



Publication of *Gold Survey 2006 - Update 1*

Net official sector sales in the first half of 2006 fell by 60% year-on-year.

In *Gold Survey 2006 Update 1*, released today at GFMS' Precious and Base Metals Seminar, the consultancy estimates net official sector sales in the first six months of 2006 stood at 167 tonnes, a dramatic 60% down compared to the corresponding period in 2005, when central bank sales reached the highest half-yearly volume ever recorded by GFMS. The prime driver of the collapse in central bank sales over the first half of this year was a marked fall in disposals by signatories to the Central Bank Gold Agreement (CBGA), as these once again accounted for the bulk of the total. In addition, countries outside the Agreement shifted to net purchases from net sales, thereby augmenting the overall decline in the headline figure in the first half.

As the end of the second year of the current CBGA approaches, the group's annual sales look set to fall short of their 500-tonne limit. Over the current Agreement year through to 1st September signatories had sold just 337 tonnes. GFMS think it unlikely that a further 163 tonnes will be released before 26th September, which will mark the end of the second CBGA year.

Philip Klapwijk, GFMS' executive chairman, noted that "we expect CBGA sales to accelerate in the fourth quarter of 2006, failing, nevertheless, to exceed the levels recorded in the last three months of 2005". Countries outside the Agreement on the other hand are expected to remain broadly neutral over the second half of the year. Basis these assumptions, GFMS forecast total net official sector sales in 2006 will fall by 42% year-on-year to around 382 tonnes.

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Gold Survey 2006 - Update 1 provides a thorough and comprehensive interim analysis of the most recent developments in the global gold market. In just 40 pages, *Update 1* identifies the most important economic, socio-political and market-specific issues facing the gold market. The publication can be ordered from GFMS for £215 or US\$395 / €325 per copy. For orders and to receive further product information please contact Ms L. Perrard on: Tel: +44 (0)20 7478 1777, 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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