



PRESS RELEASE
London, 28th April 2005

Embargoed for publication or distribution by wire until 13:00 hrs
London time on Thursday, 28th April 2005

Publication of *Gold Survey 2005*

New Wave of Investment Demand Forecast to Boost Gold Prices

GFMS forecasts in its *Gold Survey 2005* publication that a new wave of investment demand in the second half will drive gold prices to well above 2004's high of \$454/oz. The consultancy's view is that the positive case for gold is still strong, notwithstanding the metal's fairly uninspiring year-to-date price performance.

Much has been made of the threat to gold from additional rises in short-term US dollar interest rates. This has, firstly, boosted the gold contango and, secondly, provided support for the US dollar. It may be, however, that a good deal of the negative impact from these developments is already "in the price". Furthermore, and on the other hand, in real terms US dollar interest rates are unlikely to move much above zero, especially if the pace of monetary tightening slows in the face of (growing) evidence that GDP growth rates are falling. In addition, the prospects for a sustainable, secular recovery in the foreign exchange value of the dollar look remote given America's growing dependence on foreign capital inflows to cover its savings shortfall.

GFMS also expect investor interest in the commodities complex to grow further, with some collateral benefits for gold. The scale of fund investment in commodities is still tiny compared to other, mainstream, assets such as stocks and bonds, which, conversely, are unlikely to perform well this year given the high probability that economic growth slows and inflation picks up a little further. The consultancy also feels that political tensions, having arguably declined somewhat year-to-date, are set to grow in the second half, perhaps significantly so. In particular, the situation in the Middle East remains highly volatile, especially against the backdrop of record nominal oil prices. For this reason, GFMS see considerable scope over the next year for an event-driven spike in the gold price towards the \$500 mark.

© Copyright GFMS Limited - April 2005.

Whilst every effort has been made to ensure the accuracy of the information in this document, GFMS Ltd cannot guarantee such accuracy. Furthermore, the material contained herewith has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient or organisation. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any commodities, securities or related financial instruments. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein. GFMS Ltd does not accept responsibility for any losses or damages arising directly, or indirectly, from the use of this document.

Gold Survey 2005 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: Tel: +44 (0)20 7478 1777, Fax: +44 (0)20 7478 1779, Email: sales@gfms.co.uk, Web Site: www.gfms.co.uk

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, Germany and Russia, and a vast range of contacts and associates across the world.

Press Contacts: Philip Klapwijk or Paul Walker, GFMS Limited, Hedges House, 153-155 Regent Street, London, W1B 4JE, UK, tel: +44 (0)20 7478 1777, fax: +44 (0)20 7478 1779, email: gold@gfms.co.uk, web site: www.gfms.co.uk

