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Publication of *Gold Survey 2002 - Update 1*

Higher rupee gold prices push Indian demand down sharply in the first half.

Indian fabrication demand in the first half of 2002 was severely constrained by the sharp rise in the gold price. This is one of the key conclusions in *Gold Survey 2002 Update 1* that GFMS (Gold Fields Mineral Services) released today at their Precious Metals Seminar in London.

Commenting on the Indian market GFMS Director Paul Walker noted, "The year-on-year comparison is made all the more stark by the fact that offtake in the first half of 2001 was extremely high. In fact, demand set a record for any 6-month period last year, so it was perhaps not surprising that we saw lower offtake in the first half." He went on to say, "Notwithstanding this observation, one cannot disguise the fact that demand for gold was in fact very weak in the first half of this year, and the main reason for this was the sharply higher rupee price, a function of higher dollar prices and a weakening local currency". Walker added, "...the average rupee gold price was up by close to 15% year-on-year and nearly 13% intra-year, and this had a direct impact on the willingness of Indians to buy gold in any form. What has happened in the light of these higher prices is that consumers have preferred to exchange old jewellery for new rather than buying for cash. Furthermore, some consumers saw higher prices as a selling opportunity, and scrap from these sources rose sharply, substituting for imports of gold". Turning to the outlook for the rest of the year, Walker noted that fears of a wretched monsoon appear to have been somewhat exaggerated, and that if the price settles at current levels, demand should be seen to pick up in the run up to Diwali.

Gold Survey 2002 - Update 1 provides a review of the gold market in the first half of 2002 and a forecast for the full year with 30 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 £190 or US\$280/290 per copy.

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Note to Editors: GFMS (Gold Fields Mineral Services) is an independent London-based commodity research and consulting company, specialising in the analysis of the precious metals markets.

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