



Publication of *Gold Survey 2007*

Bullion Imports into the Middle East Fell by Close to 50% Last Year, Further Weakness Likely This Year.

A surge in locally generated scrap gold, coupled with a sharp decline in domestic jewellery fabrication, resulted in a drop in fresh bullion imports into the Middle East in 2006. This is one of the findings outlined in *Gold Survey 2007*, released by GFMS today at events held today in London, Toronto and Johannesburg.

Higher prices last year were the major catalyst behind the decline in fresh gold demand across the region, due to a combination of weaker demand and higher levels of jewellery scrap supply, with the latter partly substituting for imports of new bullion into the Middle East.

In terms of recycling, the volume of old jewellery being scrapped last year rose across the Middle East by 112 tonnes or 34% year-on-year, though this was weighted to the first half of the year when prices were at their peak. This was the case in Turkey, where the level of recycling during January to June was estimated to have risen 50% year-on-year, compared to a relatively flat performance for the second half of the year.

Saudi Arabia was another key market that experienced a similar surge in scrap flows as higher prices, coupled with the collapse of the Kingdom's equities markets, led to a mass liquidation of gold assets, with local scrap volumes increasing by 44% year-on-year.

As well as higher levels of recycling, bullion imports were affected by the decline in jewellery fabrication, which, for the region as a whole, fell by 24% in 2006. The top three manufacturers, namely, Turkey, Saudi Arabia and Egypt together accounted for over 80% of the decline in the Middle East last year. Philip Klapwijk, GFMS' Executive Chairman, commented "given the price volatility last year, the fall in Middle East jewellery demand was hardly surprising and if the volatility continues this year we could see another fall in fabrication across the region".

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Gold Survey 2007 contains over 120 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 £275 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, Online Shop: <http://shop.gfms.co.uk>

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