



## **Publication of Quarterly Hedge Book Analysis**

### **Sharp scale-back of producer hedge book continues into 2003**

Gold producers have continued to dramatically scale back their hedging activity in 2003. The outstanding gold producer hedge book declined by 6% or 4.6 Moz (146 tonnes) in the first quarter of 2003, to reach 75.4 Moz (2,347 tonnes), equivalent to 91% of 2002 mine production. This is the major finding of the second Quarterly Gold Hedge Book Analysis, to be released next week by Gold Fields Mineral Services (GFMS), in association with Investec, the international specialist banking group.

GFMS have carried out a detailed analysis of gold producer hedging activity on a company-by-company and trade-by-trade basis using the *Brady Trinity*<sup>TM</sup> Risk Management and Trading System. The delta-adjusted hedge book, which reflects the physical market impact of gold mining companies' hedging activities, is a key output from this analysis

Commenting on the report's findings, GFMS said "Q1 was the sixth consecutive quarter that mining companies have added to gold demand through their hedging activities. The scale of de-hedging was such that it has been driven by active buy-backs as well as scheduled deliveries and restructuring."

At the end of Q1 2003 the outstanding delta-adjusted producer hedge book consisted of 55 Moz (1,718 tonnes) of forward sales and a small quantity of gold loans and 20 Moz (629 tonnes) of options transactions.

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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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