



Publication of *Gold Survey 2006 - Update 2*

A decline in sales within the CBGA coupled with net purchases elsewhere drove the overall net official sector sales figure down to 330 tonnes in 2006.

GFMS released their latest report on the gold market, *Gold Survey 2006 - Update 2*, today. The consultancy's Chief Executive Officer, Paul Walker, gave a summary of the findings of the publication at a seminar in Toronto, organised by the precious metals consultancy.

In the report, the consultancy estimate net official sector sales in 2006 reached 330 tonnes, down by a dramatic 50% on the previous year's record level. The collapse was the product of significantly lower sales by Central Bank Gold Agreement (CBGA) signatories, coupled with a swing by countries outside the Agreement to net purchases, albeit of small magnitude.

2006 saw CBGA countries significantly undersell their quota for the second Agreement year. Having taken place for the first time since the commencement of the first CBGA in 1999, the event essentially confirms expectations held by many analysts, including GFMS, that the second Agreement signatories were unlikely to sell their full 2,500-tonne quota through to September 2009.

Turning to the future of central bank activity in gold, Paul Walker noted that "our expectation that CBGA signatories will continue to undersell their quota as well as the probability that countries elsewhere will remain more or less neutral leads us to forecast net sales in the first half of 2007 will be subdued". Specifically, the consultancy forecast a 26% year-on-year decline in the overall figure, to reach a total for the period of 160 tonnes.

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Gold Survey 2006 - Update 2 Gold Survey Update 2, published in January, provides a thorough and comprehensive interim analysis of the most recent developments in the gold market. In just 40 pages, Update 2 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>

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