



Publication of Gold Survey 2004 - Update 2

World investment falls to 314 tonnes, 67% lower than the 2003 figure

Total gold investment demand in 2004 stood at 314 tonnes, a marked fall from the over 900-tonne figure recorded in 2003. This is one of the key findings of GFMS' latest report on the gold market, *Gold Survey 2004 - Update 2*, released today. Bruce Alway, senior analyst with the London-based precious metals consultancy, gave a summary of the report's findings at a conference in Toronto.

The fall was the sole product of the swing from the impressive implied net investment recorded in 2003 to disinvestment of 43 tonnes. The figure was due to higher disinvestment in the first half of the year, mainly caused by liquidations which mostly took place during the gold price fall of April and May. This was partly offset by the recovery of investment demand in the second half of the year, resulting in a return to a positive implied figure for that period. Both other components of world investment demand, namely bullion coin and bar hoarding demand recorded year on year increases, of 7% and 34% respectively.

The implied disinvestment figure featured in *Gold Survey 2004 - Update 1* for the first half of the year - which is strongly supported by anecdotal evidence GFMS have gathered through field research - was mainly the outcome of a poorly performing gold price at a time when there were expectations of a bull run with the potential to breach the \$450 mark. The price slump in April and May thus brought disappointment and caused investors to move to other commodities, many reportedly from within the energy complex. The second half of the year, and more specifically the last three months of 2004, saw this trend reverse. Partly triggered by a once again weakening dollar, and with the help of the run up to the launch of the New York Stock Exchange listed exchange traded fund and the media attention this caught, the last quarter of the year saw investor interest in gold grow to impressive levels, albeit ones lower than those seen near the end of 2003.

GFMS expect the positive climate for gold investment to continue in 2005. The consultancy expects continued underlying weakness of the US dollar, higher gold prices, as well as other supporting factors related to the economic and political landscape to persist, and therefore forecast implied net investment to increase in the first half of 2005 from the level seen in the second half of last year.

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Gold Survey 2004 - Update 2 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

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