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Global Electronics Slump Hits Demand for Gold

Demand for gold from the electronics industry estimated to have fallen by 30%, or around 80 tonnes, in 2001.

GFMS (Gold Fields Mineral Services) released *Gold Survey 2001 - 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 in Toronto organised by the precious metals consultancy.

The consultancy reports that gold use in electronics applications fell dramatically in 2001, from an all time high of over 283 tonnes in 2000, to around 200 tonnes, a seven year low. They note much of this decline can be attributed to the collapse of American investment in information technology, which started in the final few months of 2000 and accelerated into the first half of 2001. Sales were also adversely affected by slower rates of economic activity in many of the world's other major economies, coupled to the excess inventories of final and intermediary goods in the information technology market. The consultancy points out that offtake of gold, most notably for use in Gold Bonding Wire, was hit particularly hard by last year's semiconductor slump, which according to industry sources was the worst on record (for example, spot prices of standard dynamic random access memory (DRAM) chips fell to around one-tenth of what they were fetching the previous year).

East Asia, which accounts for around 50% of global demand for gold in electronics applications, saw the largest fall in both absolute and relative terms, down by around 60 tonnes or 36%. The North American market, with around a 25% market share, witnessed a more modest reversal, dropping by around 17 tonnes or 26%.

Gold Survey 2001 - Update 2 provides an initial review of the gold market in 2001 and a forecast for the first half of 2002 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 £150 or US\$245/•245 per copy.

For orders and to receive further product information please contact Ms L Perrard on:

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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. Its next gold market report, *Gold Survey 2002*, will be published on 24th April 2002.