### **Ezechiel Copic**

Director, Central Banks & Public Policy

[ezechiel.copic@gold.org](mailto:ezechiel.copic@gold.org)

+1 212 317 3806

#### **Alistair Hewitt**

Director, Market Intelligence

alistair.hewitt@gold.org

+44 20 7826 4741

### **Copyright and other rights**

© 2016 World Gold Council. All rights reserved. World Gold Council and the Circle device are trademarks of the World Gold Council or its affiliates.

All references to LBMA Gold Price have been provided for informational purposes only. ICE Benchmark Administration Limited accepts no liability or responsibility for the accuracy of the prices or the underlying product to which the prices may be referenced.

Other third party data and content is the intellectual property of the respective third party and all rights are reserved to them.

Any copying, republication or redistribution of content, to reproduce, distribute or otherwise use the statistics and information in this report including by framing or similar means, is expressly prohibited without the prior written consent of the World Gold Council or the appropriate copyright owners except as provided below.

The use of the statistics in this report is permitted for the purposes of review and commentary (including media commentary) in line with fair industry practice, subject to the following two pre-conditions: (i) only limited extracts of data or analysis be used; and (ii) any and all use of these statistics is accompanied by a clear acknowledgement of the World Gold Council and, where appropriate, of Thomson Reuters, as their source. Brief extracts from the analysis, commentary and other World Gold Council material are permitted provided World Gold Council is cited as the source. It is not permitted to reproduce, distribute or otherwise use the whole or a substantial part of this report or the statistics contained within it.

While every effort has been made to ensure the accuracy of the information in this document, the World Gold Council does not warrant or guarantee the accuracy, completeness or reliability of this information. The World Gold Council does not accept responsibility for any losses or damages arising directly or indirectly, from the use of this document.

The material contained in this document is provided solely for general information and educational purposes and is not, and should not be construed as, an offer to buy or sell, or as a solicitation of an offer to buy or sell, gold, any gold related products or any other products, securities or investments. Nothing in this document should be taken as making any recommendations or providing

any investment or other advice with respect to the purchase, sale or other disposition of gold, any gold related products or any other products, securities or investments, including without limitation, any advice to the effect that any gold related transaction is appropriate for any investment objective or financial situation of a prospective investor. A decision to invest in gold, any gold related products or any other products, securities or investments should not be made in reliance on any of the statements in this document. Before making any investment decision, prospective investors should seek advice from their own financial advisers, take into account their individual financial needs and circumstances and carefully consider the risks associated with such investment decision.

Without limiting any of the foregoing, in no event will the World Gold Council or any of its affiliates be liable for any decision made or action taken in reliance on the information in this document and, in any event, the World Gold Council and its affiliates shall not be liable for any consequential, special, punitive, incidental, indirect or similar damages arising from, related to or connected with this document, even if notified of the possibility of such damages.

This document contains forward-looking statements. The use of the words believes, expects, may, or suggests, or similar terminology, identifies a statement as forward-looking. The forward-looking statements included in this document are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on the analysis of World Gold Council of the statistics available to it. Assumptions relating to the forward-looking statement involve judgments with respect to, among other things, future economic, competitive and market conditions all of which are difficult or impossible to predict accurately. In addition, the demand for gold and the international gold markets are subject to substantial risks which increase the uncertainty inherent in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by the World Gold Council that the forward-looking statements will be achieved.

The World Gold Council cautions you not to place undue reliance on its forward-looking statements. Except in the normal course of our publication cycle, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we assume no responsibility for updating any forward-looking statements.

SPDR® GOLD TRUST has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the Trust and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the Trust or any Authorized Participant will arrange to send you the prospectus if you request it by calling toll free at 1-866-320-4053 or contacting State Street Global Markets, LLC, One Lincoln Street, Attn: SPDR® Gold Shares, 30th Floor, Boston, MA 02111.