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## **Publication of *Gold Survey 2003 – Update 1***

### **Gold set to hit \$390s peak before year-end due to growth in investment demand.**

Higher levels of investment are needed to offset a reduction in producer de-hedging and the continued weakness of fabrication demand if the gold price rally is to be sustained and extended in the fourth quarter. This is one of the main conclusions contained in *Gold Survey 2003 – Update 1*, the report released today by GFMS (Gold Fields Mineral Services) the precious metals consultancy. GFMS is cautiously optimistic that investment will increase and that this will eventually lift the price to peaks in the \$390s (and possibly even over the \$400 mark briefly) before the end of the year. However, GFMS cautions that in the near term a partial liquidation of existing speculative long positions is likely to drive gold temporarily lower.

The report comments that much of the investment demand seen to-date has been short term and speculative in nature. Most buying has come from funds operating on the Comex, as evidenced by the spectacular growth in the long futures positions of non-commercials. In GFMS' view this phenomenon has resulted in gold moving ahead "too far and too fast". A correction is therefore to be expected, although the consultancy believes that the associated decline in the price will be seen as a good buying opportunity. This is especially so given the positive (for gold) economic conditions of low short-term interest rates, a weaker dollar, falling bond prices and (arguably) overvalued stock markets. Growing interest in gold as a portfolio hedge from a wider group of investors should therefore result in more buy-side interest. In addition, a move into gold from a wider group of investors could be assisted by the launch of additional Exchange Traded Funds in Europe and North America in the coming months. The resumption of the uptrend in the price after the temporary setback referred to above is also expected to lead to renewed growth in speculative long positions that will provide much of the impetus for a move into the \$390s before the year is over.

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*Gold Survey 2003 – Update 1* provides a review of the gold market in the first half of 2003 and a forecast for the full year with 30 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 £195 or US\$295/€290 per copy.

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**Note to Editors:** GFMS (Gold Fields Mineral Services) is an independent London-based commodity research and consulting company, specialising in the analysis of the precious metals markets.

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