



Publication of *Gold Survey 2005*

Broad-based growth underlies a 7.5% rise in Middle Eastern gold demand in 2004

In 2004, gold demand in the Middle East rose by 7.5% to 767 tonnes, comprising more than 643 tonnes of fabrication with the remainder accounted for by investment demand. Demand has now risen by 100 tonnes or 17.4% over the past two years, despite the annual average dollar gold price increasing by nearly one third over the same period. In sharp contrast, global gold demand, excluding the Middle East, actually fell by 3.6% between 2002 and 2004.

These were some of the key findings concerning Middle East gold demand to be found in *Gold Survey 2005*, released by GFMS Limited today. The independent precious metals research consultancy launches the 37th edition of their authoritative annual survey of the world gold market at events held in London, Toronto and Johannesburg.

Whereas Middle Eastern gold demand in 2003 was driven almost exclusively by a massive rise in Turkish jewellery and coin fabrication, last year saw a much broader pattern of growth. Jewellery fabrication in Saudi Arabia, Egypt, the United Arab Emirates and Iran last year rose by between 5% and 9% and accounted for 41% (19 tonnes) of the total increase in the region's jewellery offtake. The reverse was the case in 2003 when these markets all experienced weaker demand and together fell by 26 tonnes with Turkey providing the only positive trend, soaring by 84 tonnes. In 2004, Turkish offtake still grew but at a more modest 28 tonnes to reach 289 tonnes.

Scrap supply in Middle East last year fell by 18% year-on-year, marking an abrupt reversal in direction compared to the pattern of the previous few years when scrap supply rose by over 70% from 2000 to 2003. In a global context, the region accounted for around one third of total scrap supply last year and thus was an important reason why global scrap supply fell by 12%.

Indications thus far point to the Middle East playing another key role in physical gold demand in 2005, particularly if economic conditions are further fuelled by high oil prices and a lessening in geo-political tensions. The main proviso to this reasonably upbeat outlook concerns the region's ability to cope with still further rises in the gold price, particularly should \$450 be breached.

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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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