



Publication of *Gold Survey 2006 - Update 2*

Global fabrication during first half 2007 expected to rise in spite of a possible further increase in gold prices

Today, at the Toronto launch of GFMS' latest report on the gold market, *Gold Survey 2006 Update 2*, the London-based consultancy reported a more than 11% fall in global fabrication last year. This was mainly due to a sharp drop in world jewellery fabrication, which recorded a 16% decline. A combination of high and volatile gold prices were chiefly to blame for this outcome, particularly during the first half of the year where the bulk of the losses were concentrated, with nearly every region registering falls.

Within the jewellery sector, just three countries accounted for more than half of the near 440-tonne decline, namely India, Italy and Turkey. The sharp fall in India last year followed one of the worst January to June performances on record. Italy and, to a lesser extent, Turkey were affected by weak export demand, notably in the United States (where a combination of low consumption and a shift away from plain gold, adversely affected the country's jewellery imports). In addition, Turkey's domestic market could not escape the impact of high gold prices.

Looking at jewellery demand *excluding* scrap, which gives an indication of the true call on the gold bullion market, the decline in 2006 was even steeper. At 24%, this left the total at an 18-year low for new gold demand in global jewellery fabrication.

Aside from jewellery, most other areas of demand achieved higher fabrication in 2006. Of note, was the growth in electronics, principally due to rising demand for consumer electronic products. Elsewhere, both official coins (following the launch of a new US bullion coin) and medals & imitation coins (due to stronger demand in India) posted significantly higher totals last year.

Turning to the outlook for the first half of this year, Paul Walker, GFMS' CEO, who presented the findings in Toronto, commented that "we are forecasting that world fabrication will be little changed, on the back of just a 1% fall in jewellery. This may appear surprising, given that we also expect gold prices to move higher and remain fairly volatile, but India should bounce back, following a collapse during the first half of last year".

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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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