

## PRESS RELEASE

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## Publication of *Gold Survey 2002 – Update 2*

**De-hedging in 2002 added to demand for the third consecutive year with a record 352 tonne decline in net outstanding producer positions.**

GFMS (Gold Fields Mineral Services) released *Gold Survey 2002 - Update 2* today, their latest report on the gold market. A summary of the findings of *Update 2* was given by Philip Klapwijk, Managing Director of GFMS, at a conference today in Toronto.

Initial estimates published by the precious metals consultancy show that the global hedge book contracted by a substantial 352 tonnes. Klapwijk noted that the large drop in outstanding producer positions was a key factor behind the sustainability of the price above \$300 level last year. He pointed out that taken in combination with the 60 tonne fall in mine production, the total net supply to the physical market from the mining industry had contracted 10% year-on-year.

“The motivation behind the large fall in the global hedge position was the strong and sustained increase in spot prices and more importantly, expectations that they would continue to rally”, Klapwijk commented. According to the report, producers were reluctant to take on further forward positions last year while the price rallied and as low interest rates kept the contango at very narrow levels, reducing the 12-month forward premium to around \$4/oz. Meanwhile, the intra-year rise in the gold price in 2002 was \$69/oz.

As regards the outlook, the report cites continued optimism amongst the producer community and shareholder pressure as likely factors to dissuade players from increasing their hedge positions in the current year. Given this and assuming that producers continue to deliver into positions, GFMS anticipate a further 135 tonne net decline in the global hedge book in the first half of 2003.

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*Gold Survey 2002 – Update 2* provides an initial review of the gold market in 2002 and a forecast for the first half of 2003 with 30 pages of statistics, commentary and analysis on all aspects of world gold supply/demand and on gold prices in various currencies. The publication can be ordered from GFMS for £190 or US\$280/€295 per copy.

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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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