



Publication of *Gold Survey 2006*

Global jewellery fabrication up 4% in 2005, but fourth quarter weakness has continued into 2006

In its latest report on the international gold market, *Gold Survey 2006*, which was launched today in London, Johannesburg and Toronto, GFMS revealed that global jewellery fabrication rose by nearly 4% in 2005, in spite of higher gold prices. However, the gains were entirely concentrated in the first and second quarters, with offtake in the July to September period little changed year-on-year. In contrast, the final three months of 2005 saw a sharp downturn in global jewellery fabrication.

On a regional basis, the consultancy noted that the gains were nearly all concentrated in the Indian Sub-Continent and the Middle East, which, together, added a little over 100 tonnes in 2005. However, this hides the fact that India, alone, saw its jewellery output rise by over 61 tonnes, or 11% last year. As in many price sensitive markets, sharply higher fabrication during the first six months owed much to the impact of weaker first quarter prices (compared with late 2004) and the largely stable gold prices which continued for much of the first half.

However, GFMS commented that sharply higher *and* volatile prices in the last three months resulted in a slump, which saw global jewellery fabrication fall during this period by over 18% year-on-year. To put this into perspective, the fourth quarter total was also more than 200 tonnes below the level achieved in the April to June period.

A brief look at other regions reveals that East Asia, the third biggest user of gold for jewellery, saw a modest rise in its fabrication, to its highest level since 2001. In contrast, Europe suffered a near 40-tonne drop, largely due to weaker Italian output, which fell to its lowest level since 1988.

Turning to this year, GFMS note that the weakness in jewellery fabrication, that was evident in late 2005, has continued into 2006. This is largely due to prevailing high prices combined with increased price volatility. Price sensitive markets have been particularly affected and GFMS note that Turkey, the third largest manufacturer of gold jewellery, has seen a near 60% year-on-year drop in its first quarter gold bullion imports. Looking ahead to the rest of 2006, Philip Klapwijk, GFMS' Executive Chairman, commented that "given that GFMS expect gold prices to rally, jewellery is likely to weaken still further."

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Gold Survey 2006 contains over 100 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 £275 or US\$495 / €395 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, Online Shop: http://shop.gfms.co.uk

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