



Publication of *Gold Survey 2005*

Global jewellery fabrication sets a two-year high in the face of rising gold prices

In its latest report on the international gold market, *Gold Survey 2005*, which was launched today in London, Johannesburg and Toronto, GFMS revealed that global jewellery fabrication rose by over 5% to 2,610 tonnes in 2004. Although this was the second highest total in two years it was still considerably below the 1997 peak of 3,300 tonnes. Even so, the 5% rise was particularly noteworthy given that dollar gold prices rose by almost 13% last year.

Every region saw higher jewellery fabrication last year with the exception of Europe and North America. Lower Italian production, by around 22 tonnes was the principal cause of the close to 6% fall in Europe. This was largely due to weaker export markets, in particular the United States where jewellery consumption fell for the third year in a row. This also accounted for the 8% decline in US manufacturing, which has now fallen for four years (in the process losing nearly 50 tonnes from its 2000 peak).

However these losses were more than outweighed by double-digit gains in India, Turkey and China, as well as higher production in many other markets. The close to 16% rise in India was particularly impressive in the face of a 9% rise in local gold prices and a poor and erratic monsoon. However, the recovery in Indian jewellery fabrication owed more to the widespread acceptance of gold prices in excess of \$400. Another important factor was the growth in GDP that occurred in a number of key consuming markets. Strong GDP growth and acceptance of higher prices also contributed to good growth in fabrication across much of the Middle East and East Asia.

Perhaps more revealing was the increase in jewellery fabrication excluding the use of scrap. This more accurately reflects the jewellery market's call on the international gold market, in terms of new bullion required for manufacturing. In 2003, jewellery fabrication excluding the use of scrap had slumped to a 14-year low, partly due to higher scrap supplies. Last year, as scrap volumes receded so new gold demand rose, by an impressive 10%, in the process nearly making up all the losses suffered the year before.

Looking to this year, 2005 has started brightly, confirming that many price sensitive markets have acclimatised to dollar prices in the \$420-\$435 region, to the extent that gold prices below \$410 are at the lower end of the range, this is considered a strong "buy" signal.

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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

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