

PRESS RELEASE

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Middle East jewellery fabrication falls to a 5-year low in 2001 - GFMS

GFMS released its Gold Survey 2002 today at events in London, Toronto and Johannesburg. Among the main findings on the demand side was that 2001 saw a sharp fall in Middle East jewellery fabrication. The Survey suggests that the 12% fall was principally due to lower demand in Turkey, Saudi Arabia and Egypt.

A combination of economic and financial crises in Turkey contributed to a 25% fall in that country's jewellery offtake last year. Sharply higher gold prices - following the February devaluation - and a significant contraction in the local economy were chiefly responsible for the fall in domestic gold consumption, which itself was behind much of the collapse in jewellery demand.

The uncertainty associated with the impact of the "Saudi-isation" policy (a programme of systematic replacement of expatriate workers with Saudi citizens) and the impact of 11th September accounted for much of Saudi Arabia's double-digit fall in jewellery fabrication last year, which, at 137 tonnes, was at its lowest level since 1994.

The 10% fall in the Egyptian jewellery market left demand in that country at a five-year low. After a strong first six months, higher local gold prices, combined with the impact of "911" on both the local and tourist markets, resulted in a sharp fall in the second half.

Global jewellery demand was over 5% lower last year and contributed to the 2.6% fall in world demand. However, gold supply also contracted, due to a significant fall in implied net disinvestment and a second consecutive, annual net decline in producer hedging.

Gold Survey 2002 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 £245/US\$360/€395 per copy.

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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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