



Publication of *Gold Survey 2007 - Update 1*

Crises in global markets attracting investors to gold's safe haven properties.

Today, at GFMS' Precious and Base Metals Seminar, the consultancy released their latest report on the gold market, *Gold Survey 2007 - Update 1*. Referring to one of the publication's principal arguments, Philip Klapwijk, GFMS' executive chairman, noted that "the recent rally through the \$700 mark suggests that the second order effect of the crisis in global markets on gold investment has begun. Fears of further losses in traditional investments, that are highly leveraged on a problematic sub-prime mortgage market, are pushing investors towards safe haven assets such as gold". In contrast, commenting on the impact of the sub-prime market crisis on gold investment during August, Klapwijk noted that "losses in other markets forced investors to move out of liquid assets, in order to raise cash and minimise exposure to risk, leading to bail-outs in gold".

Looking ahead, GFMS expect that investor sentiment towards gold will generally remain positive over the rest of the year and through to 2008. However, in the short term, liquidations are certainly possible, particularly as continued crises in global markets could once again force speculators out of long positions in gold. In the medium-term, nevertheless, continued revaluation of the risk-return trade-offs of traditional investments, the persistence of tensions in the Middle East and good underpinning by gold's fundamentals are expected to continue to attract investors with a longer-term outlook to the metal, providing essential fuel for a continued bull run towards and eventually to a fresh 26-year high.

Looking at the first six months of the year, liquidations by "western" investors saw implied net (dis)investment, GFMS' balancing item understood to reflect the net impact of "western" investor activity excluding primary coin sales, swing to the supply side. The change was the main driver of the fall in World Investment (comprising implied net disinvestment, bar hoarding and coin fabrication demand) to its lowest half-yearly level since the second half of 2000.

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About Gold Survey 2007 - Update 1: In just 40 pages, *Update 1* identifies the most important economic, sociopolitical 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>

Note to Editors about GFMS Limited:

GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, China, India, Spain, France, Germany and Russia, and a vast range of contacts and associates across the world.

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