



Publication of *Gold Survey 2007*

Lower Sales by CBGA Signatories Coupled with a Swing to Net Purchases Elsewhere Caused the Dramatic Decline in Net Official Sector Sales in 2006.

GFMS' latest publication on the gold market, *Gold Survey 2007*, was launched today in London, Toronto and Johannesburg. One of the main findings of the report was the 51% year-on-year decline in net official sector sales to a level of 328 tonnes, recorded last year. The decrease was the largest contributor to the 5% fall in total supply in 2006.

The dramatic decline in net official sector sales was the product of significantly lower gross sales from Central Bank Gold Agreement (CBGA) signatories, coupled with countries outside the group appearing as net purchasers for the first time since the mid-1990s. With regards to the former, it is interesting to note that Agreement signatories were seen underselling their 500-tonne quota in the second CBGA year. Concerning the shift of countries outside the CBGA to modest net purchases of bullion, this was the product of a handful of opportunistic transactions of limited magnitude, appearing over the year. Philip Klapwijk, GFMS' executive chairman, commented that "both the decline in CBGA sales and the increasing number of gross purchases appearing elsewhere are indicative of a change in attitude towards gold as a reserve asset within the central banking community".

Looking ahead, as Klapwijk noted, "the current environment of low-field net sales seems to have been carried over to this year to-date, and is likely to persist for at least the duration of the current CBGA". On the one hand, Agreement signatories seem set to continue to sell below their annual quota, and on the other, the appetite for certain central banks to diversify away from US dollars and into gold is likely to generate further purchases, although the volumes of the latter are expected to be constrained, at least for the short to medium term.

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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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