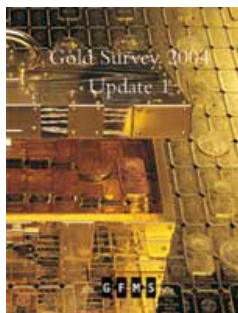


Publication of Gold Survey 2004 - Update 1

Full year fabrication set to rise to a 3-year high in 2004



In its latest report on the international gold market, *Gold Survey 2004 Update 1*, GFMS note that total fabrication in the first half of 2004 rose by 6% year-on-year. Every major area of fabrication registered first-half increases. However, the largest gain, in both absolute and percentage terms was seen in jewellery, which rose by more than 6% or 79 tonnes to its highest first half total since 2001.

The recovery in **jewellery production excluding the use of scrap** was even stronger, rising by 14% over the first half, as scrap volumes fell back in number of price sensitive markets, notably in the Middle East and Indian Sub-continent.

The recovery in total **jewellery** (including the use of scrap) owed much to higher fabrication in a number of key markets, namely Turkey, India, China and a number of other East Asian countries. Localised factors were behind much of the increase, such as a continued recovery in domestic sales in Turkey on the back of a sustained economic recovery or strong GDP growth in India. However, there were other factors that were common to a large number of producers. These included a greater acceptance of higher gold prices and the beneficial impact on consumption of an acceleration in global economic growth. However, a year-on-year comparison is to a degree flattered by last year having been so badly hurt by the official Iraq war and SARS.

Elsewhere, significantly higher demand in the United States and across much of East Asia and Europe contributed to the continued recovery in **electronics**, which was up by nearly 6% over the first half. **Coin** fabrication was only marginally higher over the first six months. Higher sales, principally in North America offset lower Turkish bullion coin sales, which fell back from their historic highs recorded in 2003.

Looking ahead, GFMS are **forecasting** that total fabrication over the second half will increase by a little over 7%, largely as a result of ongoing strength in jewellery offtake, which is expected to rise by close to 8% over the final six months. Higher fabrication in every major region is expected to drive the continued recovery in jewellery, with the most notable rise expected to come from India. As a result, GFMS are forecasting that full year fabrication will rise by close to 7%, and in doing so reach a three-year high.

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Gold Survey 2004 - Update 1 provides a review of the gold market in the first half of 2004 and a forecast for the full year with 40 pages of statistics, commentary and analysis on all aspects of world gold supply/demand and on gold prices in various currencies. The publication can be ordered from GFMS for £205 or US\$375 / €315 per copy. For orders and to receive further product information please contact Ms L. Perrard on: Tel: +44 (0)20 7478 1777, Fax: +44 (0)20 7478 1779, Email: sales@gfms.co.uk, Web Site: www.gfms.co.uk

Note to Editors about GFMS Limited:

GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, China, India and Russia, and a vast range of contacts and associates across the world.

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