



GOLD MARKET POISED FOR NEW PUSH INTO RECORD TERRITORY

GFMS SAYS DOUBLE DIP RECESSION FEARS POINT TO RENEWED INVESTMENT DEMAND

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A growing weight of investment money is poised to enter the gold market in the first half of 2010 and is likely to push gold prices to fresh records, according to the latest Gold Survey Update from leading international precious metals consultancy, GFMS.

GFMS, which has been producing highly respected and historically accurate metal market reports for over 40 years, says investor demand will be driven by fears of a double dip recession, continuing huge government deficits, very loose monetary policy and a belief that "...notable if not runaway inflation is set to return".

The 40 page report, drawing together analysis from around the world, predicts that gold prices will exceed \$1200 an ounce by the second quarter of 2010. This compares with a 2009 average of \$972. Gold peaked at a record \$1218 in early December but has since fallen back.

"The incentives to invest in gold should therefore be powerful this year. Moreover, we sense that there is a large amount of money poised to enter the gold market in 2010", says the update. This is the second update of the well known GFMS annual Gold Survey, and it contains data for the full year 2009 and forecasts for 2010.

GFMS looks at trends in both supply and demand for gold. Its analysis shows levels and forecasts of mine production from around the world as well as levels of scrap and official sector transactions. On the demand side the figures look at gold as a form of investment, as well as gold for both jewellery and industrial uses.

Report findings for 2009 include:

Mine production up by 6%*

Jewellery demand down by 23%

Supply of gold scrap up 27%*

World Investment jumps from 885 tonnes to 1820 tonnes, a year-on-year gain of 105%

World Investment demand exceeds jewellery demand for first time in 30 years

South Africa overtaken by Australia as the world's second largest gold producer, after China.*

Commenting on the report, GFMS Chairman Philip Klapwijk said: "There has been much discussion about whether the gold price has already peaked, but our base case is that the economic recovery will prove sluggish. This suggests that there may be little or no tightening of fiscal and monetary policies this year in a number of the major economies, most pertinently for gold, including the United States. That raises serious questions about the creditworthiness of governments and the outlook for inflation further down the path. These

are factors that are driving portfolio managers to look for further opportunities to enter the gold market.”

* For further details on these topics please request subsidiary release.

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Please contact TopLine Communications for interview opportunities or to request the subsidiary release:

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Notes to Editors about Gold Survey Update 2:

In just 40 pages, *Update 2* identifies the most important economic, socio-political and market-specific issues facing the gold market. The publication can be ordered from GFMS for £250 / US\$460 / €350 per copy. For orders and to receive further product information please contact Toby Brymer - Tel: +44 (0)20 7478 1750, Fax: +44 (0)20 7478 1779, Email: sales@gfms.co.uk Web Site: www.gfms.co.uk Online Shop: <http://shop.gfms.co.uk>

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For more information visit: www.gfms.co.uk