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As many as four new foreign investors on average have set up companies every day in Saudi Arabia in the first quarter of 2019, according to latest data from the Saudi Arabian General Investment Authority (SAGIA).

The kingdom's efforts to boost private sector and foreign direct investment is paying off as companies pour into the economy, eager to participate in a number of sectors.

SAGIA has revealed that 267 new foreign investors were issued licenses in the first quarter, permitting them to operate in the country – a 70% increase compared to the first quarter of 2018.

"Guided by Saudi Vision 2030, our country is undergoing a remarkable economic transformation. The continued prosperity of the kingdom depends on sparking innovation, attracting foreign investors and empowering the private sector," said Eng. Ibrahim Al Omar, governor of SAGIA. "The positive growth numbers that we have seen in the first quarter of 2019 represents a significant milestone on the road to 2030."

Investors are also drawn to the kingdom as it liberalised a number of sectors, such as education and healthcare, with 100% foreign ownership. Data shows nine education-focused companies were set up in the quarter, compared to just one during the same period last year.

Among other sectors, the construction industry witnessed 39 new foreign investors securing business licenses, compared to only 22 in Q1 2018. Mining and quarrying industry – another growth area – saw 11 new foreign companies receive licenses, compared to only three in the same quarter last year.

In addition, a record number of new foreign entrepreneur licenses issued in the quarter, with 45 new start-ups, compared to 13 in the same quarter in 2018.

As many as 30 companies that were granted licenses were from India, while 13 Chinese companies were also awarded the right to set up base in the kingdom. Companies originating from the United States and the United Kingdom, secured 24 licenses each, as interest remains high from both the developed and developing economies.

Surging interest from foreign investors bodes well for the Saudi economy, which is picking up steam, and generating much-needed jobs and revenues.

ECONOMIC TRENDS

Deep-pocketed investors could have greater economic freedom under the kingdom's new residency scheme.

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SAUDI PREMIUM RESIDENCY TO ATTRACT GLOBAL ENTREPRENEURS

Saudi economic sentiment reached a 19-month high in June, as both the oil and non-oil economies gained momentum.

Research firm Markit's latest purchasing managers index (PMI) found Saudi Arabia's private sector in an upbeat mood. The monthly composite gauge – designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy –posted 57.4 in June, slightly higher than 57.3 in May and the highest since November 2017.

The survey noted an increase in new business growth in the kingdom's non-oil private sector, with inflows of new orders from abroad rising for the fourth consecutive month. Businesses also expanded their payroll numbers during the month on the back of new orders.

"Business confidence towards future growth prospects was strongly optimistic during June," the research firm said. "Despite easing to a 10-month low, just under 39% of respondents forecast greater business activity over the coming 12 months. Anecdotal evidence suggested that firms were optimistic towards the impact of forthcoming business investment and new project wins."

Confidence is also high among investors eager to participate in Saudi Arabia's coming economic boom. The country's first euro international bond offering was 4.5 times oversubscribed to EUR 13.5 billion, according to the Ministry of Finance.

The EUR 3 billion, equivalent to SAR 12.70 billion, was divided into two tranches: EUR 1 billion (equivalent to SAR 4.2 billion) for the eight-year tranche maturing in 2027, and EUR 2 billion (equivalent to SAR 8.4 billion) for 20-year tranche of maturing in 2039. The pricing range offered a yield of 0.78% for the eight-year bond and 2.04% for the 20-year tranche.

PREMIUM RESIDENCY

Saudi Arabia is looking to attract new entrepreneurs, and successful individuals from all over the world to re-energise the economy, with the unveiling of the Premium Residency Centre in May. The new policy will allow new residents to have the freedom to invest in various fields such as industry and real estate, as well as have the right to access Makkah and Madinah, and live with their families.

The Unlimited Duration Premium Residency grants applicants permanent residency in the kingdom, for a one-time fee of SAR 800,000. The Limited Duration Premium Residency gives the applicant a renewable one-year residency for an annual fee of SAR 100,000.

The residents would have greater economic freedom including the ability to acquire usufruct rights on real property located in the cities of Makkah and Madinah for a period not exceeding 99 years, and ownership of real estate for residential, commercial, and industrial purposes, in areas other than the cities of Makkah and Madinah and border areas, in accordance with the regulations. Other perks include visas for family members, freedom of exiting and returning to the kingdom, and use of airport lanes for Saudis.

"We will open our doors to those who choose to live and invest in a vital society that follows the principles of coexistence, in a country that experienced major development stages; they were our partners, brothers and friends who have woven with us a genuine cordiality," according to Bandar Bin Suleiman Al Ayed, acting CEO of SAPRC.

"Today, we live the largest development experience within the framework of the kingdom's Vision 2030, in order to move beyond the modernisation of time barriers, and to promote the growth of our strong economy, the diversity of our sources and the creation of opportunities."

The country is keen to attract innovators and entrepreneurs and contribute to the Saudi society.

"These investors and entrepreneurs will help to drive the private sector growth, which is needed to realise the ambitious goals set out in Saudi Vision 2030," according to Eng. Ibrahim Al Omar, Governor of the Saudi Arabian General Investment Authority (SAGIA).

"It is important that stakeholders understand that Saudi Arabia offers significant long-term opportunities. We want to attract people who will build a foundation and a network in Saudi Arabia, and who will play a role in the future development of the Saudi economy and benefit from the growth opportunities it presents. We believe that this reform will make a real difference."

KOREAN INVESTORS

The Saudi government is also moving on a number of fronts to realise its Vision 2030 goals. In a bid to expand its trading base, Saudi Arabia signed 15 memoranda of understanding with Korean companies, and granted two new licenses to Korean businesses to establish operations in the kingdom.

"The Saudi-Korean Partnership Convention is a key step in implementing the Saudi-Korean Vision 2030 plan, a co-operation agreement signed between the two countries in 2017," according to state news agency Saudi Press Agency.

"The plan is designed to diversify the scope of collaboration between these two countries, with a focus on energy and manufacturing, smart infrastructure and digitisation, capacity building, healthcare and life sciences, and small- and medium-sized enterprises and investments."

SAUDI ARABIA FORGES CLOSER TRADE TIES WITH SOUTH KOREA

Saudi Aramco is forging closer business and investment ties with South Korea, attracted by its technological prowess and world-class companies.

In June, Aramco signed a slew of contracts with Korean companies, including S-Oil in a bid to advance its global chemicals strategy, with the launch of a new Residue Upgrading Complex and Olefin Downstream Complex.

The new facilities feature the latest refinery technologies, which have raised S-Oil's petrochemical portion from 8% to 13%, and includes high-value products such as propylene and gasoline. Aramco Overseas Company is a major shareholder in S-Oil, South Korea's third-largest refiner.

"These two new facilities will supply high-value products to major Korean industries, whose global brands are part of our everyday lives and rank among the world's very best in technology, innovation, creativity, and quality," said Saudi Aramco president and CEO Amin Nasser.

The two companies also signed a memorandum of understanding to work together on a USD 6 billion steam cracker and olefin downstream project, with a completion date of 2024.

MORE NEW DEALS

That was just the tip of the iceberg. Saudi Arabia also signed 12 agreements with other South Korean companies to reinforce its relationship with South Korea and support Asia's energy security through Saudi crude oil supply.

"Only a few decades ago, Korean companies played a vital role in Saudi Aramco's upstream offshore growth development," according to Nasser. "Since then, they have moved into other sectors matching Saudi Aramco's diversification strategy. Today's agreements mark a new era of co-operation with our Korean partners who will play an increasingly important role in our strategy to capitalise on new initiatives that include long-term energy supply, maritime and infrastructure development, and breakthrough research and development in the automotive, crude-to-chemicals, and non-metallic sectors."

Some of the other agreements included a deal for Saudi Aramco to supply Arabian crude oil to Hyundai Oilbank. A memorandum of understanding was also signed with Korea National Oil Corporation, which will allow Saudi Aramco to explore the potential of crude oil storage in South Korea to complement its marketing and supply activities.

Other agreements included a joint venture between Hyundai Heavy Industries and The Saudi Arabian Industrial Investments Company, an Aramco unit, for an engine manufacturing and aftersales facility in Saudi Arabia.

Aramco is heavily investing in technologies in its bid to stay at the forefront of technological advances in the industrial sector. In this respect, the company opened a Baker Hughes GE (BHGE) research facility at Dhahran Techno Valley in June.

"This centre will be a game-changer in ways that many of us would have considered 'science fiction' at the beginning of our careers," said Saudi Aramco's vice president of Petroleum Engineering & Development, Nasir Al Naimi, as he welcomed guests and a BHGE management delegation led by CEO Lorenzo Simonelli to the Dhahran Techno Valley.

GLOBAL OIL DEMAND

In early July, the Organization of Petroleum Exporting Countries' (OPEC) and its allies agreed to extend their voluntary production adjustments for an additional nine months to 31 March 2020.

OPEC countries have taken major steps to stabilise the oil market over the past 30 months, and have had significant success in bringing down inventory levels. Thanks to OPEC action, Brent crude prices have risen 18% in the first six months of the year.

"The importance of this cannot be overemphasised given the extreme severity of the downturn the industry faced in 2014-2016. The five-year average for OECD commercial stock levels reached a record high overhang of more than 400 million barrels in July 2016," said Manuel Salvador Quevedo Fernandez, Venezuela's people's minister of petroleum, and president of the OPEC Conference. "In May 2019, the overhang in OECD commercial oil stocks has been reduced to 25 million barrels."

Meanwhile, the OPEC's latest forecast on global crude oil demand shows strong growth in the near-term.

The group predicts world oil demand will grow by 1.14 million barrels per day (bpd) in 2020. Demand in developed economies is forecast to grow by 0.09 million bpd next year, with only developed North America showing positive growth, while developed Europe and Japan will see a decline in demand.

Growth will largely be driven by emerging economies of Asia, which are projected to be the largest contributor to incremental oil demand in 2020.

"Factors that could influence the pace of oil demand growth in 2020 include macroeconomic developments in major consuming countries, the displacements of heavy distillates with natural gas and other fuels, subsidy programmes and plans for their removal, the effect of commissioning/delays/closures of mega projects in the downstream and fuel efficiency programmes, especially in the transportation sector," OPEC said.

NO SHORTAGE IN INVESTMENT OPPORTUNITIES IN SAUDI HEALTHCARE

Saudi Arabia's expanding demand for healthcare has made it a strong area of growth for the world's healthcare service providers and ancillary industries.

According to Invest Saudi, a unit of the Saudi Arabian General Investment Authority (SAGIA), the government is expected to spend USD 180 billion on healthcare over the next five years to address the country's rising public health requirements.

"As such, investors will find significant opportunities across the entire sector including hospital and healthcare services, pharmaceuticals, and medical devices," Invest Saudi said in a new report.

Invest Saudi is a key initiative of the National Transformation Program, and was created by SAGIA to lead the kingdom's national investment promotion brand.

The investment promotion agency's latest report noted that the country will need at least 43,000 Ministry of Health hospital beds, more than 17,000 private hospital beds, and 2,000 primary healthcare centres by 2021.

To meet the needs of rising population, the country will have to spend USD 11 billion on medical devices, including USD 1.1 billion on capital equipment, USD 600 million on consumables and USD 200 million on patient aids.

Meanwhile, the kingdom will need to spend USD 42 billion on pharmaceuticals until 2021.

"Localising the pharmaceutical industry is a key priority for the Saudi government as part of Vision 2030," Invest Saudi stated. "Today, only 30% of pharmaceutical products are manufactured locally. The pharmaceutical market is worth approximately USD 8 billion, making it the largest pharmaceutical market in the GCC.

"To decrease the burden of chronic diseases and to increase life expectancy further, Saudi Arabia will make significant investments in preventative care and wellness ecosystem worth USD 130 billion in: primary care centres, medical imaging, laboratories, hospitals and hospital commissioning, long-term care, rehabilitation, and home care," the report noted.

This would lead to public private partnerships in the areas of radiology, primary healthcare, medical cities, hospitals, and laboratories. The contribution of the private sector in raising healthcare standards are vital, as the government aims to take a step back and reduce its budget burden.

LIBERALISING THE SECTOR

To accelerate growth in the sector, the Saudi Council of Ministers liberalised the healthcare and allow foreign investors to fully own, operate and manage all types of private healthcare institutions, including general health centres, specialised healthcare centres, radiology centres, medical laboratories, outpatient surgical facilities; and supporting medical services facilities.

The decision to open up the healthcare sector to participation from foreign companies, with strong incentives, has become a unique proposition.

This is especially attractive to companies, as demand for healthcare in the country is set to increase due to rising population and surge in affluence-related illnesses. To withstand the growth in the population, policymakers are encouraging the development of the private sector. This development will create tremendous opportunities for foreign healthcare companies to take part in the largest healthcare market in the Middle East.

NEW LICENSES

The Ministry of Health has been moving swiftly to encourage foreign and private domestic companies. In May alone, the ministry awarded eligibility to nine companies for hospital ICU establishment, equipment, and development projects, five for service centres, and three for operation and consultation services project in the Northern Region.

"The first quarter of the year also saw important milestones in the healthcare sector, such as Hassana Investment Company, the investment arm of the General Organization for Social Insurance, forming a joint venture with UAE-based NMC Healthcare to acquire and develop a pan-Saudi network of healthcare facilities with a capacity of up to 3,000 beds and total investments up to SAR 6 billion over the next five years," according to SAGIA.

Earlier in the year, Abdullah Economic City (KAEC) and Jeddah-based Jamjoom Pharma agreed to develop a specialised destination hospital on 100,000 square meters of land, comprising 150 beds, with the ability to expand to 500 beds over multiple phases.

The project will begin construction mid-2021 with a completion date set for the end of 2024. The development will create 500 jobs during its first few years of operation and more than 800 jobs after completion of the various development phases.

The rapid investment and upgrade of the sector dovetails with rising needs, especially as the Saudi Invest study predicts that by 2030, the population of the 50-year-old age group will increase by 201% to approximately 12.5 million, out of a total population of around 39.7 million.

Private firms and international healthcare companies that position themselves early in the kingdom will be the ones to meet the rising needs for expensive treatment, and participate in creating a robust healthcare system in the country.

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STRONG SALES GROWTH GIVE SAUDI RETAIL REASON TO CELEBRATE

Saudi Arabia's retail companies are reporting strong sales in the first quarter, as the non-oil economic activity picks up and consumers feel more confident to open their wallets.

Savola Group, for example, noted that the first quarter clocked in revenues of SAR 2.7 billion, a year-on-year growth of 12.3%, driven primarily by double-digit growth in food segment and high single-digit growth in customer count and basket size.

Altayyar Travel Group recorded positive growth in the first quarter, thanks to 44% growth in online business, 41% in car rental, 33% in hospitality, and 13% in corporate ventures, and is building seven new hotels.

Al Hokair Group also saw a 2.4% increase in sales revenues in the first quarter on the back of new opened entertainment centres and hotel sites.

Wholesale and retail trade, restaurants and hotels segment grew 1.86% during the first three months of the year to reach SAR 58.86 billion, according to the General Authority for Statistics (GAStat). The increase is impressive, considering Saudi consumers are absorbing the cost of value added tax and levies on other products.

Despite VAT, consumer prices index declined 0.2% in February, compared to the previous month, according to GAStat. Food and beverages prices saw a 0.2% decline, recreation and culture were down 0.2%. Retail sales will also be driven by wage growth and higher government spending.

Other economic indicators suggest retail activity is picking up. Point-of-sales transactions have been steadily rising, with the first quarter witnessing a 24.7% jump to 64 billion, compared to the same period last year.

Sales transactions continue to rise in the second quarter, with May posting SAR 27.8 billion in sales, compared to SAR 23.05 billion during the same month last year.

GIGA PROJECT

The Saudi retail sector is also expected to get a big boost with the launch of the Qiddiya Investment's Company's 'giga project' Qiddiya, a multi-faceted entertainment destination, home of inspiration, discovery and engagement, near the capital city of Riyadh.

The project will feature five areas, with the underlying theme of entertainment and hospitality.

A key component is The Resort Core, representing the heart of Qiddiya where four gated-attractions surround a central specialty retail, dining and entertainment district along with a portfolio of distinctive resort hotel offerings.

"Adjacent to the 15-hectare retail, dining and entertainment district, is a major outdoor entertainment venue capable of hosting events from 5,000 to 40,000 visitors siting as a park like setting and punctuated with active skating and skiing facilities," according to Qiddiya.

Six Flags Qiddiya, a family-oriented theme park, will be completed by 2022, while a second feature park is a water-oriented sports and entertainment attraction, which includes an integrated resort hotel, along with dining and retail options.

"A range of additional retail, residential, community services and commercial support facilities are distributed throughout the property for ease of access and utility that support the modern lifestyle Qiddiya is designed to deliver," the company said.

Another sub-development overlooking the Resort Core from its perch 200 metres above on the edge of the Tuwaiq escarpment, the City Centre is a mixed-use village dedicated to sports and the arts.

"Coupled to the entertainment core below by a funicular transportation system, residential, retail and workplace environments are organised around two intersecting pedestrian circulation spines linking a portfolio of feature facilities," according to the company.

The new multi-billion project, coupled with the liberalisation of the retail sector, which allows 100% foreign ownership, is expected to give more impetus and generate more activity.

"The initiative will not only facilitate the entry of large multinational retail and wholesale companies but also bring about best practices, technological advancement, enhance customer experience and create new jobs. The law will also help the regional players expand their base and increase service offerings, thus intensifying competition that may lead to cut-down on prices and increase in consumption," said research house Alpen Capital in a new report on the region's retail sector.

The acceleration in retail sector activity will ensure the kingdom remains the largest retail market in the region.

According to research firm TechSci Research, Saudi Arabia's retail market is projected to exhibit a compounded annual growth rate of around 6% during the forecast period of 2019-2024, growing from USD 112.9 billion in 2018 to USD 159 billion by 2024, "on account of increasing personal disposable income, change in consumption pattern from staple food towards healthier food, and shifting focus from dependency on fuel to other sectors."

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SAUDI GOLD RUSH: MA'ADEN STARTS ITS LARGEST PROJECT

Saudi Arabia's mining industry is set to produce an additional quarter of a million ounces of gold soon.

The Saudi Arabian Mining Company, or Ma'aden, awarded a contract to Outotec and Larsen & Toubro consortium to complete the engineering, procurement, construction, pre-commissioning, commissioning and start-up assistance for its Mansourah & Massarah project in the country's central region.

The project will be the company's largest ever gold undertaking, producing an average of 250,000 ounces of the yellow metal per year over its lifetime. Total investment in the mine is expected to reach SAR 3.3 billion. Ma'aden is 65.43% owned by the Public Investment Fund, the kingdom's sovereign wealth fund, while the remaining stake is owned by public shareholders.

Located in the mineral-rich central Arabian gold region, the project is expected to be completed in 2022, and will include training services to develop national cadres on project engineering, operations and maintenance.

In another landmark move for the region's mining industry, the plant will have the capacity to produce four million tonnes per annum of the complex refractory ores contained in the deposit – the first time such ores have been mined and processed in the Middle East.

"Mansourah & Massarah deposit are purely Ma'aden sole discovery where no previous work have been implemented in that area by any previous mission, and we are proud of this project which was discovered through the activities of the Ma'aden Exploration Team, which carries out extensive mining exploration programmes, as announced earlier this year," said Darren Davis, chief executive officer of Ma'aden.

STRIKING GOLD

The project will increase the company's gold production to one million ounces a year. Another key highlight of the development is that it will be the first in the country to utilise solar power as an energy source.

The project will also benefit from treated wastewater through a 430-kilometre pipeline from the municipality of Al Ta'if to the remote and water-scarce region where the mine will be located, according to the company.

Ma'aden already operates six gold mines in the kingdom, including the

Ad Duwayhi, which produced roughly 250,000 ounces of gold last year. The company has budgeted to increase its investment threefold this year to SAR 295 million compared to the previous year, as it aims to develop new exploration concessions.

Ma'aden has also launched an Accelerated Exploration Programme to shorten the time needed to move new discoveries into development. The Ma'aden Gold and Base Metals Company (MGBM) manages the production and sale of the company's gold, copper, silver and zinc, with gold accounting for the biggest segment.

Saudi Arabia's mining sector is gaining attention with 11 new foreign companies receiving licenses in the first quarter of 2019, compared to only three in the same period last year, according to the Saudi General Investment Authority.

FERTILISERS

In April, Ma'aden made its debut international acquisition with an 85% stake in Mauritius-based Meridian Group in an all-cash deal.

The purchase will provide one of the Middle East's largest phosphate producers with 3,000 staff and a network of operations across southern Africa, from Malawi to Mozambique, Zambia and Zimbabwe. Phosphate is used to produce fertiliser, which is essential in replacing the phosphorous mineral that is removed from soil when agricultural plants are harvested.

"This acquisition marks a very important step in Ma'aden's strategy to build global distribution channels for our fertiliser products," said CEO Davis. "As we continue to build one of the largest producers and exporters of phosphate fertilisers in the world, ensuring an efficient route to key growth markets is critical to our success."

The stake marks a gateway into the African market, and can play a role in reducing poverty, boost intra-Africa trade and rapid industrialisation. "The southeast African market, like most of the African continent of one billion people, is witnessing increased demand for phosphate fertilisers that industry analysts expect to continue growing by 5% annually over the next decade, fuelled by population growth and increasing education in the use of fertilisers," the company said.

As part of the deal, Ma'aden will acquire the remaining 15% of Meridian's equity over four years on agreed terms linked to the performance of the African company, which distributes approximately half-a-million tonnes of fertiliser through its network of granulation and blending plants, warehousing complexes and port facilities.

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COMMODITIES BOUNCE BACK AS OIL AND GOLD SHINE

Commodities enjoyed another good month in June, with crude oil prices and gold among the best performers.

The S&P GSCI, a major investable commodity index, rose 4.4% during the month, taking its year-to-date gains to 13.3%.

"A recovery in petroleum prices and an impressive rally in gold were the main drivers of the broad commodities indices' performance over the month," said Fiona Boal, head of commodities and real assets at the S&P Dow Jones Indices.

The commodity markets' upbeat performance were largely driven by prospects of the US Federal Reserve cutting interest rates, lower oil stockpiles, and investors taking another look at gold. A truce in the US-China trade war, where both parties decided to pursue more talks rather than more tariffs added to the sentiment.

Still, there are concerns about global economic growth amid clear signs that the manufacturing sector, in particular, is struggling. That was notable in the performance of industrial metals.

Steel prices continued their plunge on the back of higher US output. More broadly, the price of copper tracked the renminbi last month as both were hit by the deteriorating prospects for Chinese growth.

Last month saw another weak purchasing managers' index (PMI) readings from China, which confirms a renewed slowdown in Asia's largest economy. While optimism surrounding the US-China trade truce is currently buoying commodity prices, slower growth in Chinese demand will be a factor dragging prices down in the second half of this year.

The Caixin manufacturing PMI fell from 50.2 in May to a five-month low of 49.4 in June, while the official manufacturing PMI held steady at 49.4. Weak export orders weighed on business sentiment as Chinese exporters are being hit by the double whammy of slower global growth and trade tensions.

Analysts expect US-China trade tensions to resurface, but copper supply constraints should mean its price remains supported. Copper rose 2.75% in June, to takes its year-to-date gains to 2.61%.

ALUMINIUM PRICES

The price of aluminium decreased 1.42% to USD 1,755.95 per tonne in June, compared to the previous month, and is expected to drop further as output from Gulf countries rises.

The latest first-quarter data from Saudi Arabian Mining Company, or Ma'aden, also highlights key developments in commodity sector.

Darren Davis, Ma'aden president and CEO, said the first quarter saw weakness in its core commodities, phosphate and aluminium, with prices continuing downward trends seen during late 2018, and there was only partial relief from lower raw material prices.

"For the aluminium sector, concerns over the global trading environment continues to weigh on prices whilst phosphate fertilisers softened in the first quarter mainly due to normal seasonal effects," said Davis.

"Notwithstanding the market and operational challenges in the first quarter, we remain on track for record production in 2019 and are moving ahead with key strategic moves that will strengthen our business into the future."

Brent crude oil prices, meanwhile, jumped nearly 6% to USD 65.78 per barrel in June to raise its half-yearly returns to 18%, amid a decline in US stocks and a pledge by OPEC and its allies to extend the existing oil output cuts of 1.2 million barrels per day for nine months.

GOLD

Gold is enjoying a moment in the spotlight, as investors pile into the safe-haven amid worries of an economic slowdown, a weakening US dollar, and trade and geopolitical tensions in many parts of the world. Another key driver was the prospect of lower interest rates, after the US Federal Reserve hinted at cutting rates, and the European Central Bank also indicated its dovish intent.

After breaking out of a five-year trading range, the price of gold surged above USD 1,400 an ounce in June for the first time since 2013 on expectations of a US rate cut. The yellow metal rose 7.96% during the month to take its overall gains for the year to 9.91%. More crucially, the metal broke through the psychologically important barrier of USD 1,409.55 per ounce.

"The exhilaration that was associated with the strength of the global economy a year ago has been replaced with growing financial market turbulence, a plethora of geopolitical flashpoints, and a string of economic releases that have fallen short of expectations," said Boal of S&P Dow Jones Indices.

"It would appear that few central banks wish to find themselves on the wrong side of the US Fed, suggesting that lower interest rates are on the horizon. Gold tends to perform well in these circumstances."

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