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

### **First half global fabrication falls to a decade low**

In its latest report on the gold market, GFMS notes that a combination of sluggish economic growth, poor consumer confidence and higher gold prices were the key drivers behind the 1.8% decline in first half 2003 world **fabrication**. The fall in first half **jewellery** output was much sharper, at more than 4%, as strong gains in India and Turkey were offset by sharp falls in Europe and East Asia. In addition, the decline in **jewellery fabrication excluding scrap** was even greater at 11% year-on-year, due to markedly higher scrap volumes in East Asia and the Middle East, which substituted for new bullion.

The greatest decline, in both percentage and absolute terms was recorded in Europe, largely as a result of significantly weaker Italian output (itself due to softer export markets). East Asian jewellery fabrication was also markedly lower, as the SARS impact, together with the factors noted above, led to a decline in demand across the entire region. In contrast, India posted a double-digit percentage rise in the first half due largely to the second quarter decline in the Rupee gold price. (A rise in Indian offtake was also the single most important factor behind the rise in total **other industrial and decorative demand**.) Middle East jewellery production was also higher in the first half, although this was almost entirely due to higher Turkish fabrication. Elsewhere, **electronics** demand edged up in the first half, largely due to a modest recovery in East Asia.

For calendar 2003, GFMS is forecasting that those factors, which affected first half fabrication, will continue over the coming months. Philip Klapwijk (GFMS' Managing Director) commented that "the higher gold price will naturally have a negative impact on fabrication, although, that said, price sensitive markets like India have to a significant extent already adjusted to the stronger price. As a result, demand should pick-up noticeably on any correction down to the \$360 level or below".

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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. For orders and to receive further product information please contact Ms L Perrard on:

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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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