WORLD GOLD COUNCIL

# GOLD DEMAND TRENDS

*A Quarterly Publication*

*Issue No. 21* *November 1997*

## 3rd Quarter 1997 Highlights

*Highest third quarter demand on record, 705.3 tonnes, up 6% vs Q3'96.*

## Developing Markets

- ***Total:*** *Record third quarter demand of 512.6 tonnes, up 10% vs Q3'96. Year to date up 17%.*
- ***Asia:*** *Total 141.2 tonnes, down 22% vs Q3'96. Decline in SE Asia reflecting impact of currency & stock market crisis. Renewed growth in N Asia (up 21%) following continued upturn in Taiwan & Hong Kong. Year to date demand down 2%.*
- ***Middle East & India:*** *Record 343.9 tonnes, up 30% vs Q3'96, driven by continuing growth in India, Turkey and the Gulf States. Year to date up 33%.*
- ***Brazil & Mexico****: Total demand 27.5 tonnes, up 22% vs Q3'96. Year to date demand up 19%.*

## Developed Markets

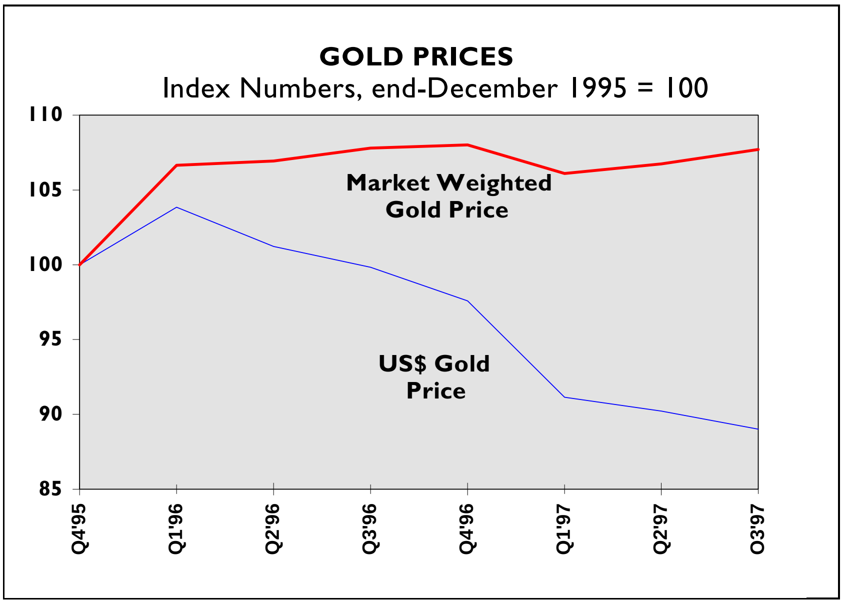
- ***Total:*** *192.7 tonnes, down 2% vs Q3'96. Year to date demand down 2%.*
- ***Jewellery:*** *158.6 tonnes, down 4% vs Q3'96. Modest progress in the US and Europe offset by continued weakening in Japan. Year to date demand down 7%.*
- ***Investment:*** *21.1 tonnes, up 15% vs Q3'96. Progress in US, lacklustre in Japan and Europe. Year to date demand up 13%.*
- ***Dental:*** *13 tonnes, down 2% vs Q3'96. Progress in the US and Japan, small decline in Germany. Year to date demand up 4%.*

## Market Factors

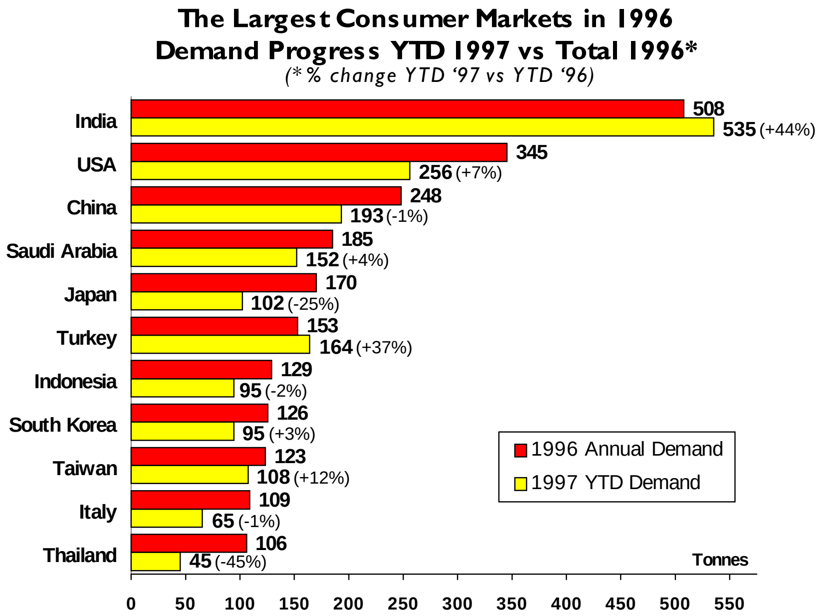
### Weighted Gold Price Index

This index has been developed by the World Gold Council to give an indication of how the basket of various local currency gold prices in key consumption markets has performed. The index weights the local currency gold price in WGC monitored markets by each country's share of demand.

**While the US$ gold price continued to weaken in Q3, currency turmoil in Indonesia, Malaysia and Thailand contributed to higher local currency prices.** The overall Market Weighted Index continued to move higher, indicating that local gold prices in many markets have remained relatively high as local currencies have weakened, more than offsetting the weaker US dollar price.



# DEMAND FOR GOLD IN THE KEY MARKETS




Demand in the eleven largest markets for gold consumption, each of which accounted for over 100 tonnes of gold demand in 1996, totalled 1810 tonnes during the first three quarters of 1997. That was an increase of 5% from the corresponding period in 1996. Demand in the third quarter of 1997 reached 583 tonnes, equalling the record for the period set in Q3'95. Six of these eleven markets continued to show growth in gold demand during the first three quarters of 1997. The most significant changes in demand during the third quarter of 1997 were:

- Record demand in India for any quarter (190 tonnes, up 58% vs Q3'96).
- Record third quarter demand in the US (98 tonnes, +10% vs Q3;96), S Korea (32.5 tonnes, +7%), the Gulf States (40 tonnes, +34%) and Turkey ( 76 tonnes, +10%).
- The highest third quarter demand in four years in Italy and France.
- Upturn in Taiwan (33 tonnes, up 87% vs Q3'96) following soft demand since mid-1995.
- Continuing progress in Singapore (5 tonnes, up 37% vs Q3'96), Mexico (13 tonnes, +63%) and the UK (11 tonnes, up 2%).
- Demand came under pressure in parts of SE Asia, impacted by the currency crisis and stock market weakness. There was net recycling in Thailand while demand was lower in several other countries: Malaysia (5 tonnes, -32% vs Q3'96), Indonesia (16 tonnes, -52%) and Vietnam (7 tonnes, -30%).
- Demand in Japan continued to contract (25 tonnes, -34% vs Q3'96).

*The aim of Gold Demand Trends is to review the latest state of demand for gold in the leading gold-consuming countries of the world. The areas covered are those where the World Gold Council is currently best positioned to provide a perspective on demand trends through a field staff located in the key demand centres and in contact with the major entities in the gold business.*

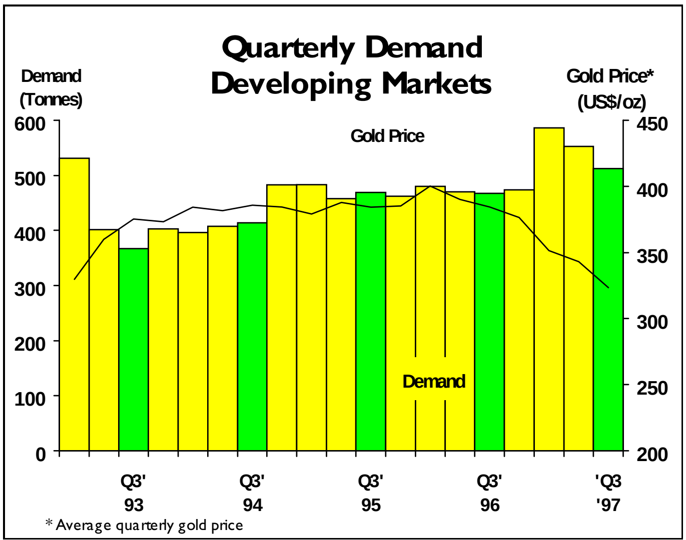
*The primary focus of the data is on the state of retail purchases of gold for the onward sale to the consumer, this being the common measurement parameter of demand in all World Gold Council markets and a proxy for consumer demand. At a subsidiary level, other data are provided, as available, which can help shed light on market trends e.g. gold imports, jewellery fabrication, consumer purchases.*

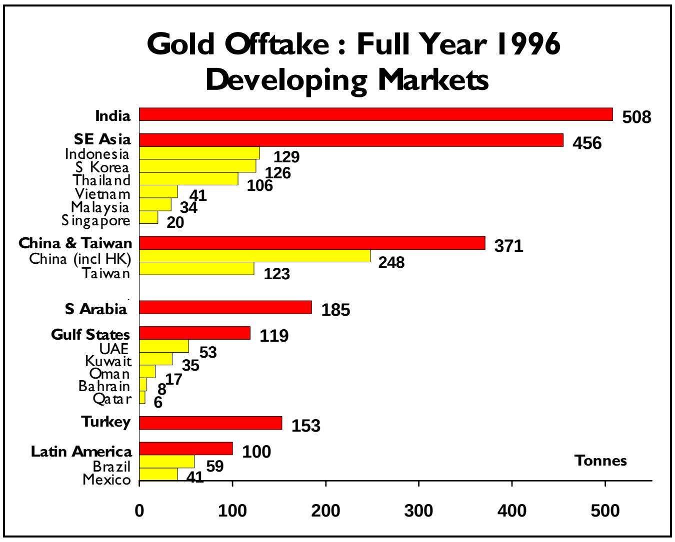
*No attempt is made to arrive at a global demand figure. This is because the Council cannot track between 15% and 20% of global demand where it is not represented (Africa, parts of Latin America, the former Communist bloc and parts of the Middle East) or where demand is difficult to measure (investment demand in Western markets).*

# DEVELOPING COUNTRY MARKETS

*Covers India, China (including Hong Kong), Taiwan, S.E. Asia & S. Korea, Saudi Arabia, the Gulf States (UAE, Kuwait, Bahrain, Oman & Qatar), Turkey, Brazil & Mexico.*

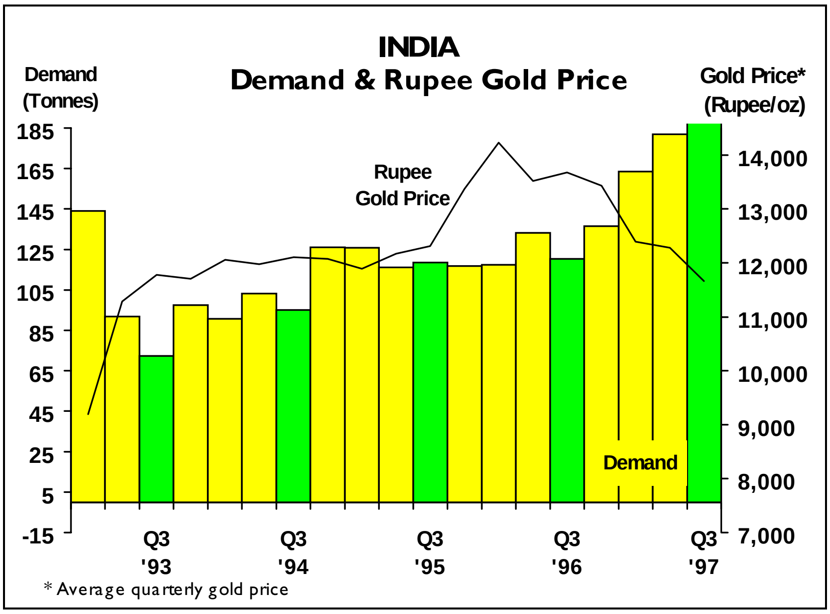
- Aggregate demand in Q3'97 in served developing markets reached a new record for the third quarter of 512.6 tonnes, up 9% from the previous peak in Q3'95.
- Continued growth in Middle East and India (+30%), North Asia (+21%) and Latin America (+22%) more than compensated for the weakness in parts of SE Asia.




## India

In India, gold demand in Q3'97 reached a record of 189.8 tonnes, up 58% from the corresponding period a year ago and 4% ahead of the previous quarterly record of 181.9 tonnes set in Q2'97.




Demand for the first nine months of the year, at 535 tonnes, has already surpassed the figure for the whole of 1996 (507.8 tonnes).

A number of factors led to the strengthening in demand during the third quarter. These include the lower international gold price, coupled with a further narrowing of the differential between international and domestic prices as a result of liberalisation moves made earlier in the year; the tenth consecutive good monsoon; and higher disposable incomes.

Faced with a large fiscal deficit, the Indian government announced a host of measures designed to raise an extra Rs14.8 billion.

An additional special customs duty of 3% is being levied on all non-petroleum imports, but the government decided to exempt gold in an effort to encourage further growth in legal imports.

Maintaining the pace of gold market reform, the Indian government announced that all authorised agencies would be allowed to import gold under "Open General Licence", effective as of the end of October. This means that appointed agencies can import gold without limitation on quantity and, after payment of an import duty of about 5%, sell it to the local market.

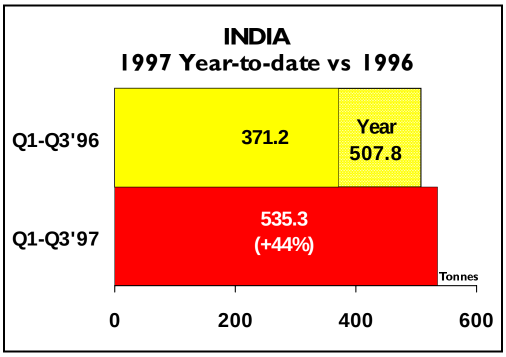
The Indian price premium is likely to fall sharply from around 15% at present to an estimated 7%-8% as official foreign exchange is available, Special Import Licences no longer need to be bought and as competition among supplying banks intensifies.

Overall, the move is expected to consolidate the recent steep gains in domestic demand in India and lead to steady progress in gold consumption over the longer term.

**Gold Imports Into India**

| | 1995 Year | 1996 Q1 | Q2 | Q3 | Q4 | Year | 1997 Q1 | Q2 | Q3 | Q4 | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tonnes | 249.0 | 60.0 | 75.4 | 68.3 | 76.1 | 279.8 | 123.9 | 125.4 | 136.3 | | 385.6 |

*The difference between official imports and overall demand is met by other imports and recycled scrap gold.*

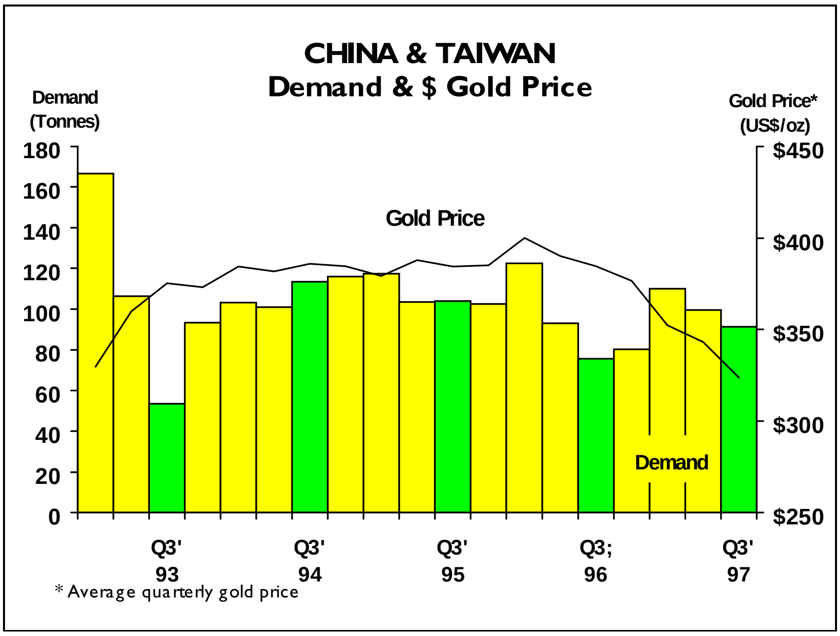



Official gold imports into India continued to show significant growth following the government's decision to raise the import allowance for non-resident Indians (NRIs), the primary source of supply. The NRI import allowance was doubled from 5kg every six months to 10kg with effect from January 1, 1997 (see Gold Demand Trends No. 20).

Official imports for the period totalled 136.3 tonnes, the highest level ever recorded and the third consecutive quarter of imports over 100 tonnes. While the overall market is expanding, there is also evidence of a growing tendency toward legal imports and away from parallel or unofficial supplies as the market becomes deregulated.

## North Asia

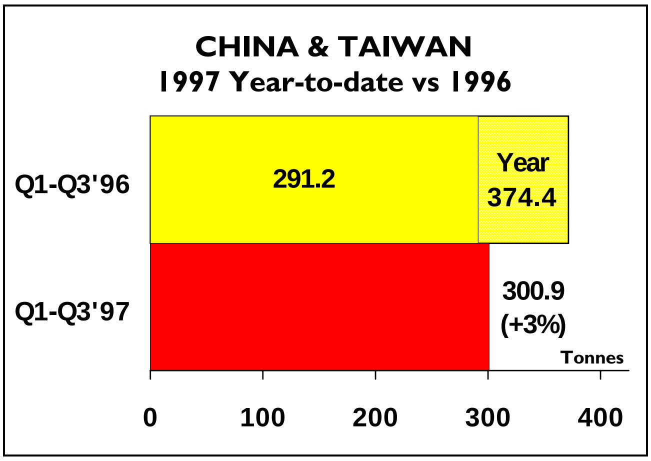
*Covers China (including Hong Kong) & Taiwan*

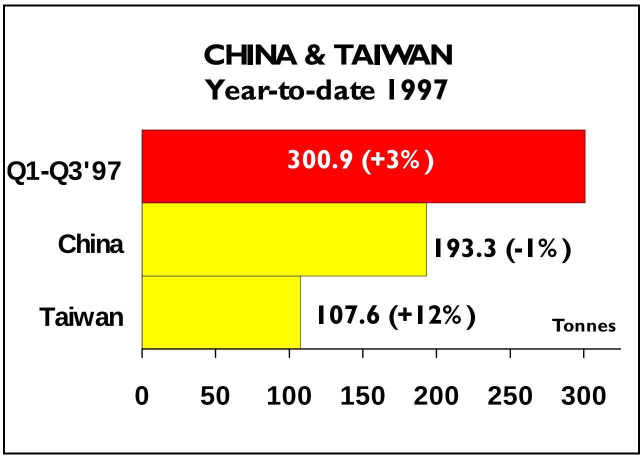



**Q3'97 demand in North Asia was 21% higher than a year ago, totalling 91.3 tonnes.** A surge in Taiwan led the way, with demand in China (including Hong Kong) consolidating.

**In China,** Q3'97 demand at 58.6 tonnes was up 1% compared with a year ago. This brought the figure for the year to date to 193.3 tonnes, 1% below the first three quarters of 1996.

In response to the lower international gold price, the People's Bank of China reduced the state-controlled domestic prices to both miners and manufacturers. The reduction in the allocation price to manufacturers from RMB 101.24/gm to RMB 94.32 was also intended to discourage smuggling.




Significantly, however, the retail price was left unchanged. In spite of the adjustment, the official domestic price remained 7% above international prices, making the move ineffective as a deterrent to smuggling.

The return of Hong Kong to Chinese control on July 1 passed without incident, and Hong Kong remains a major source of gold supply into the mainland.

**In Taiwan**, Q3'97 demand at 32.7 tonnes was 87% above the relatively depressed levels of the corresponding period of a year ago. The NT$ fell to an eight-year low against the US$ in August, and this, combined with the lower international price, encouraged consumers to buy gold as a store of value. Jewellery demand reached 24.3 tonnes, 62% higher than a year ago. Investment demand recovered to 1995 levels, reaching 8.4 tonnes compared with just 2.5 tonnes a year ago.

Imports via Hong Kong in July/August totalled 76.6 tonnes, up 151% vs. the same period a year ago, continuing the strong upward trend seen throughout 1997.

Total imports into Hong Kong in 1997 look set to reach record levels by the end of the year, surpassing the record imports of 1994, 331 tonnes.

In Taiwan, Q3'97 imports moved strongly ahead, up 83% to 27.1 tonnes as both the trade and consumers reacted to the lower gold price and continued improvement in the economic outlook.

## Gold Imports Into Hong Kong & Taiwan

| Tonnes | 1995 Year | 1996 Q1 | 1996 Q2 | 1996 Q3 | 1996 Q4 | 1996 Year | 1997 Q1 | 1997 Q2 | 1997 Q3 | 1997 Q4 | 1997 YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Hong Kong | 267.5 | 39.8 | 55.2 | 49.8 | 74.8 | 219.7 | 119.9 | 83.7 | 76.6* | | 280.2 |
| Taiwan | 110.5 | 42.3 | 19.2 | 14.9 | 19.8 | 96.2 | 33.5 | 24.3 | 27.1 | | 84.9 |

*July / August only

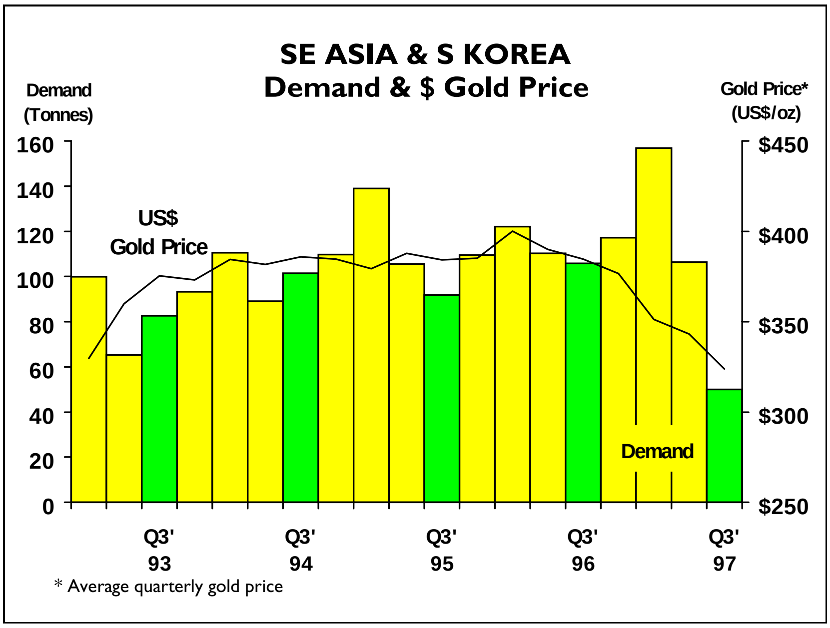
## SE Asia & S Korea

*Covers Thailand, Indonesia, Singapore, Malaysia, Vie tnam & South Korea*

**The recent currency and economic crisis in the region had a significant impact on gold demand.** Q3'97 demand barely reached 50 tonnes, less than half its normal level. Thanks to the strength of gold demand in the early part of the year, demand in the region for the first nine months at 313.1 tonnes was just 7% below the record level of 1996.

The third quarter is traditionally an inauspicious period for the markets where demand is dominated by Chinese consumers, partly because of the 7th Moon Festival, more popularly known as the Hungry Ghost Festival. This is a period in which business and financial arrangements, together with significant purchases, tend to be avoided wherever possible.

The combination of this and the currency crisis meant that both jewellery and investment demand were lower. Q3'97 jewellery demand for the region as a whole was down 54% from year-ago levels at 40.7 tonnes, and investment demand at 9.2 tonnes was 44% lower. The worst impact was felt in Thailand, Malaysia, Indonesia and Vietnam, while Singapore and South Korea continued to make progress.

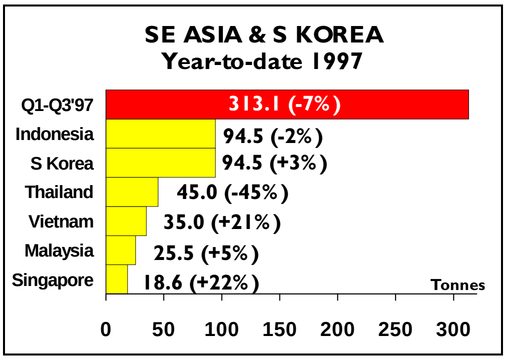



Large scale dishoarding by both consumers and the trade, together with significant flows from neighbouring countries such as Laos, meant that in Thailand consumer sales back to the market exceeded new sales for the first time on record. Dishoarding exceeded purchases by a net 15 tonnes during Q3'97. This was prompted largely by the 40% depreciation of the Thai Baht against the US$, which meant sharply higher gold prices in local currency terms.

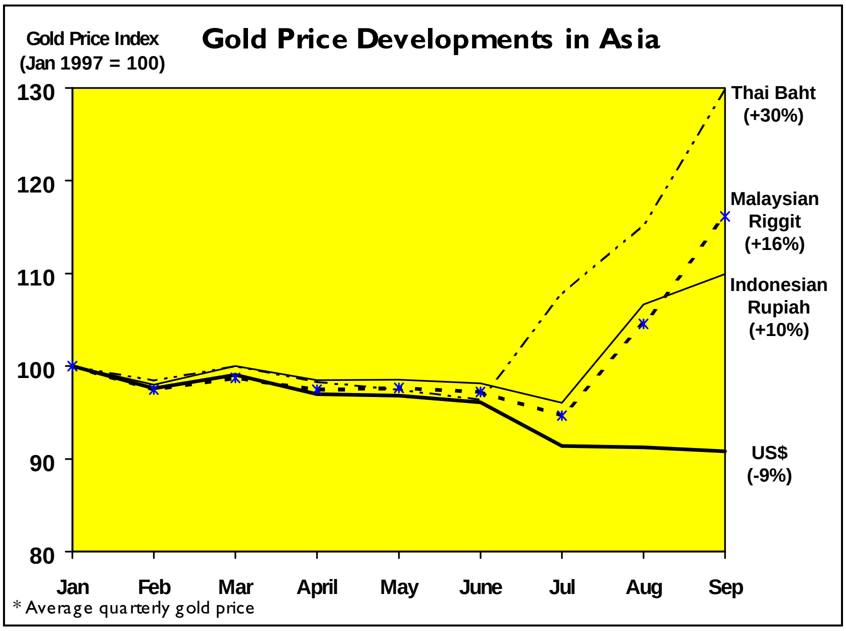
There was some profit taking, but the bulk of the volume reflected distress sales. The fact that consumers were able to convert this gold back quickly into cash highlighted, once again, gold's traditional role as a store of value and asset of last resort.

In **Indonesia**, July and the first half of August were extremely positive for gold demand. Once the Rupiah was allowed to float freely, however, the currency fell by 40% against the US$. The consequent sharp rise in the local currency gold price prompted selling back, and demand for Q3 fell to a net 15.5 tonnes, half the record level of a year ago.

Demand in **Malaysia** suffered rather less from the economic crisis, falling 32% to 4.7 tonnes. In an attempt to limit the extent of the dishoarding, the Malaysian Jewellery Association reduced buy-back prices, and trade reports indicate that this discouraged some potential sellers. The local industry also enjoyed a measure of protection because of its growing importance as a major centre for jewellery exports to China, Hong Kong, the Philippines and the Middle East. Malaysian exports became more competitive because of the depreciation in the Ringgit, and reported volumes rose by between 15% and 20% during the quarter.

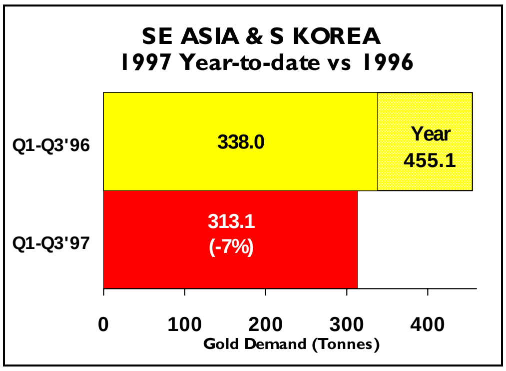


**Singapore** largely escaped the impact of the currency turmoil. Demand reached 5.2 tonnes in Q3'97, up 37% from the relatively depressed level of a year ago and virtually back to the strong level of 1995. Both jewellery and investment demand were helped by the fall in the gold price. Jewellery rose 33% to 4.8 tonnes, while investment doubled to 0.4 tonnes.




Demand in **South Korea** was also unaffected by the problems in the region, rising 7% to 32.5 tonnes in Q3'97, reflecting buoyant jewellery demand. Investment demand, by contrast, continued to soften as investor funds remained closely controlled under the "Real Name System". Trade reports indicate that jewellery demand has benefitted from economic recovery, growing interest amongst young women in 18 carat jewellery for adornment, and an expansion of distribution channels, including franchise retail chains and cable TV home shopping.

Demand in **Vietnam** at 7 tonnes was down 30% from the record level of a year ago, but still well ahead of Q3'95. Gold supplies into the country were squeezed by the State Bank's decision to withhold import quotas, although this restriction should be lifted soon. Local currency gold prices have fallen by about 11% since the beginning of 1997, and the US$ has appreciated against the Dong by 5.5% over the same period. As a result, consumers turned to dollars as a hedge against inflation, rather than gold. However, the proposed law on banking reform may outlaw the use of foreign currency as legal tender, encouraging a return to gold as the dominant form of investment and savings.



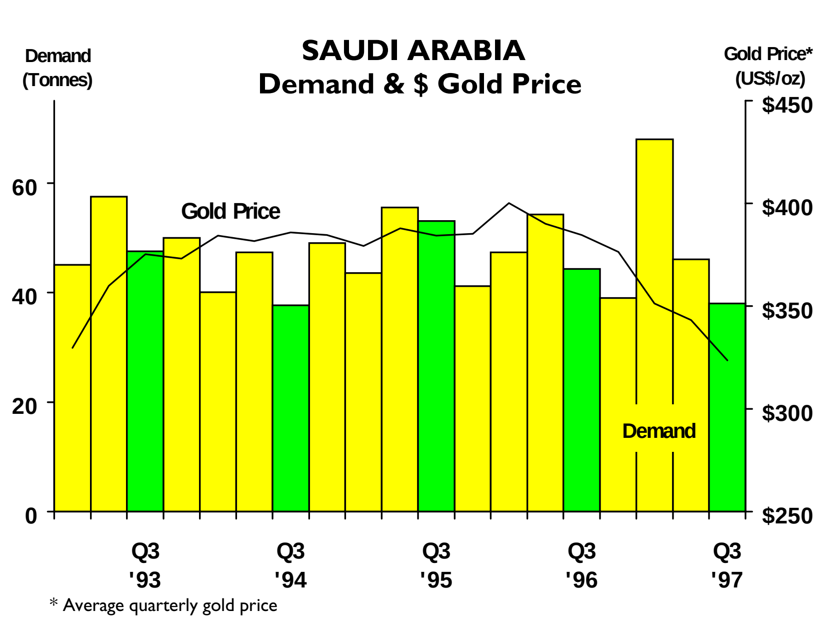

**Gold Imports Into Singapore**

| | 1995 Year | 1996 Q1 | 1996 Q2 | 1996 Q3 | 1996 Q4 | 1996 Year | 1997 Q1 | 1997 Q2 | 1997 Q3* | 1997 Q4 | 1997 Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tonnes | 337.3 | 90.5 | 102.0 | 80.5 | 84.8 | 357.8 | 136.9 | 107.1 | 78.7 | | 321.7 |

* July/August only

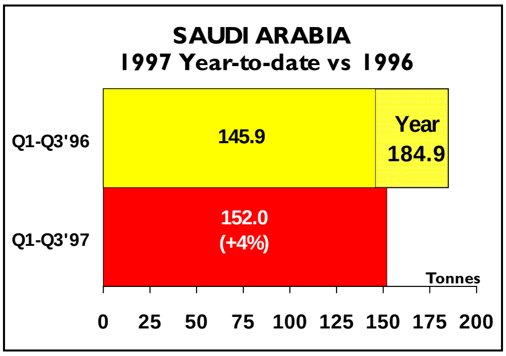
Imports into Singapore during July and August totalled 78.7 tonnes, 65% ahead of the same period of last year. Year to date imports are 34% above the first three quarters of 1996.

## Saudi Arabia



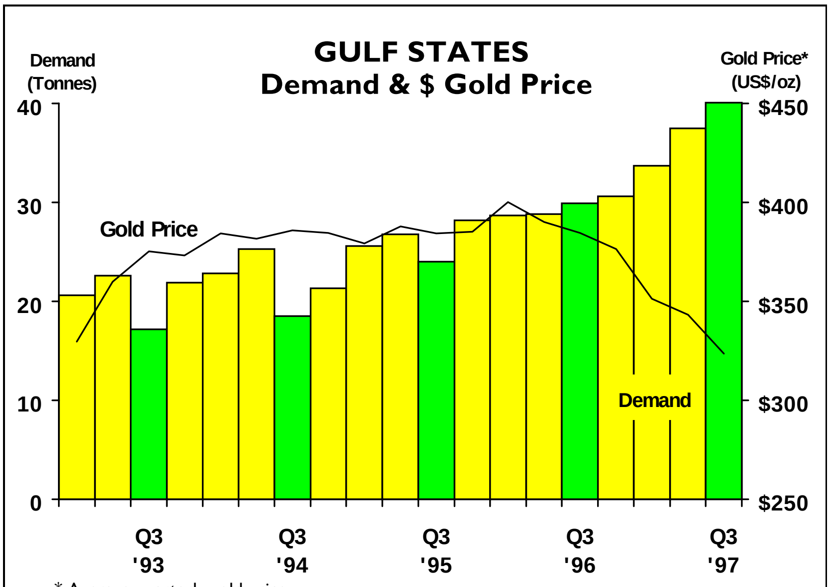

* Average quarterly gold price

**Demand in Saudi Arabia in Q3'97 adjusted downward for the second consecutive quarter.** Total gold demand was 38 tonnes, 14% lower than a year ago. Year to date demand in Saudi Arabia at 152 tonnes is still running 4% ahead of the first three quarters of 1996, mainly because of strong buying earlier in the year.



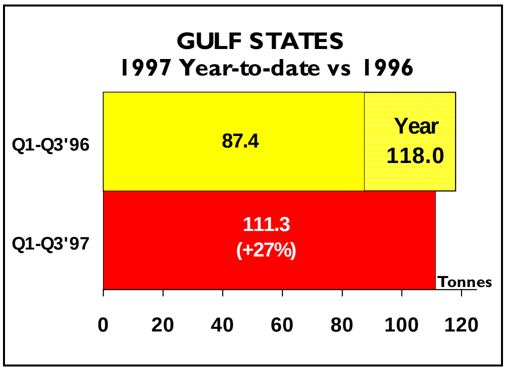

## Gulf States

*Covers UAE, Bahrain, Kuwait, Oman & Qatar*




* Average quarterly gold price

**Demand in the Gulf States of the United Arab Emirates (UAE), Bahrain, Kuwait, Oman and Qatar in Q3'97 set a new quarterly record of 40.1 tonnes, 34% higher than a year ago and 7% above the previous record set in Q2'97.**




**Gold Imports Into Dubai**

| Tonnes | 1995 Year | 1996 Q1 | 1996 Q2 | 1996 Q3 | 1996 Q4 | 1996 Year | 1997 Q1 | 1997 Q2 | 1997 Q3 | 1997 Q4 | 1997 Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Dubai | 318.0 | 75.0 | 94.3 | 85.3 | 95.9 | 350.5 | 154.9 | 152.9 | 165.8 | | 473.6 |

Gold imports into Dubai in Q3'97 were 166 tonnes, bringing the total for the year to date to a record 474 tonnes, up from 255 tonnes in the corresponding period of 1996 and well ahead of the 1996 full year total (350.5 tonnes).

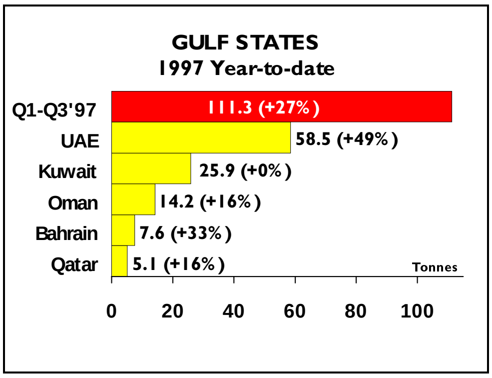
In the **UAE**, the largest centre for gold consumption in the Gulf States, gold demand continued to build on the strong progress made throughout 1996 and established a new quarterly record of 21.5 tonnes. A rise in tourism and the lower gold price both contributed to the growth.

In **Oman**, Q3'97 demand made good progress, rising 30% to 5.2 tonnes.

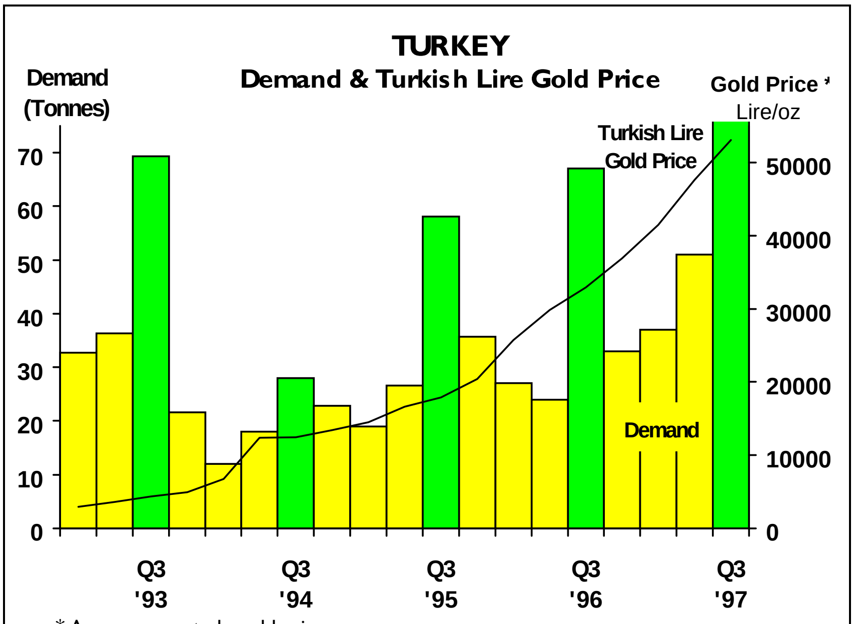
In **Bahrain**, demand in Q3'97 reached 2.7 tonnes, 29% above the same period a year ago.

After a slow start to 1997, demand in **Kuwait** rose 17% to 9.8 tonnes.

Following an exceptionally strong start to the year, demand in **Qatar** moved downward to 0.9 tonnes from 1.5 tonnes in Q3'96.



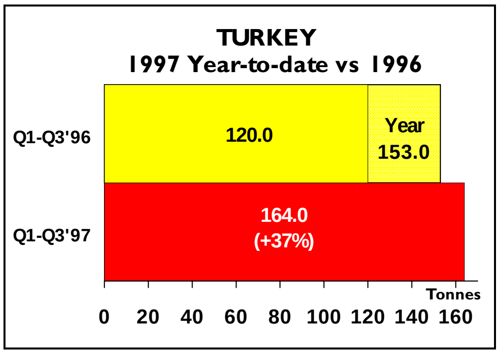

## Turkey



* Average quarterly gold price

**In Turkey, Q3'97 demand reached an all-time record of 76 tonnes, 10% above the corresponding period of 1996.**

The increase reflected buoyant domestic and tourist demand. There was a strong increase in the number of tourists from the Russian Federation, many of them with a high interest in gold.




### Gold Imports Into Turkey

| | 1995 Year | 1996 Q1 | 1996 Q2 | 1996 Q3 | 1996 Q4 | 1996 Year | 1997 Q1 | 1997 Q2 | 1997 Q3 | 1997 Q4 | 1997 Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tonnes | 112.5 | 24.0 | 22.0 | 60.0 | 29.0 | 135.0 | 33.0 | 46.0 | 69.0 | | 148.0 |

Gold imports into Turkey in Q3'97 totalled 69 tonnes, the highest quarterly level on record, bringing cumulative year-to-date imports ahead of the 1996 full year total.

## Brazil & Mexico

*Covers Brazil & Mexico only. Products are jewellery, small bars /bullion coins.*

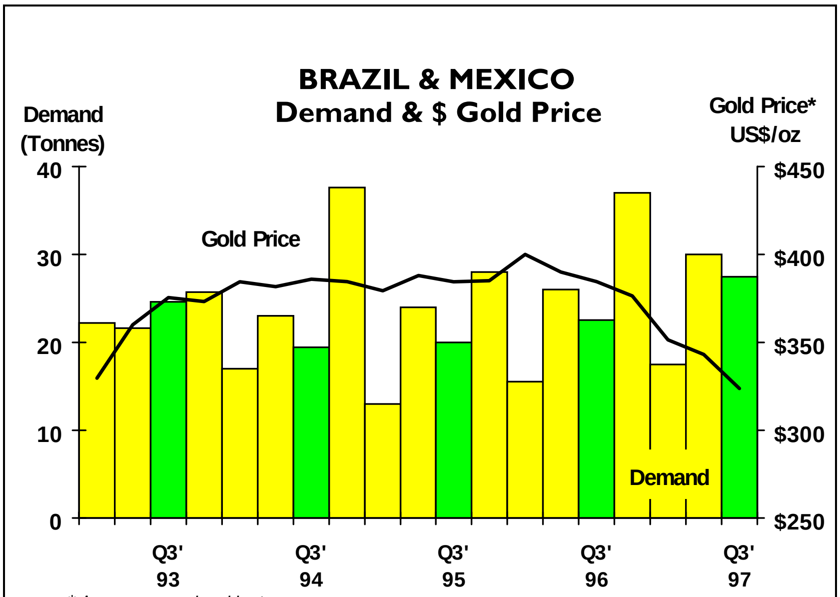
**Gold demand in Brazil and Mexico reached 27.5 tonnes in Q3'97, up 22% over the same period a year ago. There was growth in demand for both jewellery and investment**

**Jewellery** demand in the two countries totalled 20 tonnes, up 11% compared with a year ago, reflecting progress in Mexico.

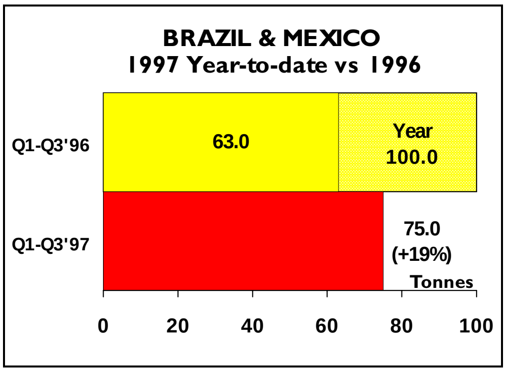
**Investment** demand jumped 67% to 7.5 tonnes, largely because of renewed interest in Mexico.

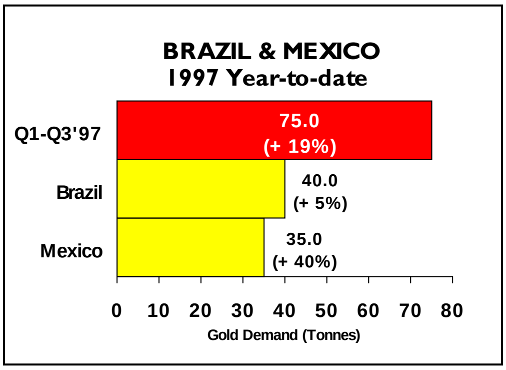
**In Brazil**, Q3'97 demand totalled 14.5 tonnes, consolidating at the same level as a year ago.

**In Mexico**, Q3'97 demand at 13 tonnes was up 63% from a year ago. Jewellery demand rose 40% to 7 tonnes, while investment moved up to 6 tonnes, reflecting increased consumer confidence as a result of the economic recovery and fall in unemployment.



* Average quarterly gold price

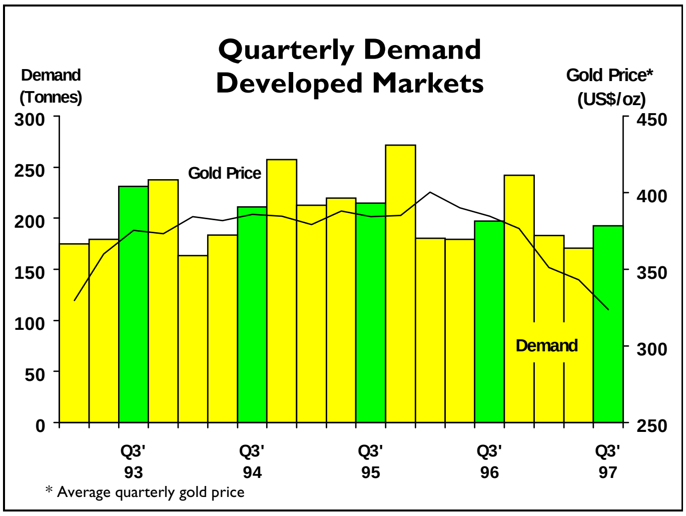


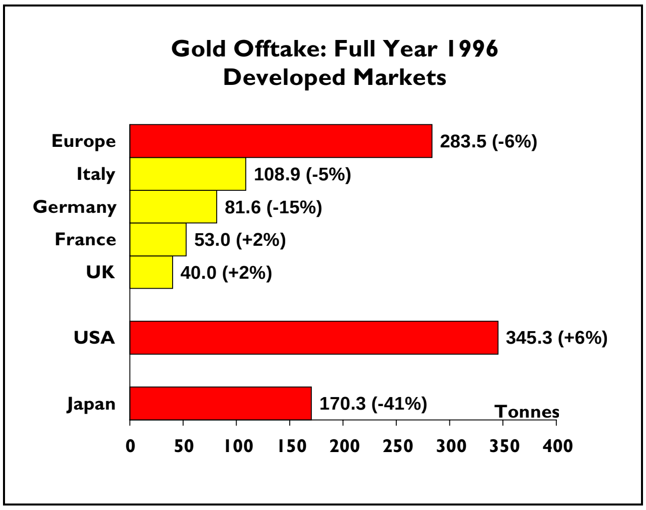



# DEVELOPED COUNTRY MARKETS

*Covers Europe, US & Japan. Products reported on are jewellery, dental gold, bullion coins and bars (Japan only).*

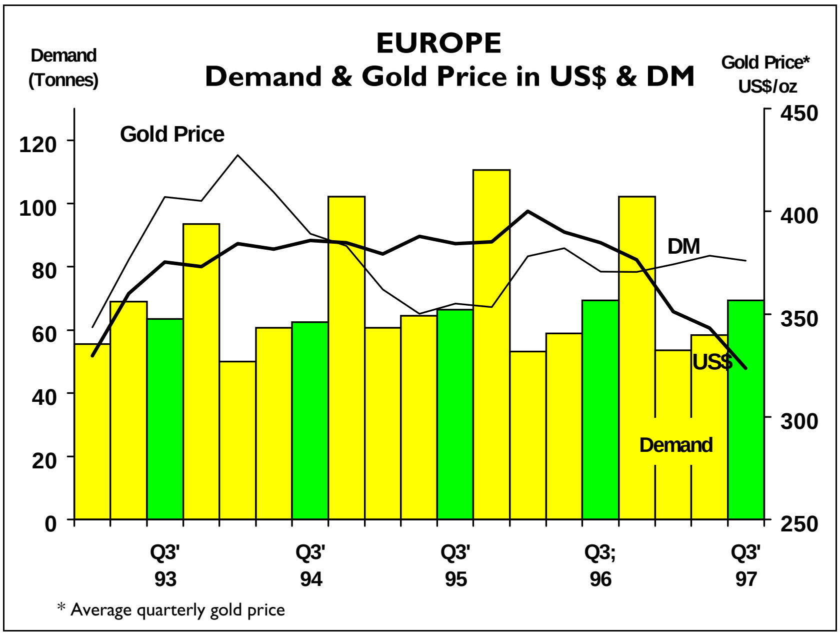
- Aggregate Q3'97 demand at 192.7 tonnes was 2% lower than Q3'96. Demand for jewellery was marginally lower, with modest growth in Europe and the US offset by continued weakening in Japan. Investment demand continued to improve from the low levels of 1996 , reflecting renewed activity in the US bu llion coin market.
- Jewellery demand was 158.6 tonnes, 4% below the level of Q3'96 but higher than either of the first two quarters of this year.
- Investment demand gained 15% to 21.1 tonnes on growing demand for bullion coins in North Ame rica, but interest remained at a low level in both Japan and Europe.




## Europe

*Covers jewellery demand in Italy, France, Germany & UK, bullion coin demand in Europe and dental in Germany, Switzerland & Italy*




**Overall demand in Europe in Q3'97 totalled 69.3 tonnes, maintaining the level of a year ago as jewellery demand moved a little higher, while both investment and dental demand were lacklustre.**

**Jewellery** demand at 59.6 tonnes was 2% higher compared with Q3'96. Continued progress in the UK and France, together with an upturn in Italy offset weakness in Germany.

**Investment** demand (primarily coin demand in Germany) continued to decline in line with the long term trend in coin sales. Although the US dollar gold price weakened significantly during Q3'97, the strength of the dollar against the DM meant that local currency gold prices in Germany remained relatively unchanged.

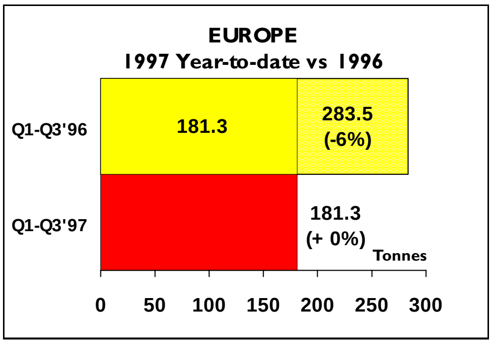
**Dental** demand at 5.8 tonnes was 8% lower than a year ago, but, thanks to a good first half, was 5% ahead in the year-to-date.

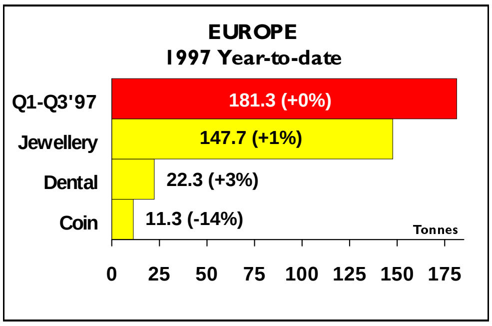
**In Italy,** domestic demand recovered after a weak second quarter, reaching 31.5 tonnes in Q3'97, 4% higher than a year ago. Jewellery demand rose 4% to 30.2 tonnes, and dental demand held steady at 1.3 tonnes.

Continuing the trend seen throughout last year and into the beginning of 1997, demand **in Germany** weakened, falling 9% to 16.8 tonnes in the 3rd quarter. The declines were apparent in all three sectors measured, jewellery (-7%), dental (-10%), and investment (-12%).

**In France,** Q3'97 jewellery demand edged higher to 10 tonnes, up 2%.

**In the UK,** consumer confidence remained buoyant following the change of government in May. Jewellery demand in Q3'97 increased by 2% to 11.0 tonnes.



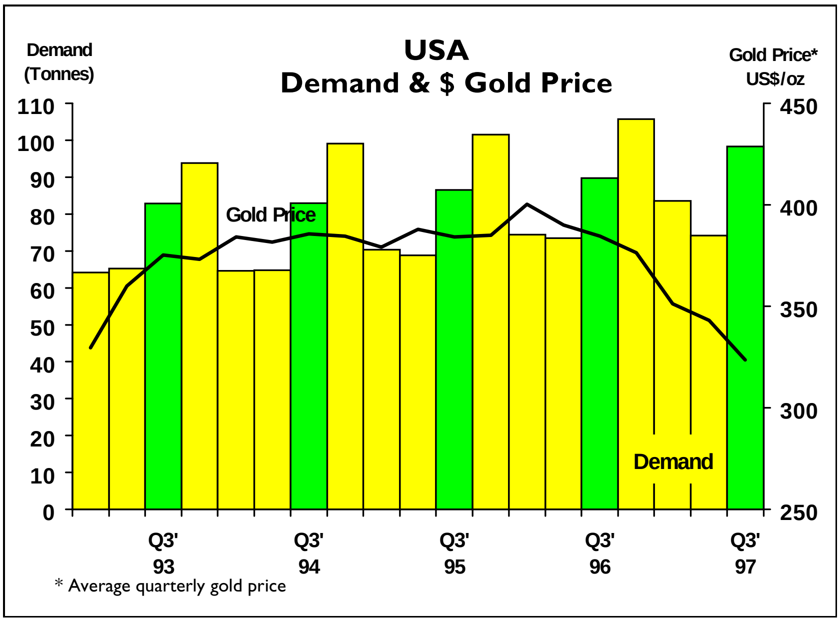




## United States

*Covers jewellery, dental and coin demand in the US*

**Demand in the US reached a new record for the third quarter in Q3'97.** Total demand at 98.3 tonnes was 10% higher than a year ago, driven by renewed activity in the bullion coin market. Jewellery and dental demand both continued to make progress.

**Jewellery** demand moved higher in Q3'97 after a brief pause in the second quarter. Demand at 87 tonnes was up 2% from Q3'96. According to retail audit results, dollar sales rose 0.5% in July and 4.9% in August. All distribution channels reported healthy increases ranging from 4% to 7% year on year, with the single exception of the Discount and Catalogue Showroom category. When examined separately, Discount Stores led all channels in growth, with an impressive gain of 23% in year to date dollar sales.



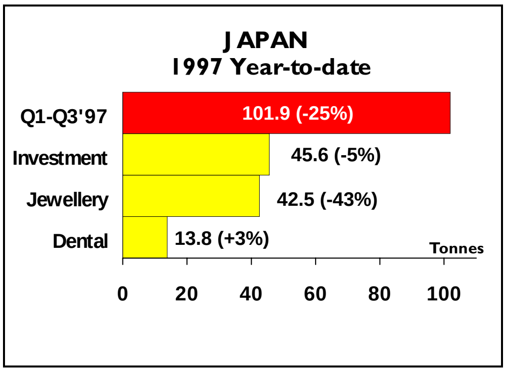

Statistics on newly-minted **coin sales** from the issuing mints showed a good recovery in coin demand from the depressed levels of 1996, with demand at 8.2 tonnes in Q3'97, up fourfold from a year ago. Trade reports on consumer demand remained mixed, with some reports of improved sales.

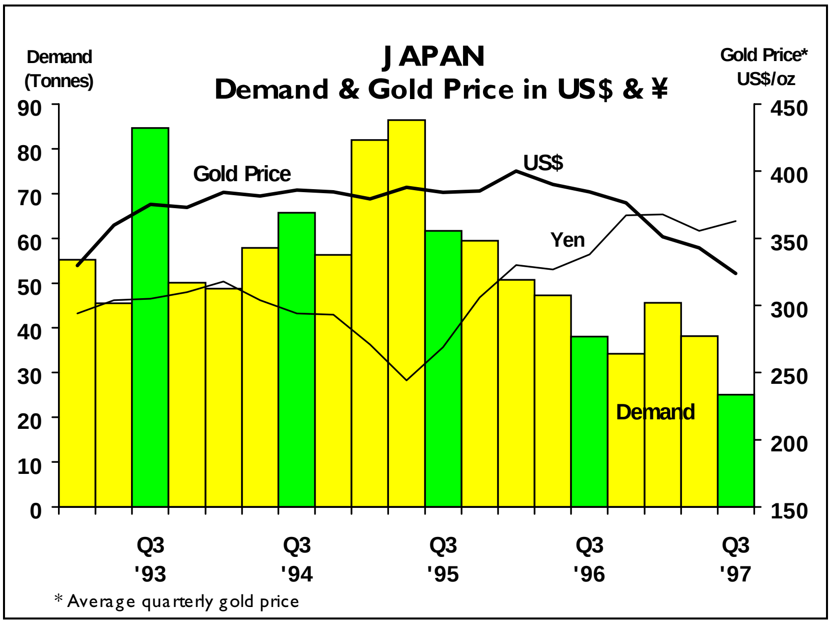
**Dental** demand continued to make steady progress, rising 7% to 3.1 tonnes in the 3rd quarter.

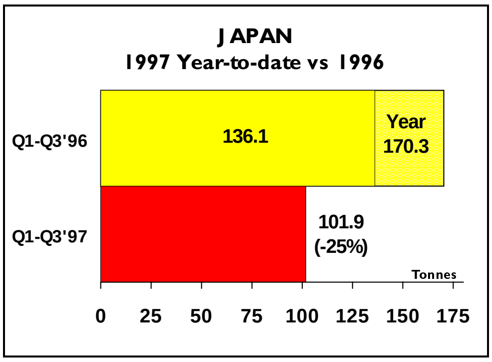
# Japan

*Covers jewellery, coin, bar and dental demand in Japan*

**In Japan, gold demand was once again lower during Q3'97,** falling 34% to 25.1 tonnes as the economy continued to struggle. Jewellery and investment were both lower, with dental demand making modest progress.




**Jewellery demand** at 12 tonnes was 45% below Q3'96, reflecting in part a slump in overall consumer spending and continued pressure because of competition from platinum and silver. The jewellery industry in Japan continued to be in disarray. A series of bankruptcies resulted in further reductions in credit lines to the industry. Trade stocks held by the bankrupt companies were returned to the market. This increased the pressure on the surviving companies, who were also hit by the credit squeeze and forced to reduce their inventories.

After a brief rally during the first quarter of 1997, **investment** demand resumed its downtrend. Demand in Q3'97 was 9 tonnes, down 26% from the already depressed level of a year ago.

There were indications of dishoarding in August and September, prompted by higher local currency prices. Distress sales by high net worth individuals who had declared bankruptcy were also noted.

**Investment Demand in Japan**

| Tonnes | 1995 Year | 1996 Q1 | 1996 Q2 | 1996 Q3 | 1996 Q4 | 1996 Year | 1997 Q1 | 1997 Q2 | 1997 Q3 | 1997 Q4 | 1997 Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Bar | 151.2 | 18.0 | 15.0 | 11.0 | 8.0 | 52.0 | 23.7 | 11.0 | 8.0 | | 42.7 |
| Coin | 8.9 | 1.5 | 1.6 | 1.1 | 1.0 | 5.2 | 0.4 | 1.5 | 1.0 | | 2.9 |
| Total | 160.1 | 19.5 | 16.6 | 12.2 | 9.0 | 57.2 | 24.1 | 12.5 | 9.0 | | 45.6 |

# MARKET FACTORS

## The Gold Price and Interest Rates

After weathering another downturn during late June and early July, the gold price stabilised, spending most of the third quarter consolidating between $320 and $330. Trading activity picked up, however, with the daily turnover in trades cleared through the London market averaging 1,086 tonnes, an increase of 8% over the second quarter.

The average price for the third quarter was $323.66, almost $20 below the average for the previous quarter and $61 below the average for the third quarter of 1996. The range between the highest and lowest London afternoon fixes over the period, both of which were seen within the first seven trading days, was $16.40, virtually unchanged from the previous quarter.

General market sentiment remained bearish from the outset of the third quarter, with both the strong US dollar and, more especially, the uncertainty surrounding possible central bank sales still overshadowing activity. The gold price opened the quarter nervously around the $332 level, and weakened almost immediately after the Reserve Bank of Australia's surprise announcement, on July 3, that it had sold two-thirds of its gold reserves, amounting to 167 tonnes (see Gold Demand Trends No. 20 for a more detailed report).

This development was a major blow to confidence in the market as it involved a country that was not only a major producer but also had not previously been perceived as a potential seller. The fact that the sale was made purely for portfolio reasons rather than for a specific, pressing cause such as EMU or the Swiss humanitarian fund presented an extra dimension of concern to the market, and gold plunged on speculative short-selling to a 12-year low of $313.60 in intra-day trading on July 9.

Statistics from the Commodity Futures Trading Commission gave an indication of the scale of the short-selling, with the net short positions of the large speculators on the Comex soaring to a record 74,498 contracts (equivalent to 232 tonnes) in the week ending July 15. It is generally acknowledged that the funds are significantly more active on the over the counter market, for which no statistics exist, and it can therefore be reasonably assumed that the downward pressure on the gold price over this period from speculative short sales was considerably greater than these figures suggest.

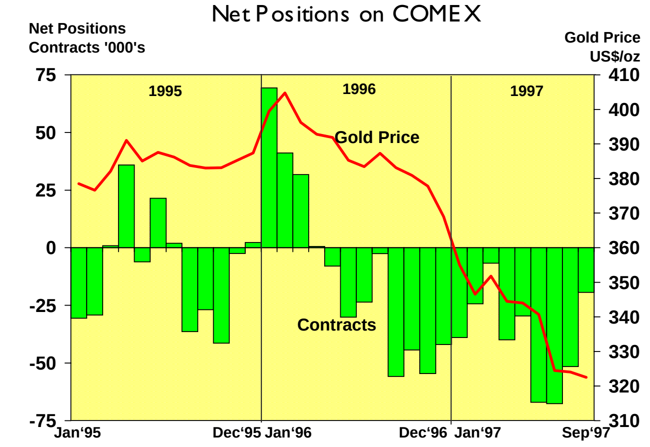
In the event, the strength of underlying physical demand, particularly from the Middle East and India, was enough to check the downturn at this point. Helped by a growing nervousness in equity markets, coupled with some buying back of short positions as the speculators took their profits, gold bounced back to $329 on July 18.

The market then consolidated, although trading within the range remained volatile. The news that producers had been buying back some of their forward sales - Western Areas announced that it had purchased 1.6 million ounces against its 7.3 million ounce hedge, while Newmont confirmed that it had repurchased 1.1 million ounces - lent fresh support, but new hedging on the part of Australian producers emerged during early August, effectively capping the market.

The level of large speculative short positions on Comex had eased below 57,000 contracts during the second half of July, but it had by now assumed the role of a focal point for market watchers who were monitoring its fluctuations closely. Gold fell briefly to $318 on August 5 amid renewed short selling, but with underlying physical demand providing a floor, prices then recovered against a background of falling stocks and bonds and a weaker US dollar.

**Commodity Funds and Gold Price**

Net Positions on COMEX




Source : World Gold Council / CFTC

The gold price then steadied once more; persistent rumours of central bank selling discouraged any significant improvement in prices throughout the rest of August, but the market continued to enjoy good buying interest on price dips.

The announcement from the Russian Finance Ministry on September 2 that it had sold 31 tonnes of gold further unsettled the market. This sale, with the gold being drawn from Finance Ministry stocks rather than out of official reserves, had been foreshadowed in the budget plans announced earlier in the year, with the proceeds being earmarked to pay off state debt to the gold mining industry. Prices initially dipped on the news, with some analysts claiming that the move contradicted the declared intention of the Central Bank of the Russian Federation to continue rebuilding the country's gold reserves. The Bank subsequently repeated its commitment to rebuilding official reserves, announcing that it had bought 67 tonnes so far this year out of a total planned purchase of 100 tonnes, approximately the same as in 1996.

A review of developments for the first half of the year from Gold Fields Mineral Services, released on September 12, lent some credibility to the persistent rumours of substantial central bank selling. The review estimated that net sales by central banks during the first half of the year totalled 220 tonnes, comprising gross sales of 493 tonnes, including the 167 tonne sale announced in July by the Reserve Bank of Australia, offset in part by gross purchases of 273 tonnes. What troubled the market most was a comment to the effect that the net figure included an estimated 200 tonnes of so-far undisclosed central bank sales.

This inevitably led to renewed rumours of official activity, and over the next few days the central banks of the Netherlands, Portugal, Sweden and Switzerland felt obliged to deny any such activity. Developments in gold borrowing rates also contributed to these rumours. Liquidity in the market for borrowed central bank gold had been tightening throughout August and into September, particularly in the nearby months, with lease rates remaining high. The scale of short selling that had been taking place was undoubtedly an important factor behind this development, but some market observers suggested that it might in addition be a sign of forward selling on the part of the official sector. The one-month lease rate spiked up to almost 4% soon after the GFMS review was released, the highest level seen since November 1995, but this development was quickly met by increased central bank lending of gold and lease rates returned to a more normal, though still relatively high, level by the end of the quarter.

The gold price, meanwhile, after dipping briefly below $320 on September 16, edged gradually back up toward $325 as the over-the-counter options expiry approached. The expiry itself triggered fund buying of gold which caused the price to surge, reaching $339 on October 1; the rally was met by a wave of producer selling, however, and the market soon drifted back to its previous levels.

More recently, the price has once again come under strong pressure following the release of a report by an advisory panel set up to examine the reform of the currency laws in Switzerland. Among the panel's recommendations was a proposal that the Swiss National Bank should release, for eventual sale, 1,400 tonnes of gold from its reserve of 2,590 tonnes. This surprise announcement proved extremely damaging to gold market confidence, causing prices to plunge to a 12-year low of $308 on October 27. The proposal has so far received no support from either the Swiss government or the National Bank, and the Finance Minister appeared to reject the idea in recent comments. A referendum would be required to amend Swiss law if the proposal is able to garner the backing of the government. The turmoil in global stock markets subsequently helped to check this dramatic decline in prices.

## Official Sector Activity

Gold holdings of "All Countries", as published by the IMF, showed a net decline of 7 million ounces (217.7 tonnes) between May and August. Most of this decrease reflected deliveries of 4.7 million ounces (147 tonnes) by the Reserve Bank of Australia against its forward sale totalling 167 tonnes made earlier in the year. The reported reserves of Austria fell 0.8 million ounces because of coin sales and swap transactions. Portugal's reported reserves, which had dropped in recent months because of swap activity, have now been readjusted to show the country's full holdings.

These declines were partly offset by a rise of 0.5 million ounces in Russia, which has a declared policy of building up its gold reserves from domestic production. South Africa's reported holdings rose 0.2 million ounces, and Zimbabwe's holdings showed a gain of 0.1 million ounces.

**Official Holdings of Gold - IMF Statistics**

| *Fine Gold Oz million end of period* | 1994 Year | 1995 Year | 1996 Year | 1997 June | 1997 July | 1997 August |
|---|---|---|---|---|---|---|
| **All Countries** | 918.0 | 908.8 | 906.1 | 894.7 | 897.5 | 897.3e |
| ***of which Iindustrial Countries*** | *768.1* | *755.1* | *747.7* | *736.1* | *738.0* | *737.9e* |
| **Int'l Financial Institutions** | 200.3 | 204.4 | 202.0 | 201.5 | 199.4 | 199.4e |
| **Total** | **1118.3** | **1113.2** | **1108.1** | **1096.2** | **1096.9** | **1096.7e** |

.e= World Gold Council estimate

*Note: The table covers all countries reported on in "International Financial Statistics" (IFS), published by the IMF. The statistics exclude: (1) a few member countries, (2) non-members of the IMF, and (3) investment and monetary agencies of various national governments. The item "International Financial Institutions" includes the IMF, the European Monetary Institute, and the Bank for International Settlements*

## Special Feature: The Hedge Funds

*The following is an edited version of an address given to the Tenth Nikkei Gold Conference in Tokyo on November 5, 1997, by George Milling-Stanley, WGC Manager, Gold Market Analysis.*

"Gold demand has been running at record levels so far this year. Gold Fields Mineral Services' report on the first half of 1997 estimates that gold fabrication around the world rose to a record of 1,857 tonnes, 13% above the previous record set in 1995. Physical investment, represented by the figures for bar hoarding outside Europe and North America, also showed strong growth, rising 67% to 167 tonnes.

That record demand has not been reflected in the gold price, however. Gold has been under pressure all year, and recently reached its lowest level in 12 years.

The problem was clearly not on the demand side, so obviously supply must be to blame. But there has been no sudden surge in mine production recently, with an increase of just 1.4% in the first half of the year. Scrap recycling actually fell 27% in the same period. That only leaves gold from the central banks. Central bank gold sales have once again been the subject of a lot of discussion this year, but the reality is a lot smaller than most people realise.

Of course, central banks add to the supply of gold to the market in a variety of different ways, apart from outright sales. Gold loans from the official sector are needed by bullion dealers to finance many of their transactions, for example producer hedging. Producer forward sales rose in the first half of this year, but not to the sort of level that would account for the current state of the gold price.

Central bank gold is also used to finance short sales by speculators. And of course the gold borrowed by the bullion dealing community to finance speculator short selling is sold into the market immediately, increasing the physical supply and exerting downward pressure on the price.

This is the one area where there has been tremendous growth this year. The only statistics available are contained in the Commitment of Traders report produced every two weeks by the Commodities and Futures Trading Commission, relating to the Commodity Exchange in New York. At various times over the past couple of years, these statistics have shown that the net short position of the large speculators on the Comex was equivalent to more than 200 tonnes, much larger than has ever been recorded before.

However, these statistics are far from comprehensive. They only cover dealings on the Comex. It is widely acknowledged that speculative activity in the over the counter market is many times greater than what is visible on the world's futures exchanges. The over the counter market is operated among the various banks and brokerage houses that trade in gold, and directly between the gold dealing community and their customers, rather than by open outcry on the trading floor of an exchange. There are simply no published statistics for this sector of the gold market, and estimates of the size vary widely. Some dealers say that their speculator positions in the over the counter market are 10 times bigger than on the exchange; others claim the disparity is even greater.

Whatever the truth of this may be, I am confident that we have experienced unprecedented levels of short selling by speculators this year. That is what has done the damage to the gold price. And the largest speculators are without any doubt the hedge funds.

So now, what do these hedge funds do? How do they operate in the gold market?

There are, at one extreme, several more or less pure technically based funds, those that make use of charts to uncover buy and sell signals in the financial and commodity markets. At the other extreme, there are funds that specialise in examining the fundamentals of the markets. They analyse statistics about supply and demand and the physical flows between the major producing and consuming regions of the world, together with information about the underlying economic environment, including forecasts of growth rates and the prospects for inflation. Most funds employ a mixture of all these tools.

In addition, the hedge funds are often very big clients of the various banks and dealers with whom they trade, and in this world, being "big" means the same as being "important." As important clients, the hedge funds receive the benefit of the best research their dealers can supply, and this all becomes part of the data base the fund managers use to make their investment decisions.

Typically, the hedge funds search for patterns in the different financial and commodity markets where they operate. These patterns are interpreted as indicating areas of underlying strength or weakness. They may occur in movements in price, volatility, trading volume, open interest, or other variables.

How can you tell when the hedge funds are active in the gold market? There is really no easy method, unless you happen to be in the fortunate position of having direct contact with some of the people who are managing the funds, or with a range of dealers who are executing their orders. In both cases, it is crucial that you can rely on your contacts to tell you the truth. But as far as published material is concerned, there is virtually nothing available, beyond the occasional comment in the newspapers or on the wire services from a trader or analyst. I do not need to remind anyone in this audience that these are not always the most reliable source of information, because they are mostly employed by banks or brokerage houses that are trading on behalf of the hedge funds.

Sometimes trends in gold borrowing rates can provide a few clues, although the message is by no means simple to read. Rising gold lease rates signal pressure on the liquidity provided to the gold market by the central banks, but this may stem from a variety of causes. It may be that a central bank has withdrawn some of its gold from the lending market - perhaps because it is having concerns about the creditworthiness of one or more of its counterparties, the bullion banks and dealers, or simply because it wants to have the gold in its own vaults for audit purposes. This often happens toward the end of the year.

Another reason for a rise in gold lease rates may be that there is pressure not from the supply side, but from rising demand for borrowed gold. This, in turn, can signal a number of different things happening in the market. Dealers borrow gold to fund forward sales, but these forward sales can come from different sources. It may be that a central bank wants to sell forward, as for example the Dutch have done on two occasions in recent years. Borrowed gold is also needed to finance forward selling by gold mining companies for hedging purposes. Most gold market commentators will point to one of these two reasons to explain a rise in the cost of borrowing gold.

But speculators, especially the hedge funds, also use the mechanism of a forward sale when they want to go short, and this sort of activity is very often the real reason behind changes in interest rates in the gold borrowing market. Sometimes this does not become clear to other participants in the gold market for days, weeks or even months.

One clue to the presence of the funds may be found in the shape of the yield curve. Under normal circumstances, it is cheaper to borrow gold for one month than for one year - short term interest rates are lower than long term rates. Speculators typically take positions initially for short periods, although they may roll these trades forward periodically if they turn out to be profitable. The one-month lease rate is the one to watch, especially if the speculative pressure is strong enough to drive the cost of borrowing gold for one month above the cost of borrowing for one year. This produces an inverted yield curve, such as we have at present, and often signals heavy fund activity.

Finally, what kind of impact do the hedge funds have on the gold market? I believe hedge fund short sales are largely responsible for a substantial increase in the supply of gold to the market, gold that has been borrowed from central banks and sold to finance these short positions. That is what has been depressing the price so far during 1997.

As I said earlier, the funds search for signs of underlying strength or weakness in the markets in which they operate. The balance between the conventional fundamentals of supply and demand, dominated by mine production and jewellery consumption respectively, is in fact very healthy. But the market has been fearful of central bank sales, and all too ready to panic at even the smallest hint that this or that government might value a short term cash gain above gold's traditional role as the bedrock of a country's official reserves.

Who was it who created the climate of nervousness in the gold market that opened the door for the hedge funds? There is no doubt in my mind that the large speculators are taking advantage of the market's fear of central bank sales to bully the gold price down and make huge profits. That is what lies behind the current weakness in the price.

There has, in fact, been no great wave of central bank sales in recent months, or even years. But the fear is there. It may be that a bit more clarity from the world's central banks about their actions, and especially their intentions, with regard to their gold reserves, would help to improve the climate - and the gold price.

# Sources and Reliability of Data

| Category / Country | | Source | Reliability |
|---|---|---|---|
| ***Developing Country Markets*** | | | |
| - **India** | | Import statistics / trade sample | Measured / Indicated |
| - **China, Taiwan & Hong Kong** | | Import statistics / trade sample | Measured / Indicated |
| - **S.E. Asia / S. Korea** | | Import statistics / trade sample | Measured / Indicated |
| - **Saudi Arabia & Gulf States** | | Import statistics / trade sample | Measured / Indicated |
| - **Turkey** | | Import statistics / trade sample | Measured / Indicated |
| - **Brazil** | | Trade sample | Inferred |
| - **Mexico** | | Trade sample | Inferred |
| - **Vietnam** | | Trade sample | Inferred |
| ***Developed Country Markets*** | | | |
| **Europe** | | | |
| - Jewellery | UK & France | Hallmarking | Measured |
| | Germany, | Trade Panel | Inferred |
| | Italy | Trade sample | Indicated |
| - Bullion Coins | | Issuing Mints' sales data | Measured |
| - Dental | | Trade sample | Indicated |
| **USA** | | | |
| - Jewellery | | Trade Panel (Representative) | Indicated |
| - Bullion Coins | | Issuing Mints' sales data | Measured |
| - Dental | | Trade sample | Indicated |
| **Japan** | | | |
| - Jewellery | | Import statistics/trade sample | Measured/Indicated |
| - Bars & Coins | | Import statistics/trade sample | Measured/Indicated |
| | | Gold Accumulation Plan sales | Measured |
| - Dental | | Trade sample | Indicated |

* **Measured** : Data fully based on statistics believed to be reliable, such as Government import and hall-marking statistics
* **Indicated** : Information projected from a representative sample of data
* **Inferred** : Information derived from a small sample of data and/or informed contacts in the local market-place.

# Definitions

**Tonnes (mt):** Metric ton = 1,000 kg or 32,151 ounces of fine gold.

**Import Data:** Volume of gold imported into key bullion trading centres which serve as an important supply source for gold in the region.

**Fabrication:** Total volume of gold, either newly-mined or scrap, converted into the end-use products being reported on.

**Trade Purchases:** Total volume of gold contained in products purchased by the trade, either retail or wholesale, for ultimate sale to consumers.

**Consumer Purchases:** Volume or value of gold purchased by consumers in a given market. Usually measured by WGC's representative panel of retail shops or by WGC surveys of consumer buying behaviour.

## Gold Demand in Key Markets Worldwide (Tonnes) : 1992-1997

| | 1992 | 1993 | 94-3 | 94-4 | 1994 | 95-1 | 95-2 | 95-3 | 95-4 | 1995 | 96-1 | 96-2 | 96-3 | 96-4 | 1996 | 97-1 | 97-2 | 97-3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gold Price ($) | 343.45 | 359.18 | 385.81 | 384.65 | 384.14 | 379.25 | 387.78 | 384.30 | 385.12 | 384.08 | 400.13 | 390.05 | 384.62 | 376.47 | 387.87 | 351.28 | 343.07 | 323.66 |
| **India** | **454.3** | **405.4** | **95.1** | **126.0** | **415.0** | **125.7** | **116.2** | **118.5** | **116.8** | **477.2** | **117.5** | **133.3** | **120.4** | **136.6** | **507.8** | **163.6** | **181.9** | **189.8** |
| **China &Taiwan** | **497.8** | **420.0** | **113.4** | **116.1** | **433.8** | **117.5** | **103.5** | **103.9** | **102.5** | **427.4** | **122.5** | **93.1** | **75.6** | **80.2** | **371.4** | **110.1** | **99.5** | **91.3** |
| - China | 306.6 | 259.4 | 72.9 | 69.9 | 271.8 | 74.3 | 66.0 | 67.4 | 59.5 | 267.2 | 70.5 | 66.7 | 58.1 | 55.8 | 248.1 | 68.8 | 65.9 | 58.6 |
| - Taiwan | 191.2 | 160.6 | 40.5 | 46.2 | 162.0 | 43.2 | 37.5 | 36.5 | 43.0 | 160.2 | 52.0 | 26.4 | 17.5 | 27.4 | 123.3 | 41.3 | 33.6 | 32.7 |
| **SE Asia & S.Korea** | **306.0** | **340.8** | **101.5** | **109.7** | **410.7** | **138.9** | **105.5** | **91.8** | **109.5** | **445.7** | **122.1** | **110.2** | **105.7** | **117.1** | **455.1** | **156.8** | **106.4** | **49.9** |
| - Thailand | 87.0 | 96.0 | 29.0 | 32.0 | 124.0 | 41.0 | 27.5 | 23.0 | 24.5 | 116.0 | 34.5 | 24.5 | 22.5 | 24.5 | 106.0 | 41.5 | 18.5 | -15.0 |
| - Singapore | 25.0 | 21.4 | 5.8 | 5.5 | 23.9 | 9.0 | 4.9 | 5.6 | 4.6 | 24.1 | 7.1 | 4.3 | 3.8 | 4.8 | 20.0 | 8.9 | 4.5 | 5.2 |
| - S Korea | 73.5 | 90.0 | 26.8 | 28.4 | 106.0 | 29.4 | 31.2 | 28.2 | 32.2 | 121.0 | 30.0 | 31.5 | 30.5 | 33.5 | 125.5 | 31.5 | 30.5 | 32.5 |
| - Malaysia | 22.5 | 22.4 | 6.4 | 7.3 | 24.8 | 9.5 | 5.9 | 6.0 | 8.2 | 29.6 | 11.5 | 5.9 | 6.9 | 9.3 | 33.6 | 14.9 | 5.9 | 4.7 |
| - Indonesia | 70.0 | 80.0 | 27.0 | 26.0 | 97.0 | 35.0 | 29.0 | 23.0 | 32.0 | 119.0 | 29.0 | 35.0 | 32.0 | 33.0 | 129.0 | 42.0 | 37.0 | 15.5 |
| - Vietnam | 28.0 | 31.0 | 6.5 | 10.5 | 35.0 | 15.0 | 7.0 | 6.0 | 8.0 | 36.0 | 10.0 | 9.0 | 10.0 | 12.0 | 41.0 | 18.0 | 10.0 | 7.0 |
| **Saudi Arabia** | **225.0** | **200.0** | **37.7** | **49.0** | **174.0** | **43.5** | **55.5** | **53.0** | **41.1** | **193.1** | **47.3** | **54.3** | **44.3** | **39.0** | **184.9** | **68.0** | **46.0** | **38.0** |
| **Gulf States** | **101.4** | **82.3** | **18.5** | **21.3** | **87.9** | **27.1** | **28.4** | **25.6** | **29.8** | **110.9** | **28.7** | **28.8** | **29.9** | **30.6** | **118.0** | **33.7** | **37.5** | **40.1** |
| - UAE | 37.0 | 32.7 | 5.0 | 6.8 | 33.2 | 11.7 | 11.6 | 9.6 | 12.6 | 45.5 | 13.3 | 12.0 | 13.9 | 13.4 | 52.6 | 16.9 | 20.1 | 21.5 |
| - Kuwait | 35.0 | 20.0 | 6.1 | 6.3 | 25.0 | 8.2 | 9.5 | 8.5 | 8.9 | 35.1 | 8.1 | 9.4 | 8.4 | 8.8 | 34.7 | 7.2 | 8.9 | 9.8 |
| - Bahrain | 7.0 | 7.2 | 2.0 | 2.2 | 7.4 | 1.8 | 1.7 | 2.0 | 2.2 | 7.7 | 1.8 | 1.8 | 2.1 | 2.3 | 8.0 | 2.6 | 2.3 | 2.7 |
| - Oman | 16.5 | 16.5 | 4.0 | 4.3 | 16.5 | 4.1 | 4.1 | 4.0 | 4.3 | 16.5 | 4.1 | 4.1 | 4.0 | 4.3 | 16.5 | 4.8 | 4.2 | 5.2 |
| - Qatar | 6.0 | 6.0 | 1.5 | 1.7 | 6.0 | 1.3 | 1.5 | 1.5 | 1.8 | 6.1 | 1.4 | 1.5 | 1.5 | 1.8 | 6.2 | 2.2 | 2.0 | 0.9 |
| **Turkey** | **128.1** | **159.9** | **28.0** | **22.8** | **80.8** | **19.0** | **26.6** | **58.1** | **35.7** | **139.4** | **27.0** | **24.0** | **69.0** | **33.0** | **153.0** | **37.0** | **51.0** | **76.0** |
| **Latin America** | **74.0** | **94.0** | **19.4** | **37.6** | **97.0** | **13.0** | **24.0** | **20.0** | **28.0** | **85.0** | **14.5** | **26.0** | **22.5** | **37.0** | **100.0** | **17.5** | **30.0** | **27.5** |
| Brazil | 41.0 | 52.0 | 12.0 | 19.0 | 50.0 | 10.0 | 16.0 | 12.0 | 16.0 | 54.0 | 8.5 | 15.0 | 14.5 | 21.0 | 59.0 | 9.5 | 16.0 | 14.5 |
| Mexico | 33.0 | 42.0 | 7.4 | 18.6 | 47.0 | 3.0 | 8.0 | 8.0 | 12.0 | 31.0 | 6.0 | 11.0 | 8.0 | 16.0 | 41.0 | 8.0 | 14.0 | 13.0 |
| **Developing Mkts** | **1786.6** | **1702.4** | **413.6** | **482.5** | **1699.2** | **484.7** | **459.7** | **470.9** | **463.4** | **1876.7** | **479.6** | **469.8** | **467.3** | **473.5** | **1890.2** | **586.7** | **552.3** | **512.6** |
| **Europe** | **311.4** | **281.5** | **62.5** | **102.2** | **275.5** | **60.6** | **64.5** | **66.4** | **110.7** | **302.2** | **53.1** | **58.9** | **69.3** | **102.2** | **283.5** | **53.6** | **58.4** | **69.3** |
| - Italy | 132.6 | 112.8 | 25.3 | 42.8 | 109.4 | 16.9 | 22.0 | 27.8 | 47.9 | 114.6 | 16.2 | 19.1 | 30.3 | 43.3 | 108.9 | 16.4 | 17.3 | 31.5 |
| - France | 42.0 | 48.9 | 9.2 | 18.6 | 50.5 | 11.8 | 12.7 | 9.5 | 18.0 | 52.0 | 12.1 | 13.8 | 9.8 | 17.3 | 53.0 | 11.7 | 13.5 | 10.0 |
| - Germany | 102.2 | 86.9 | 19.3 | 29.1 | 80.8 | 23.7 | 21.0 | 19.3 | 32.3 | 96.3 | 17.9 | 17.1 | 18.4 | 28.2 | 81.6 | 17.3 | 17.3 | 16.8 |
| - UK | 34.6 | 32.9 | 8.7 | 11.7 | 34.8 | 8.2 | 8.8 | 9.8 | 12.5 | 39.3 | 6.9 | 8.9 | 10.8 | 13.4 | 40.0 | 8.2 | 10.3 | 11.0 |
| **USA** | **282.4** | **306.1** | **83.0** | **99.0** | **311.4** | **70.3** | **68.8** | **86.6** | **101.5** | **327.2** | **76.4** | **73.5** | **89.7** | **105.7** | **345.3** | **83.6** | **74.2** | **98.3** |
| **Japan** | **203.1** | **235.3** | **65.7** | **56.3** | **228.7** | **82.0** | **86.4** | **61.7** | **59.5** | **289.6** | **50.7** | **47.3** | **38.1** | **34.2** | **170.3** | **45.1** | **31.7** | **25.1** |
| **Developed Mkts** | **796.9** | **822.9** | **211.2** | **257.5** | **815.6** | **212.9** | **219.7** | **214.7** | **271.7** | **919.0** | **180.2** | **179.6** | **197.1** | **242.2** | **799.2** | **182.4** | **164.2** | **192.7** |

*Some data may have been revised since the last issue of Gold Demand Trends*

*N.B. Figures may not add due to rounding*

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