



Publication of Gold Survey 2009 - Update 1

A collapse in CBGA sales, coupled with higher net purchases elsewhere, resulted in a hefty fall in net official sector sales in the first half of 2009.

GFMS' latest publication on the gold market, *Gold Survey 2009 - Update 1*, was launched today. One of the main findings of the report was the nearly three-quarters decline in net official sector sales to less than 40 tonnes in the first half of 2009, the lowest half-yearly level since the first half of 1997.

The Update concluded that the dramatic decline in net official sector sales was mainly due to significantly lower gross sales from Central Bank Gold Agreement (CBGA) signatories, as these once again accounted for the bulk of the total. More recently, the pace of CBGA sales has slowed down further, with Eurosystem sales in July and August totalling just above one tonne. The report also noted that an increase in net purchases by countries outside the CBGA was another factor moderating net official sector sales, albeit of a small magnitude. Furthermore, the consultancy reported that, on a quarterly basis, the bulk of gross sales took place in the first quarter. Very low gross sales coupled with some moderate buying, resulted in the second quarter actually seeing the official sector in aggregate swinging into net purchases.

Looking ahead, Philip Klapwijk, the consultancy's chairman noted that "we expect the official sector to remain on the demand side over the rest of the year". On the one hand, sales from Agreement signatories seem set to keep at subdued levels, and on the other, the appetite for certain central banks to diversify away from US dollars and into gold is likely to generate further purchases. Basis these assumptions, GFMS figures show total net official sector sales in 2009 will fall by 93% year-on-year to below 20 tonnes, the lowest figure since 1988.

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Gold Survey 2009 - 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 £250 / US\$460 / €350 per copy. For orders and to receive further product information please contact Elena Patimova - Tel: +44 (0)20 7478 1750, 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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