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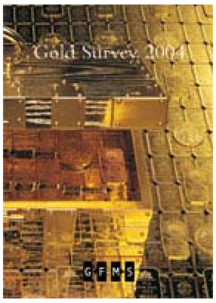
Publication of *Gold Survey 2004*

Gold's prospects in 2004 largely depend upon further growth in investment demand.



Investment demand was the driving force behind the rally in the gold price last year. This is clear from the statistics presented in *Gold Survey 2004*, released by GFMS at briefings today in London and Toronto. GFMS' proprietary data show that World Investment - the combined demand from Implied Net Investment (600 t), Bar Hoarding (183 t) and Coin Sales (105 t) amounted to no less than 888 tonnes in 2003. This represented an additional 420 tonnes on the figure recorded in 2002. World Investment's share of total gold demand in 2003 also rose to 21%, compared to 12% in 2002. (It is interesting to compare this change with de-hedging, where the contribution to demand fell from 11% in 2002 to just over 7% in 2003.) The nominal dollar value of World Investment came to at least $10.4 billion in 2003 versus around $4.7 billion in 2002. (Note: these sums are arrived at by multiplying the net tonnage in each year by the annual average price, which tends to understate the true level of demand, e.g. in 2003 because much of the buying took place at well above annual average prices.) Whatever the precise dollar value, for the gold market there was clearly a sufficiently large inflow of "new money" comfortably to offset weaker fabrication demand and to push prices significantly higher.

GFMS believe that prospects for further advances in the price in 2004 will largely depend upon additional growth in investor and speculator demand for the precious metal. The consultancy cite four main reasons for expecting growth in investment demand this year. (These are very much predicated on a negative outlook for the global and, particularly, US economy, especially towards the latter part of 2004.) First, the flow of funds into alternative investments should continue. And at least some of this capital will end up in commodities, including precious metals and gold. Second, gold as the commodity with the most obvious financial characteristics, should be well placed to benefit from potentially disappointing returns in stocks (overvalued and discounting very strong GDP growth that we expect will not materialise), bonds (currently "expensive" and with yields probably set to rise as fiscal and credit conditions worsen) and cash (with close to zero real returns available in dollar, yen and euro terms). Third, after a brief bear market rally, we expect the slide in the US dollar to continue. America's twin deficits - a current account deficit that hit nearly $542 billion in 2003 and a fiscal deficit expected to exceed $500 billion in the current fiscal year - are powerful medium term negatives for the US dollar. This is particularly so given the question mark against China's and Japan's willingness to accumulate ever more US dollar reserves (together the Asian pair already hold well in excess of $1 trillion). And, fourth, continued high levels of political tension, as evidenced by the upsurge in global terrorism and the crisis affecting the Middle East, should help to underpin gold investment demand.

Gold Survey 2004 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 £265 or US$495 / €395 per copy. For orders and to receive further product information please contact Ms L. Perrard on:
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Note to Editors about GFMS Limited:
GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, China, India and Russia, and a vast range of contacts and associates across the world.

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