

GFMS ANALYTICS LAUNCHES NEW PRECIOUS METALS SERVICE

Purchasing price levels have increased in all of gold, silver, platinum and palladium ... But prices need to unwind in order to benefit fully from a sound fundamental underpinning.

In the first edition of its new **Precious Metals Market Briefing**, GFMS Analytics examines last month's performance of the precious metals sector and looks forward to the prospects in the weeks to come.

The company, a division of the GFMS Group, comments that the precious metals sector enjoyed a lively month, with renewed risk hedging and speculative interest compounding strong fundamentals in the gold market. Investors and speculators returned to both silver and palladium and it looks as if they are, in the main, still in place, while the platinum market initially enjoyed additional investor interest but succumbed to profit taking towards the end of the month.

Highlights

All four metals have entered October looking slightly top heavy and have already started unwinding over-bought positions. Typically the month of September heralds one of the strongest quarters of the year for physical and industrial buying interests, but this year the seasonal upturn in the gold market may be less marked than in recent years. This is a function of both short and medium-term developments. GFMS figures show that physical gold demand in the first half of this year, notably in India, was extremely strong and, significantly, that some of this was inventory building of the part of new retailers and the natural increase in demand in the fourth quarter is therefore likely to be undermined to a degree. When taken with a ten per cent increase in gold prices in September and the associated jump in volatility, to which physical purchasers are particularly averse, then the fourth quarter strengthening may be somewhat insipid. With central bank sales picking up again as the new Central Bank Gold Agreement commences, gold needs a period in which to draw breath. That said, there is every possibility, given the economic and financial background, of making new dollar highs later in the quarter.

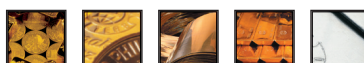
Purchasers' entry points have increased in price in gold, silver and platinum and all three are likely to spend the fourth quarter in a higher range than for much of the rest of the year. Platinum and palladium are moving into surplus, however, and silver inventories, though falling, are still plentiful. These metals may yet have all seen their highs for 2005, but remain well underpinned. The dollar's recent strength may continue in the near term, but structural issues remain unresolved, suggesting renewed longer-term weakness.

About the Precious Metals Market Briefing

The new Precious Metals Market Briefing is written by Rhona O'Connell and is available as a whole, covering all four metals or in component parts. The series is fully fungible with the Base Metals Markets Briefing from GFMS Metals Consulting, a sister division of the GFMS Group and edited by Neil Buxton, widely recognised as one of the industry's leading Base Metals Analysts.

This publication, which will be accompanied by bi-monthly updates, is a valuable addition to the suite of products offered by the GFMS Group. It goes hand-in-hand with the GFMS Metals Consulting Ltd Base Metals Monthly Briefing and reviews recent market developments, places them in the relevant contexts and looks forward towards the future and potential market-shaping developments. Editorials discuss contemporary matters of interest, while the economic, financial and political developments of the time are also reviewed and, where relevant, throw light on the shifting forces in the metals markets.

The service is highly flexible. Clients may choose to take the gold and silver service, the platinum group metals service or both, and may also complement these with their selections from the range of non-ferrous metals covered by GFMS Base Metals Consulting Ltd. Existing clients of the Base Metals Monthly Briefing Service may, equally, subscribe to all or part of the precious metals services in addition to their existing base metals publications.





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Note to Editors:

GFMS Analytics Ltd has announced the launch of its new Precious Metals Monthly Briefing. Written by Rhona O'Connell, the reports complement the in-depth research generated by GFMS for the gold, silver and platinum group metals surveys, but the considerably higher frequency of the new studies gives market members valuable access to the benefits of the GFMS research force and database, with a slightly different method of presentation and comment. These reports are written in the free spirit associated with GFMS' independent stance on the markets and are expected to provide valuable to the whole range of stakeholders in the precious metals markets, from the producers and consumers through to brokers and banks.

GFMS Analytics Limited is a joint venture between GFMS Limited and ROC Consultancy Limited, an independent market analysis company run by analyst Rhona O'Connell and specialising in metal markets analysis and comment.

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