

The background of the slide is a dark, textured image featuring numerous gold bars and coins. The bars are stacked and arranged in rows, with some showing serial numbers like 'AC19728' and 'AC19730'. The coins are scattered throughout, some showing the 'Valcamby Suisse' logo. The overall appearance is that of a gold vault or refinery.

**G F M S**

# Gold Survey 2009 - Update 2

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Chairman, GFMS Ltd.

*Toronto, 13<sup>th</sup> January 2010*

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Gold Survey 2009

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# Gold Survey 2009

## Update 2



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# Presentation Outline

- Prices

- Supply

- Demand

- Summary and Price Outlook



# Prices



# US Dollar Gold Price

Weekly Averages



Source: GFMS

# Euro Gold Price

Weekly Averages



# Real and Nominal Gold Prices (real US\$ price in constant 2009 terms)

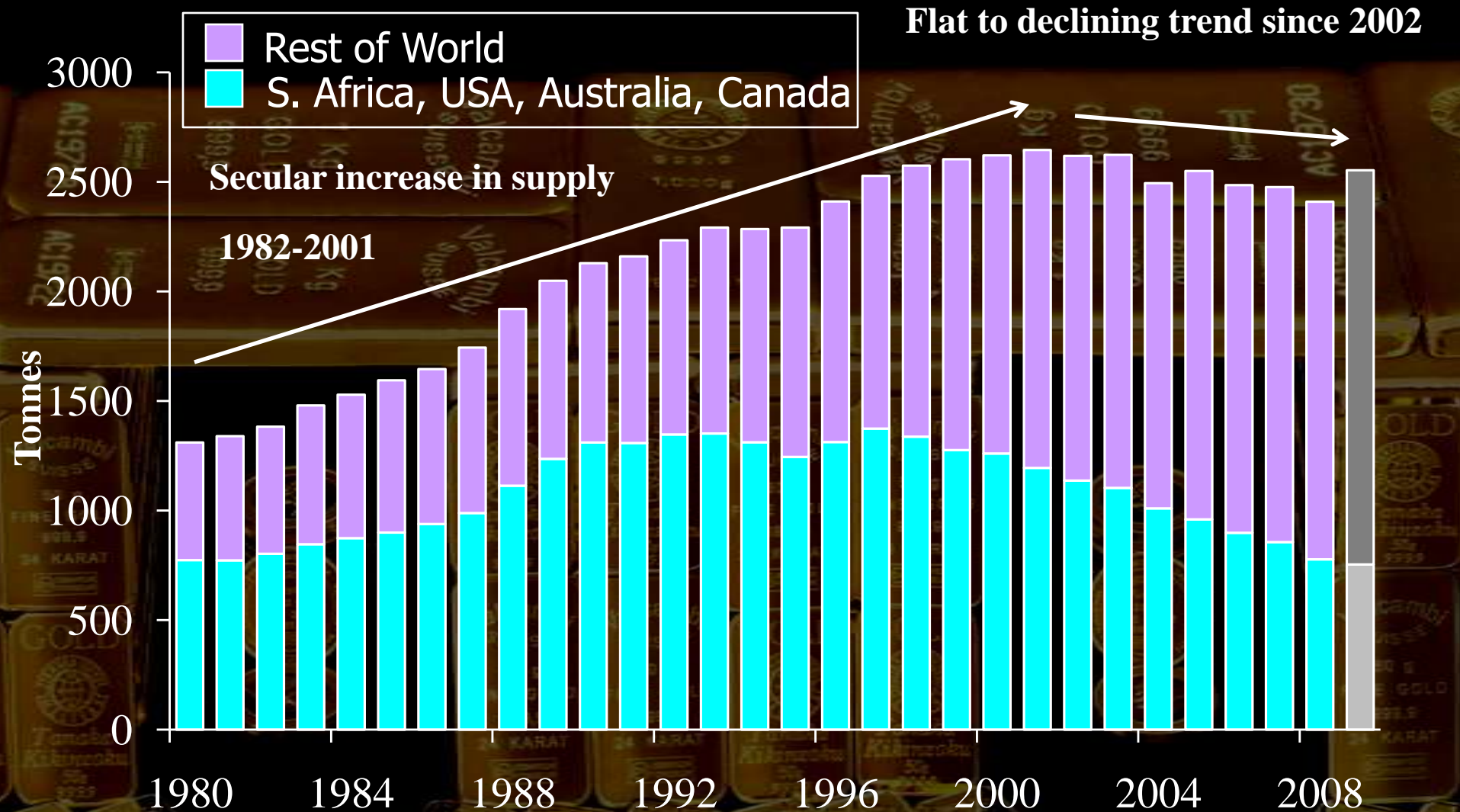


Source: GFMS, Reuters EcoWin

# Supply



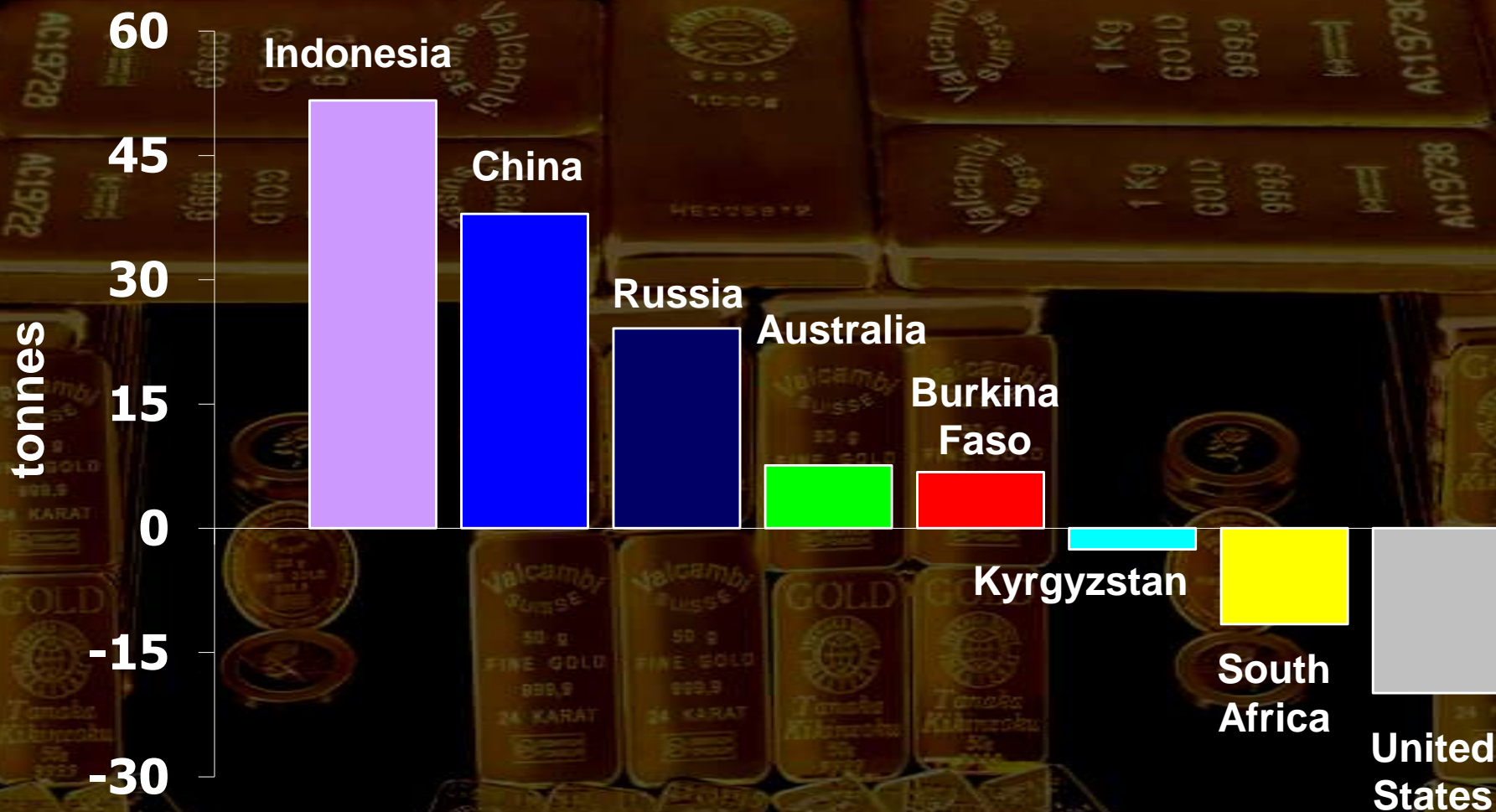
# World Gold Mine Production



Source: GFMS

# Mine Production: Winners and Losers

(Figures represent year-on-year change, 2009E less 2008)



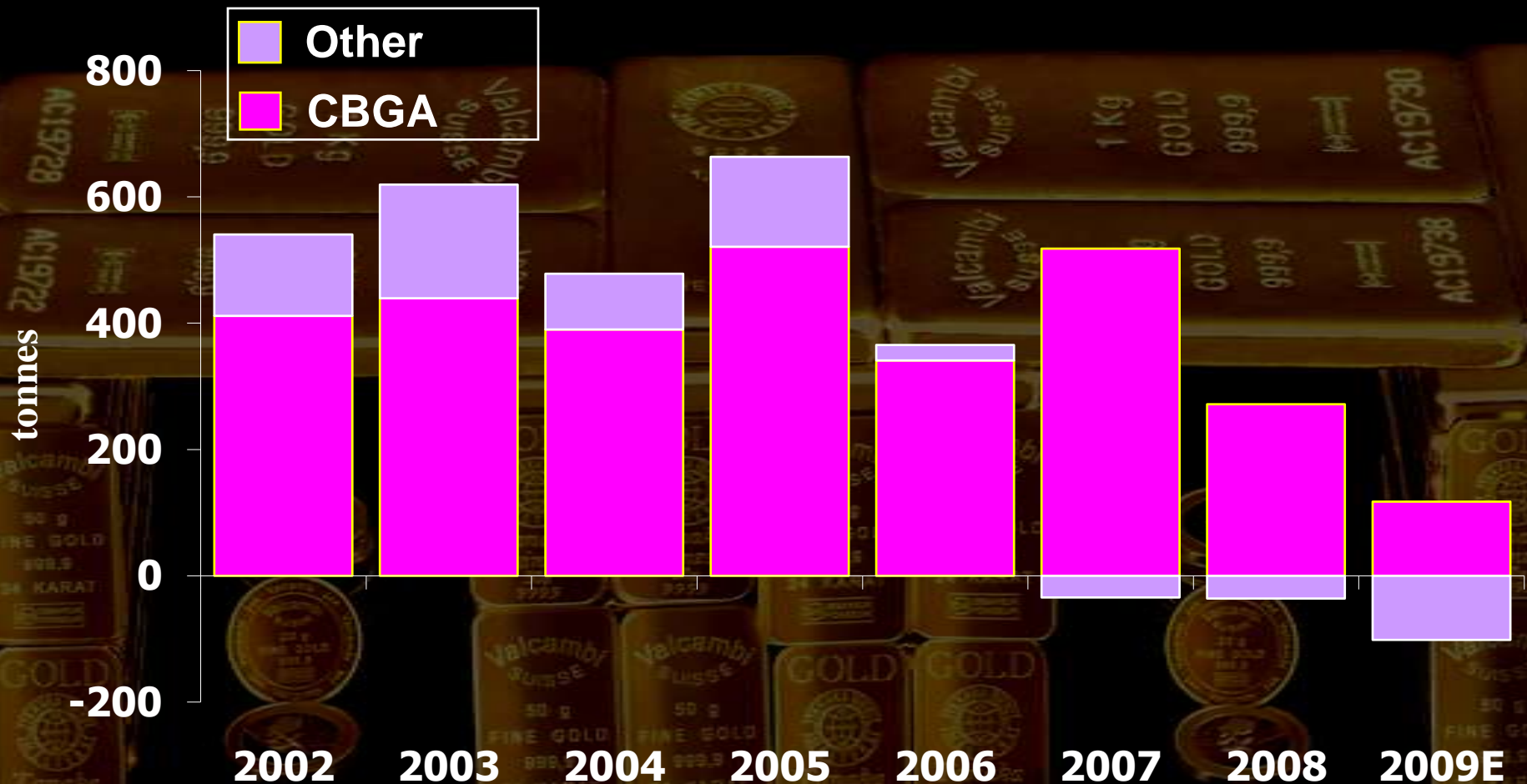
Source: GFMS

# Change in Supply from Above-Ground Stocks

## 2009 (estimate) compared to 2008



# CBGA and Other Gold Sales

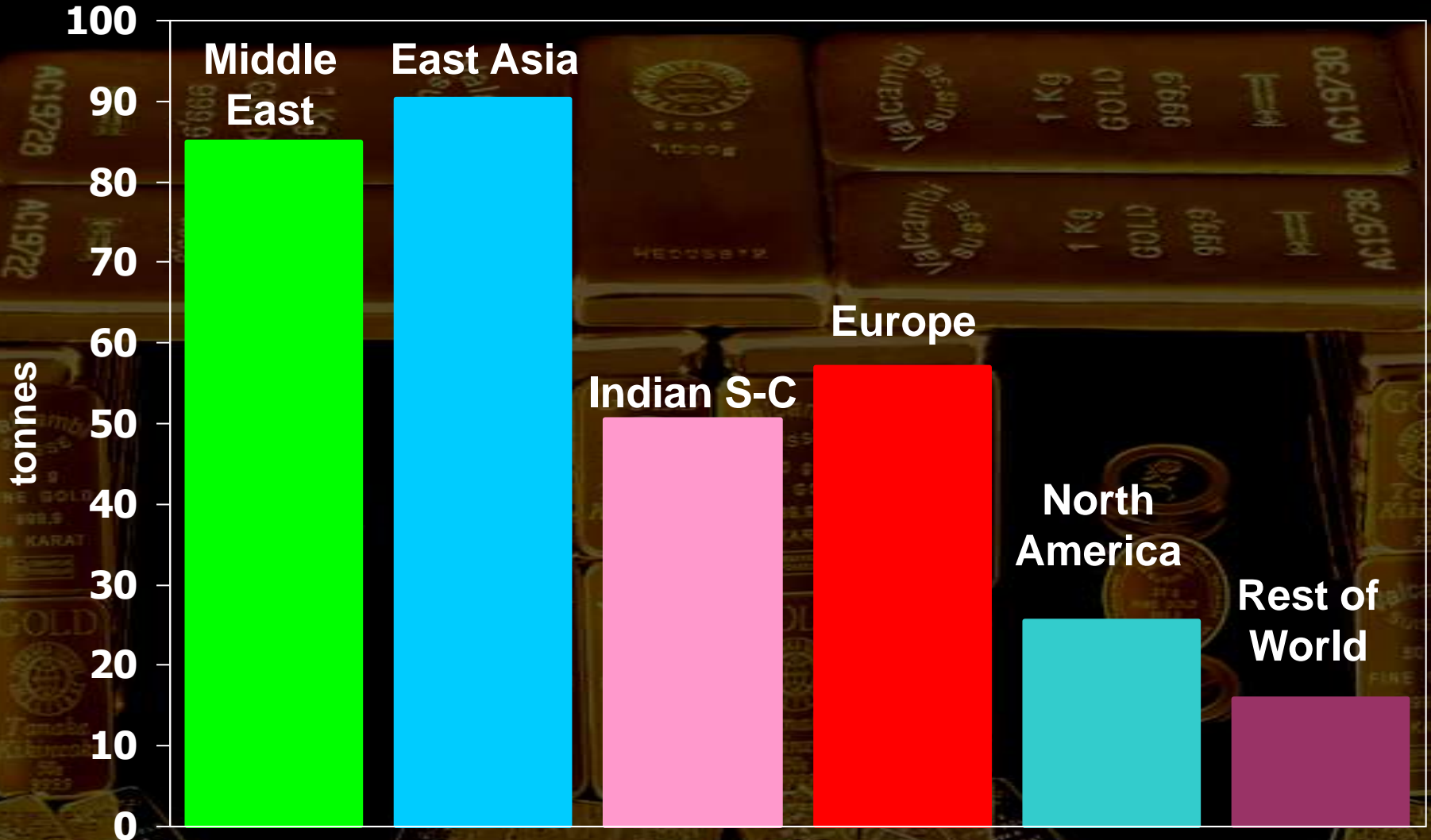


“CBGA” refers to signatories to the 1999, 2004 and 2009 Agreements

“Other” refers to all other countries

Source: IMF, ECB and GFMS estimates

# Regional Changes in Scrap Supply 2009E compared to 2008



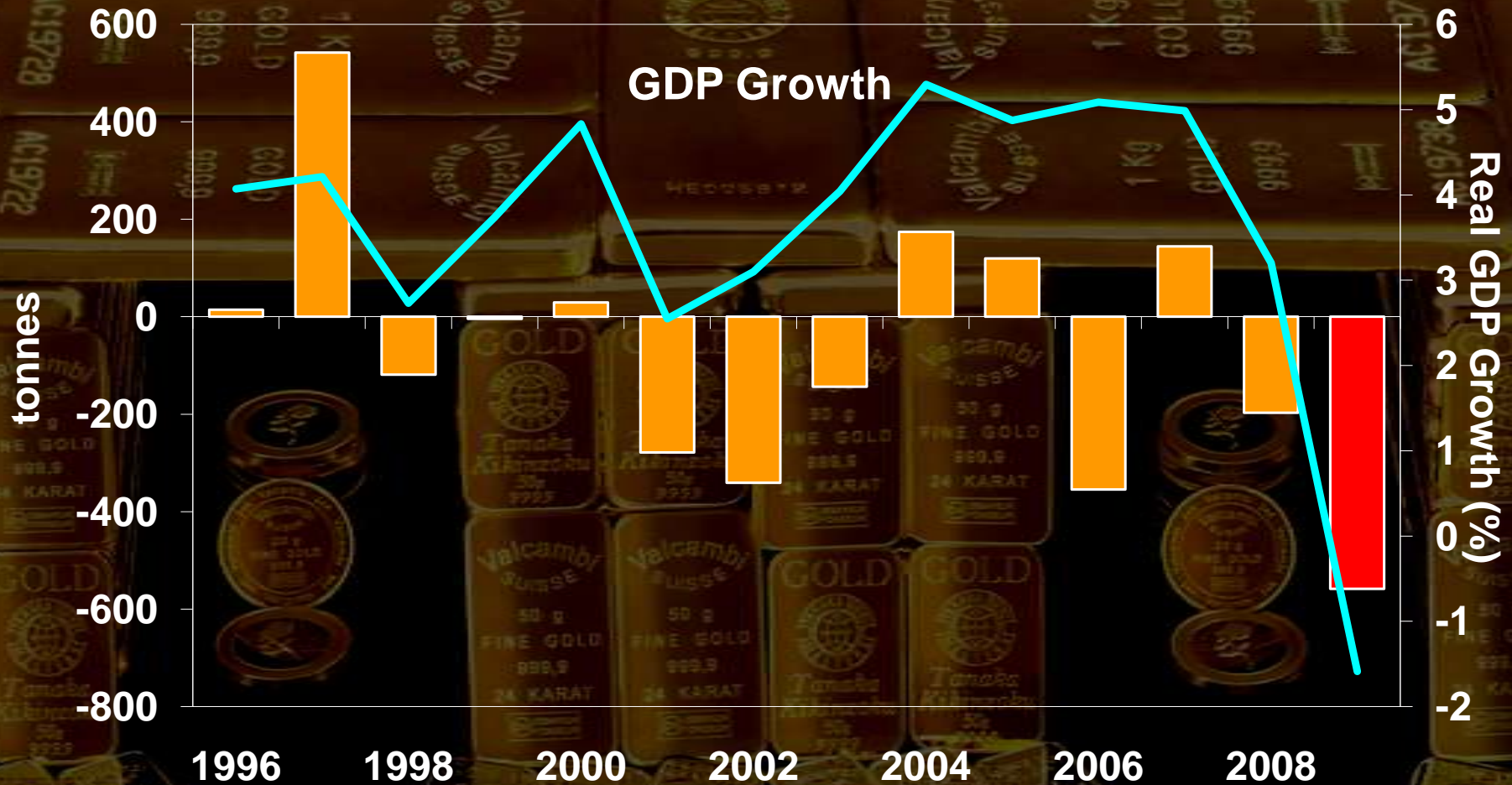
Source: GFMS

# Demand



# World Gold Fabrication

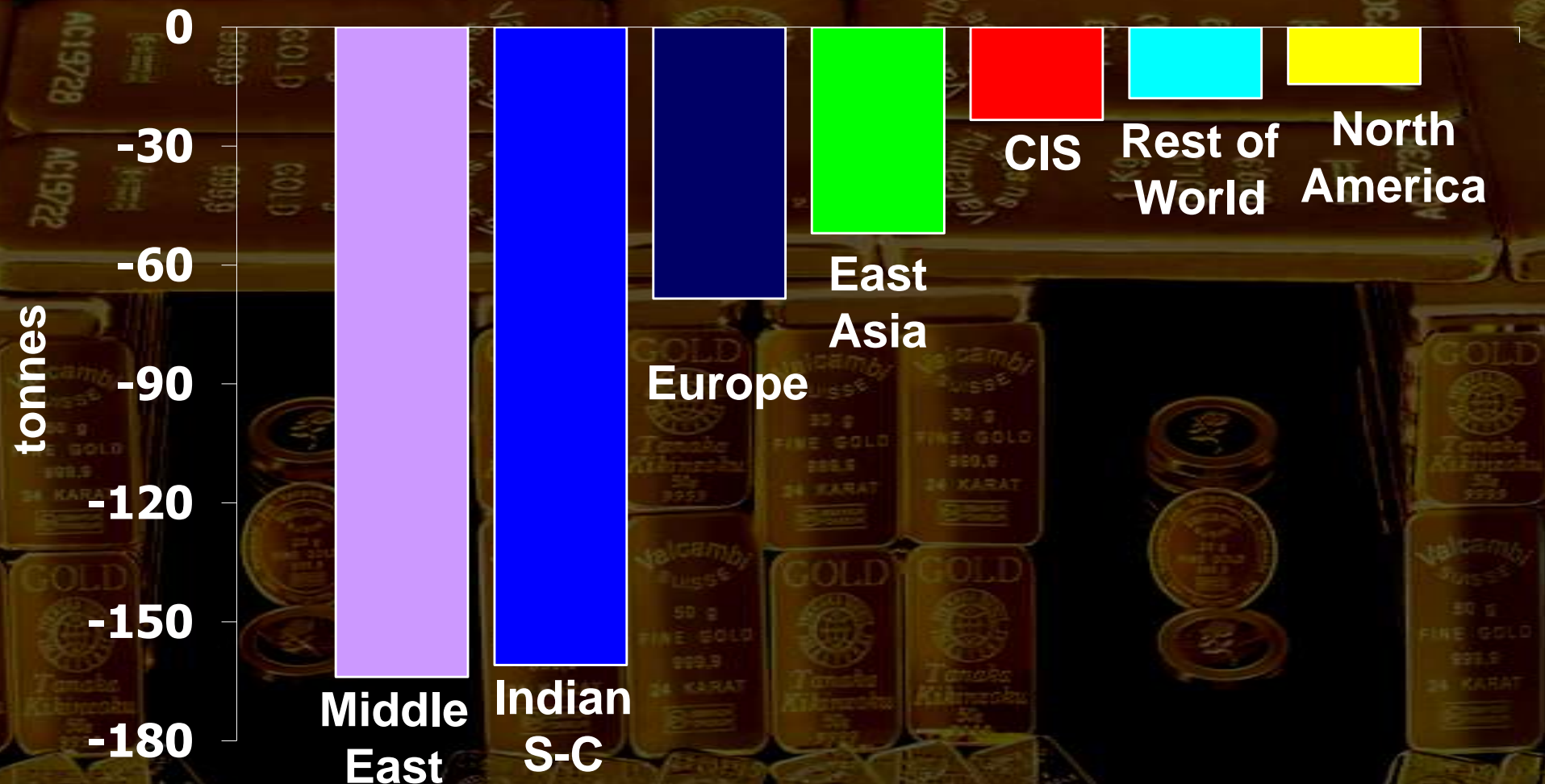
## Annual year-on-year change, tonnes



Source: GFMS, IMF

# Jewellery Fabrication: Losers All!

(Figures represent year-on-year change, i.e. 2009 less 2008)



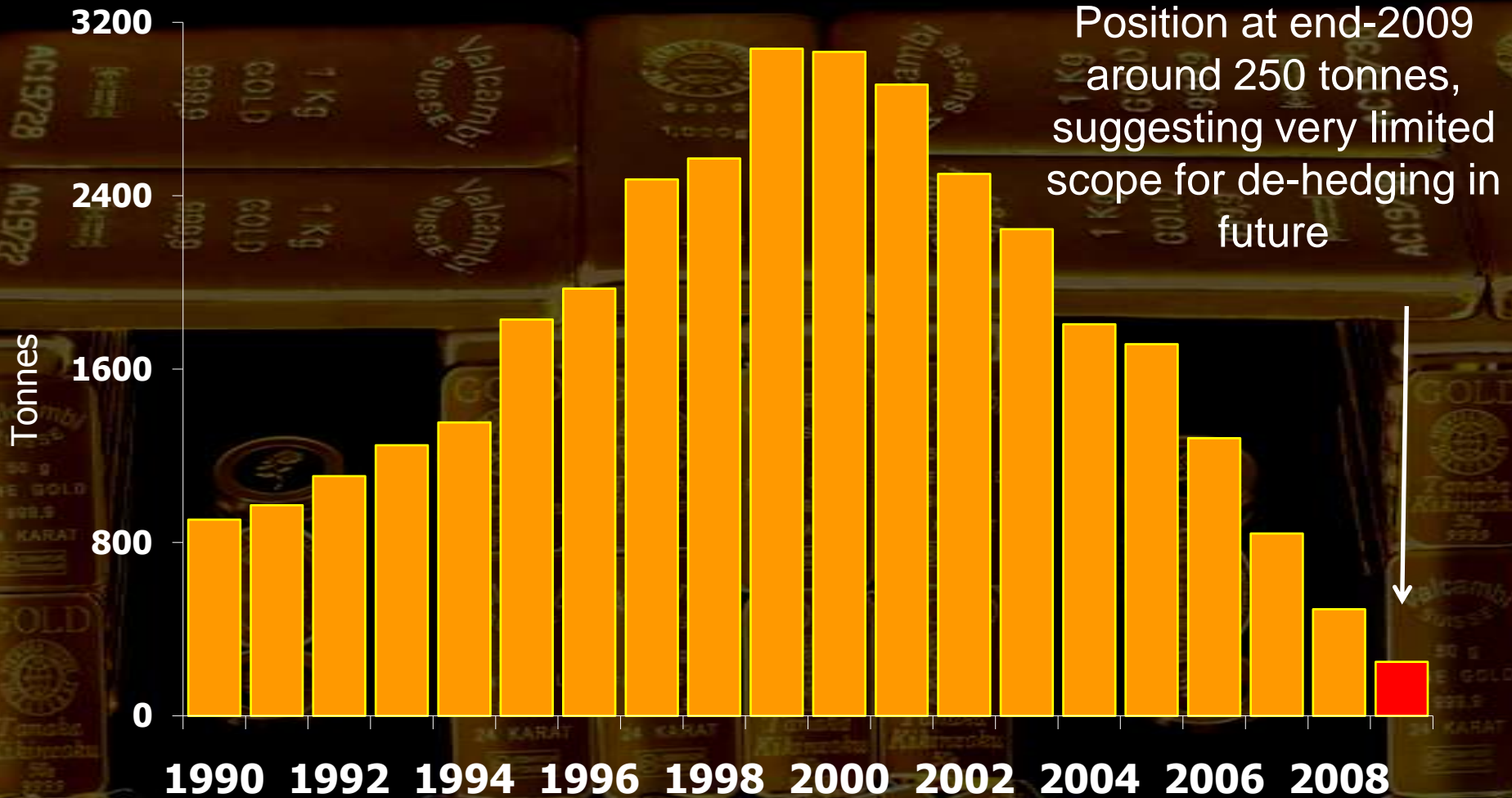
Source: GFMS

# Jewellery Fabrication & Scrap Supply



Source: GFMS

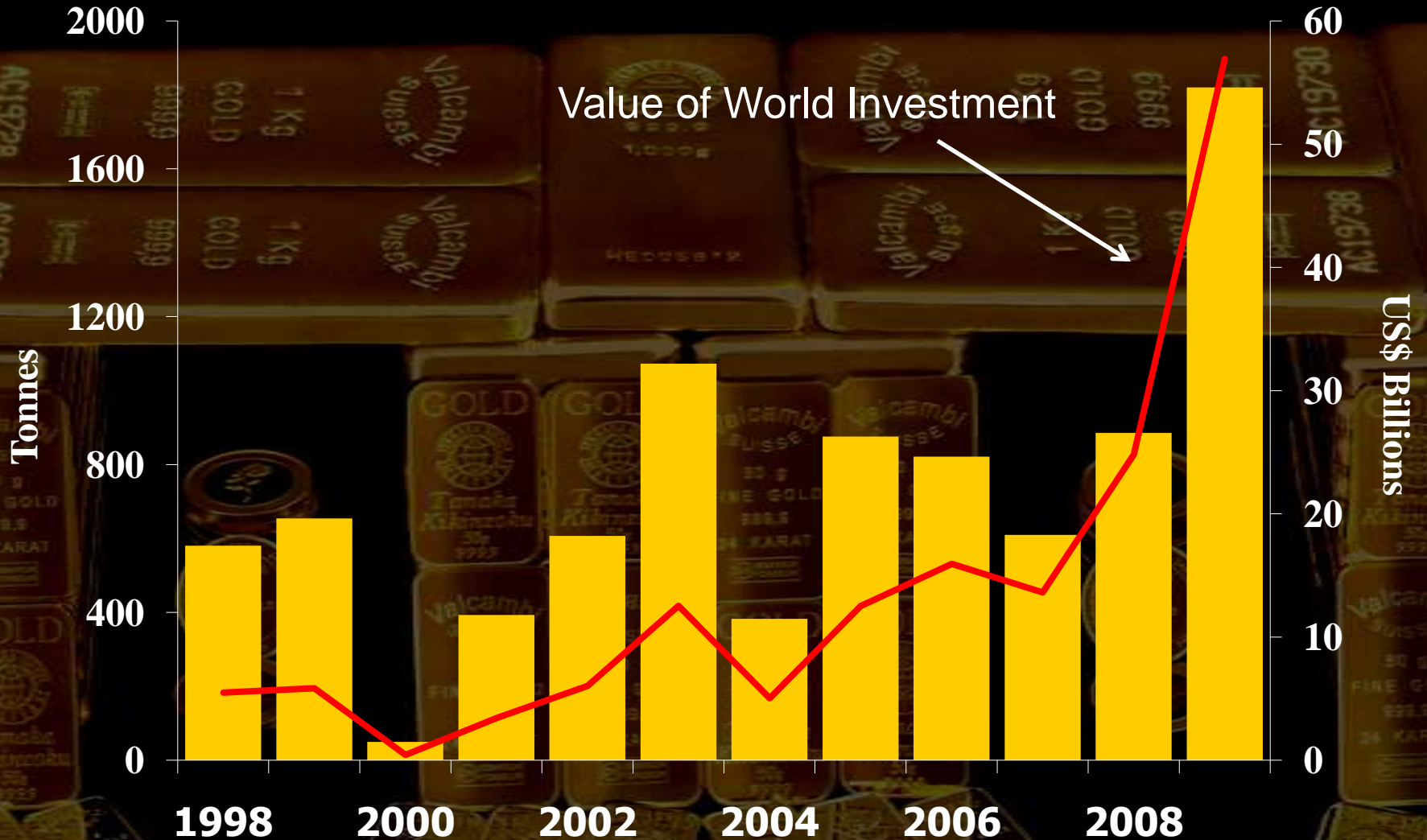
# Net Producer Hedgebook (outstanding delta adjusted position)



Source: GFMS

# World Investment

World Investment: Bar Hoarding, Coins, Implied Net (Dis)Investment



Source: GFMS

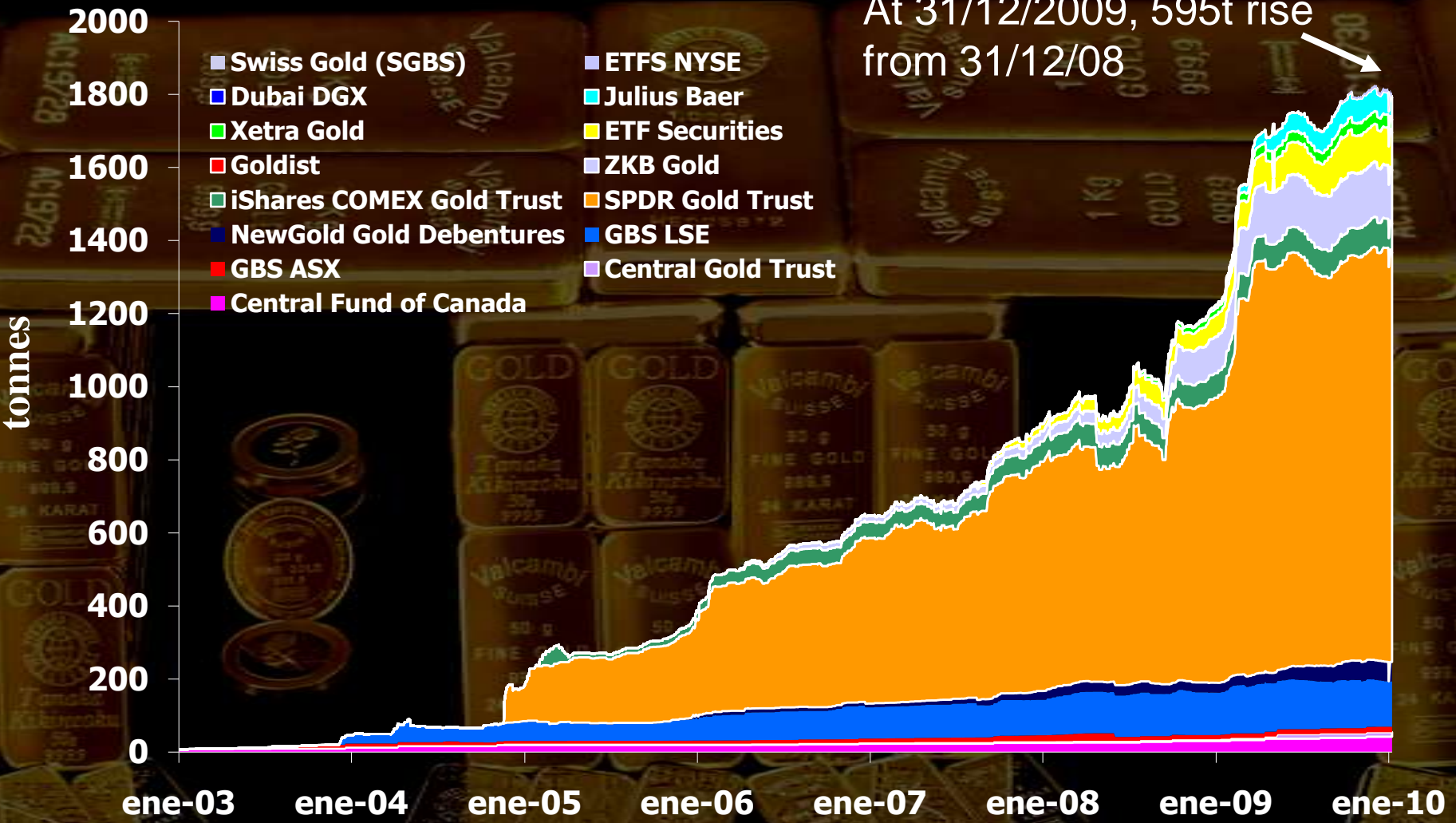
# Investors' Net Positions on Comex and CBOT



Source: CFTC (non-commercial & non-reportable net positions in futures)

# Gold Exchange Traded Funds

At 31/12/2009, 595t rise from 31/12/08



Source: Respective issuers

# Summary and Price Outlook



# Outlook for Gold in 2010?

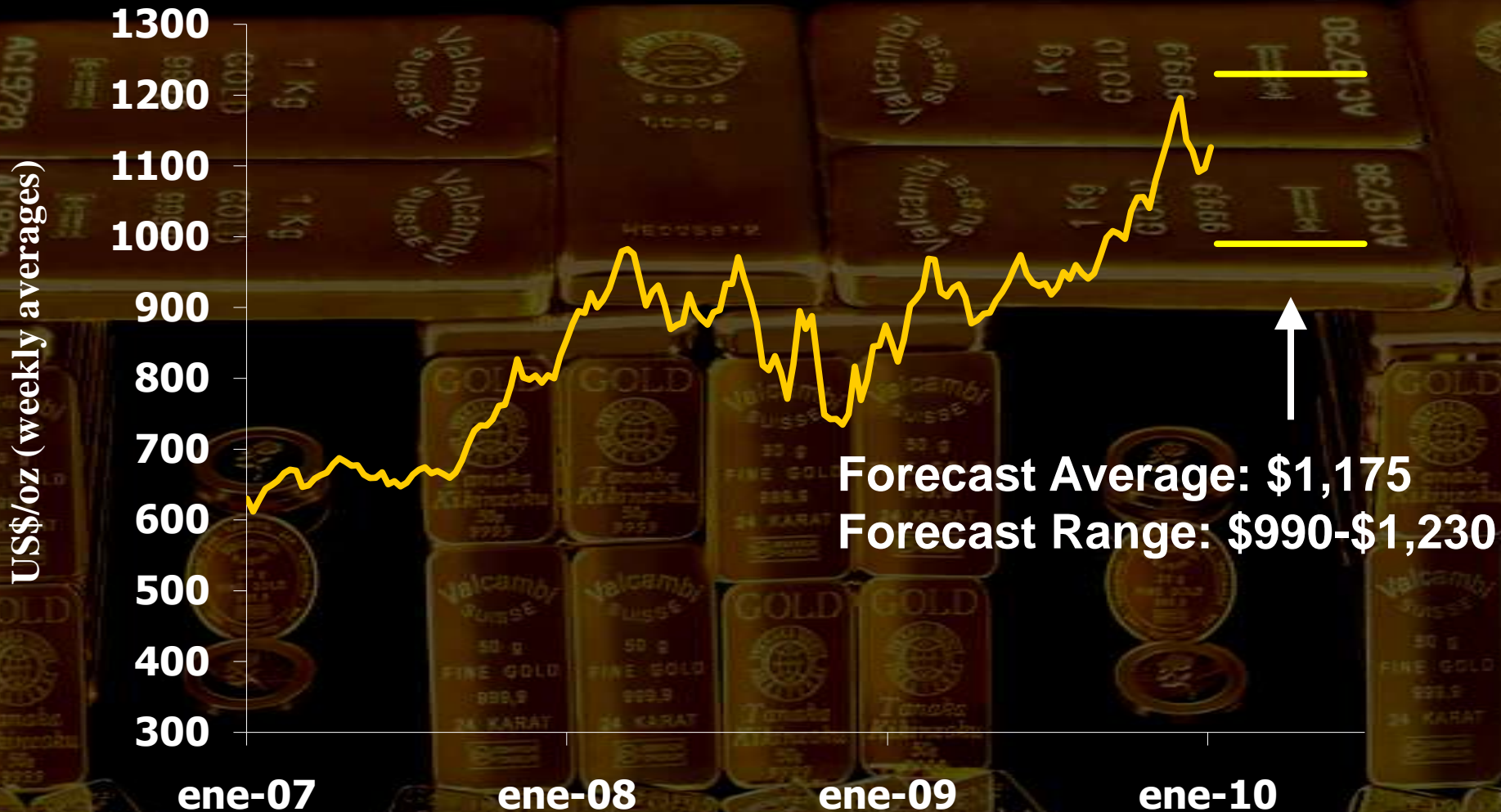
## Positives:

- Mine production growth will be marginal and does not represent change in trend.
- Scrap needs much higher prices to stimulate rise in supply.
- Fabrication demand will rise moderately basis a better global economy.
- Good scope for growth in investment demand:
  - Economic recovery in the developed countries likely to be sluggish, with a fair chance of a 'double dip' in the US economy.
  - Real interest rates in major currencies to stay low to negative.
  - Concerns over inflation and dollar should remain in coming months.

## Negatives:

- De-hedging has almost run its course.
- Net official sector sales are forecast to rise somewhat, unless there is another surprise buyer of the remaining 191 tonnes of IMF gold.
- "Vulnerability" to an eventual investment setback is growing.

# GFMS Price Forecast for First Half of 2010



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