



Publication of *Gold Survey 2008*

Global jewellery demand staged a partial recovery in 2007, but substantial losses expected in 2008.

GFMS estimate that global jewellery fabrication rose by over 5% last year. This was one of the main conclusions of *Gold Survey 2008*, which was launched today at events in London, Johannesburg and Toronto. This outcome may appear surprising, given the rise in gold prices, but, as the Report highlights, the rise in demand was almost entirely a first half event, with world jewellery fabrication over the first six months some 22% higher year-on-year. Over the second half the decline amounted to 9% but in effect the drop was concentrated over the last three months. As the *Gold Survey* reveals, the impact of rising and volatile gold prices had a pronounced impact on the jewellery market, with fourth quarter demand dropping by over 20% year-on-year.

In terms excluding scrap, which gives a truer indication of the call on the international gold market, global jewellery fabrication rose by over 10% last year. Much of the growth in new jewellery demand was attributable to a 40% rise in the Middle East, which reflected not only healthy fabrication across much of the region, but also a fall in scrap supply. Both outcomes reflected widespread consumer expectations of further price rises, itself partly driven by the fact that gold price increases in some key markets, lagged the rise in dollar prices.

The analysis in *Gold Survey 2008* also reveals the contrasting performances between the price sensitive and western-style jewellery markets last year. In addition to the growth in the Middle East, India achieved an 8% improvement in 2007, although this hides a remarkable difference between the first and second halves, with year-on-year growth in excess of 70%, almost offset by a close to 40% drop for the July to December period. The largest gain in 2007 was recorded in China, the catalyst for which was a continued double-digit economic growth, the country in the process overtaking Turkey and Italy to secure second place in the global rankings behind India. In contrast, both Italy and the United States experienced a drop in jewellery demand, the former partly due to weakness in exports the United States, which saw its retail sales of jewellery fall by around 15% due to a combination of a faltering economy and high gold prices.

Looking ahead to this year, Philip Klapwijk, GFMS' Executive Chairman, who delivered the findings of the *Gold Survey* in London, warned that global jewellery demand could see a substantial drop, "not only is the jewellery market having to contend with record gold prices but there is added uncertainty from the price volatility both manufacturers and retailers are having to contend with. Another break above \$1,000 is a real possibility but even if gold does not reach four figures again in 2008, we still expect to see a fall of in excess of 200 tonnes in global jewellery demand this year".

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Gold Survey 2008 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 £325 or US\$595 / €440 per copy. For orders and to receive further product information please contact Elena Patimova - Tel: +44 (0)20 7478 1750, 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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