



Publication of Gold Survey 2004 - Update 2

Net official sector sales down 19% year-on-year in 2004

At 497 tonnes, estimated net official sector sales in 2004 were down 19% from their 2003 level. 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.

Net official sector sales remained at low levels throughout the first nine months of the year, until the end of the first Central Bank Gold Agreement (CBGA). This was mainly due to low sales from CBGA signatories, as well as the appearance of noteworthy activity on the buy side, from countries outside the Agreement. The low sales figure from within the CBGA can be attributed to high sales from the group in the last quarter of 2003, whereas gross purchases by some central banks outside the Agreement seem to have been motivated by a desire for reserve diversification.

In contrast, the last three months of 2004 saw a jump in net official sector sales. The beginning of the second CBGA marked the commencement of certain signatories' sales programmes. France in particular entered the sales arena and was joined by other sellers from within the Eurosystem. In addition, there were continued sales from Switzerland. Outside the CBGA, the last three months of the year saw central banks abandon gross purchases. Instead GFMS have identified noteworthy sales taking place in the period, probably on the back of a rising gold price.

Looking ahead, GFMS expect official sector sales during the first half of 2005 to be somewhat lower than those seen in the second half of last year. The forecast is based on our expectation for both sales from within and out of the CBGA to fall. More specifically we expect the former to fall due to the end of the Swiss sales programme and basis the announcement by the Deutsche Bundesbank that they will not use their full quota. Having said that, we do not see the overall level of net sales falling to the low figure recorded in the first half of 2004.

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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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