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Gold Jewellery Fabrication Affected by Slower Economic Growth and Higher Gold Price in 2002.

Gold jewellery fabrication in 2002 fell by 11% to 2,689 tonnes, its lowest level in seven years. Double digit falls in the two largest fabricating countries, India and Italy, were the main reasons behind the decline. This is one of the key conclusions concerning gold demand to be found in *Gold Survey 2003* that GFMS (Gold Fields Mineral Services) released today. The independent precious metals research consultancy launched the 35th edition of their authoritative annual survey of the world gold market at events today in London, Toronto and Johannesburg.

The report, which includes a detailed analysis of gold jewellery fabrication on a country-by-country basis, determined that a precipitous 120 tonne drop in Indian fabrication, the largest gold jewellery consuming country in the world, was one of the largest annual country declines in tonnage terms ever recorded. GFMS Director, Dr Paul Walker, stated that “most of the blame for the near 20% fall in Indian gold jewellery offtake could be found in the higher gold price and a poor monsoon season hitting incomes in important gold consuming regions within India”.

European gold jewellery fabrication demand also fell last year, although here the finger was pointed primarily at sluggish economic growth within the European Union and lower Italian jewellery exports to Latin America. GFMS have calculated that the fall in European jewellery offtake was around 12% or 84 tonnes. North American gold jewellery fabrication demand fared reasonably well in comparison, falling by only 2.6%, or less than 5 tonnes. Since most jewellery manufactured in the United States and Canada is destined for domestic consumption, it was no surprise that flagging consumer sentiment in these countries was the biggest contributor to the fall in fabrication.

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Gold Survey 2003 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 £255/US\$395/€390 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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