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GOLD SUPPLY AND DEMAND IN THIRD QUARTER 2004

World Gold Council briefing note

Key points:

- Consumer (jewellery and net retail investment) demand for gold in Q3 was 6% higher than Q3 2003 in tonnage terms and a substantial 17% higher in dollar terms. Year to date, consumer demand was 8% higher than a year earlier in tonnage terms and 23% higher in dollar terms. Industrial demand was also 5% higher in tonnage terms in Q3 compared to a year earlier.

- The gentle upward trend in the price during the quarter does not seem to have deterred jewellery purchasers and reports from the main consuming markets indicate that buyers are now not only accustomed to prices in excess of $400 per ounce but also that they are prepared for possible further rises in the price.

- Consumer demand rose in most countries including a 16% rise in India. The economic impact of high oil prices supported jewellery offtake throughout the Middle East while the K-gold (page 6) initiative appears to have started driving Chinese demand for jewellery upwards after several years of stagnation. In Japan, *Senryobako* treasure boxes (see page 4) have been a major investment success while Turkish demand remains vibrant with jewellery demand in the first three quarters alone nearly equalling last year's record.

- Nevertheless, gold jewellery still faces stiff competition from diamonds, electronics and other luxury consumer goods and services. Promotional spending needs to be maintained to ensure that demand continues to rise and does not fall back, particularly as 2005 economic conditions look likely to prove less favourable that those of 2004.

- All sources of supply to the market remained constrained in Q3. Identified net central bank selling remained well below last year's levels (with a further 12 tonne purchase from Argentina). Substantial dehedging by mining companies reduced mine supply.

- Institutional investment demand is thought to have been broadly neutral during the quarter as the shake-out of short-term speculative holders that occurred earlier in the year was followed by some indications of renewed interest.

Early indications for Q4

Although consumers are becoming accustomed to higher jewellery prices, the sharp surge in November when prices rose from under $425/oz to around $448/oz is likely to have dampened demand in countries where buyers are sensitive to price volatility. Reports so far, however, on the impact of the rise are mixed; the rising price seems to be making gold more desirable even if less affordable. Demand is likely to continue rising but the rise will be tempered. In contrast the rise in the price is likely to have given investment demand a boost.

Net central bank selling is likely to rise in Q4. The start of the second Central Bank Gold Agreement has seen new selling from Eurosystem central banks. The WGC expects that the first CBGA (2) year will see selling up to the maximum 500 tonnes from signatory countries although the extent of selling in subsequent years is less certain.

This briefing note has been written by the World Gold Council based on data provided by GFMS Ltd. For further details see page 9.

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OVERALL SUPPLY AND DEMAND

Gold supply and demand (WGC presentation)

Tonnes	2002	2003	*% change 2003 vs 2002*	03'Q3	03'Q4	04'Q1	04'Q2	04'Q3[1]	*% change Q3'04 vs Q3'03*	*% change ytd 2004 vs ytd 2003*
Supply										
Mine production	2,590	2,600	*0.4*	708	642	569	602	687	*-3.0*	*-5.1*
Net producer hedging	-423	-279	*n/a*	-4	-27	-76	-124	-144	…	…
Total Mine supply	2,167	2,320	*7.1*	705	614	493	478	543	*-22.9*	*-11.2*
Official sector sales[2]	545	617	*13.2*	152	172	119	85	87	*-42.7*	*-34.6*
Old gold scrap	836	944	*12.9*	209	240	225	198	197	*-5.8*	*-11.9*
Total Supply	3,549	3,882	*9.4*	1,066	1,026	838	762	828	*-22.4*	*-15.0*
Demand										
Fabrication										
Jewellery	2,680	2,524	*-5.8*	648	636	623	697	670	*3.4*	*5.4*
Industrial & dental	360	385	*7.1*	95	98	96	104	99	*4.6*	*4.1*
Sub-total above fabrication	3,040	2,909	*-4.3*	743	734	718	801	769	*3.5*	*5.2*
Bar & coin retail investment[3]	373	314	*-15.8*	75	83	104	106	88	*17.1*	*29.4*
Total Demand	3,413	3,223	*-5.6*	818	817	823	907	857	*4.8*	*7.6*
Balance[4]	136	659	*n/a*	248	208	15	-145	-29	…	…
London PM fix (US$/oz)	309.68	363.32	*17.3*	363.16	391.06	408.44	393.27	401.30	*10.5*	*13.3*

Source: GFMS Ltd. This table is consistent with data published by GFMS but adapted to the WGC's presentation.
1. Provisional . 2. Excluding any delta hedging of central bank options. 3. Bar hoarding plus medal, official coin and imitation coin fabrication. 4. This is the residual from combining all of the other data in the table. It includes institutional investment, stock movements and other elements as well as any residual error

Heavily constrained supply

The overall supply of gold to the market in Q3 was, on provisional data, sharply reduced from one year earlier at 828 tonnes, 22% below the level in Q3 2003.

All four elements of supply were lower than a year earlier. Mine production was 3% lower due to temporary factors including the ongoing effects of last year's landslides at the Grasberg mine in Indonesia. De-hedging was substantial in the quarter reaching an estimated 144 tonnes compared to an exceptionally small (for recent years) 4 tonnes one year earlier. Scrap, too, was lower than in 2003 when the rising price provoked more selling back of jewellery, bars and coins.

Central banks

Identified net central bank selling, at 87 tonnes, was substantially less than year-ago levels. Within signatories of the Central Bank Gold Agreement there was continued steady selling by Switzerland and also a further small sale by Germany for coin minting. Argentina, which had purchased 42 tonnes in the first half year, bought a further 12 tonnes, making 55 tonnes in total. As against that it is thought that there may have been some selling from undeclared or quasi-official holdings.

In the first three quarters of 2004, net central bank selling was estimated at one third below year-earlier levels. However, it seems probable that Q4 will see a higher rate of net disposals. The second Central Bank Gold Agreement (CBGA2) came into operation on September 27. This allows for a higher annual maximum level of sales than CBGA1 (500 tonnes vs 400 tonnes). In addition to ongoing Swiss sales, sales by the Eurosystem up to November 19 amounted to 27 tonnes (identity of sellers unknown).

There has been debate about whether CBGA2 signatories will in fact sell the maximum permitted levels of 500 tonnes a year or 2,500 tonnes over the life of the Agreement. To date only France, the Netherlands and Switzerland have declared their intentions (500-600 tonnes, 165 tonnes and 130 tonnes respectively) with a couple of smaller holders stating that they have no intention to sell. Germany has announced that it aims to decide before the end of the year whether to use its option to sell. Unlike the first

Agreement, the wording of the second makes it clear that not all sales have yet been decided.

It is possible that not all the 2,500 tonnes will be sold. However, it is prudent to assume that the full 500 tonnes will be sold in the first Agreement year. One development in November was that the ECB changed the wording in its weekly release, which refers now to selling by a "Eurosystem central bank" rather than by a "national central bank". The WGC has learnt that this was a deliberate change to reword the phrase in a way that the ECB could potentially be included although this does not mean that the ECB has actually decided to sell. It is worth noting, however, that its original intention, announced in 1998, was to hold 15% of its initial reserves in gold. The rise in the price of gold and decline in the euro value of dollar reserves has increased the gold proportion to 22% by end-September 2004.

Demand

The demand data in the table on page 2 show fabrication of the different products. Jewellery and retail investment data will therefore differ somewhat from data in the remaining sections of this report which show consumption (purchases by individuals).

Jewellery fabrication is estimated to have been 3% higher than a year earlier with fabrication of bars and coins (bar and coin retail investment) 17% above year-earlier levels. Trends in these two items are commented on in the next section.

Fabrication of industrial and dental products rose by 5% year on year in Q3. Electronic demand continued to be the main influence although the growth rate of this component, at 5%, was lower than in Q2 reflecting perhaps the first signs of economic slowdown.

Regional trends in electronics manufacture provide further signs of slowdown. The major Original Equipment Manufacturers (OEMs) in North America and Europe showed strong offtake growth in the quarter. In contrast, offtake from East Asian based companies to whom the OEMs outsource production fell marginally. These East Asian companies are usually the first to feel any slowing in the market.

Growth for industrial and decorative products remained solid in most countries. In particular, output of *jari* (gold thread) in India rose despite the rise in the price. Dental demand grew modestly, rising by 3% year-on-year.

Net institutional investment is thought to have been broadly neutral in Q3. This follows the shake-out of shorter-term speculative holders in Q2. This appears to have ended in the early part of Q3 with renewed interest apparent later in the quarter on the back of the rising price.

CONSUMER DEMAND

Overall consumer demand (consumption basis)

	2002	2003	*% change 2003 vs 2002*	03'Q3	03'Q4	04'Q1	04'Q2	04'Q3[1]	*% change Q3'04 vs Q3'03*	*% change ytd 2004 vs ytd 2003*
Tonnes										
Jewellery	2,680	2,524	-5.8	617	741	593	677	651	5.6	7.7
Net retail investment[2]	282	273	-2.9	60	84	77	76	66	9.8	15.6
Total consumer	2,962	2,797	-5.6	676	826	670	753	716	5.9	8.49
Value, $bn										
Jewellery	26.69	29.48	10.5	7.20	9.32	7.78	8.56	8.40	16.7	21.9
Net retail investment[2]	2.80	3.19	13.9	0.70	1.06	1.01	0.96	0.85	21.3	31.0
Total consumer	29.49	32.67	10.8	7.90	10.38	8.79	9.52	9.24	17.1	22.8
Price, $/oz	309.68	363.32	17.3	363.16	391.06	408.44	393.27	401.30	10.5	13.3

Sources: Tonnage data are compiled by GFMS Ltd. Value data are calculated by the WGC from GFMS data.
1. Provisional. 2. Major countries only. Over the last decade, the difference between the global total and the sum of major countries has been very variable although it has averaged around 50 tonnes.

Economic conditions remained favourable for jewellery buying in Q3 and the slow upward trend in the gold price during much, although not all, of the quarter, did not seem to deter buyers. Purchasers in Asia and the Middle East are highly sensitive to changes in the price level and a rise in the price normally sees buying reduced until the price is perceived to have stabilised.

Reports from many countries now suggest that consumers are not only accustomed to prices in excess of $400 per ounce but that many now expect prices to continue rising. The rise in the price during Q3 did not therefore deter purchasing in the way such an increase might have done a year or two ago.

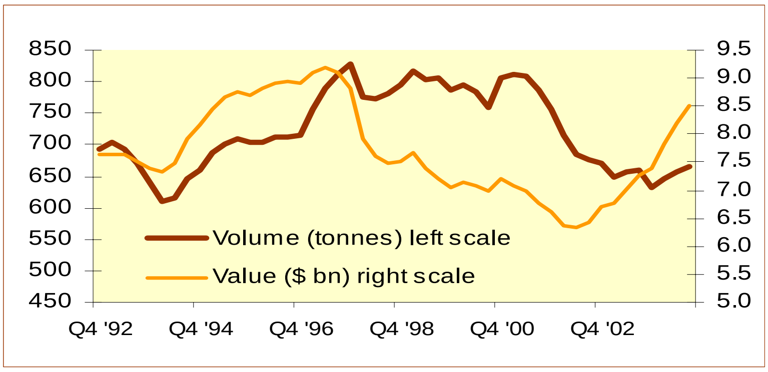
As a result jewellery consumption in Q3 was 6% higher than a year earlier in tonnage terms and 17% higher in dollar terms. (Since the majority of gold's major markets have currencies that are either closely or loosely linked to the US currency, dollars are an appropriate unit of measurement.) As the chart shows, the value of gold demand is now close to the peak in 1996, although the tonnage figure remains much lower despite prices now being only slightly above early 1996 levels.

Sharp rises in price will continue to cause customers in Asia and the Middle East to pause and the increase in November is likely to have dampened demand levels to some extent. Even so, anecdotal reports from price sensitive regions are mixed as to the impact.

On a longer-term view, the key to the continued health of the jewellery market remains good promotion. Reports from major markets underline the increasing competition gold is facing from diamonds, mobile phones, electronic goods and other durables, and from luxury goods and services. At the same time there are instances of where good promotion works.

One of the most important developments in this regard is K-gold or 18 carat gold in China (described on page 6) which has started to push the whole gold jewellery market in that country upwards following a period of stagnation. At the same time 2004 has seen the launch of Living Traditions of Anatolia in Turkey – aimed at revitalising the high carat market by using modern versions of traditional designs. The Speak Gold campaign has had initial success in the USA and India although it is still very early days. More traditional promotions – often allied to shopping festivals, to particular occasions or to wedding seasons also play their part.

Gold jewellery demand in value and volume terms (rolling 4-quarter average)



Source: WGC calculations based on GFMS and WGC data.

Continued and enhanced promotion will be essential in 2005 when global economic conditions may be less favourable than in 2004, particularly if price movements are also adverse for demand.

Retail investment had a further successful quarter with net offtake 10% higher than a year earlier in tonnage terms (year-to-date offtake 16% higher) and 21% (year-to-date 31%) higher in dollar terms. Price trends coupled with economic and political incertainties favoured purchases of coins and bars. Japanese investment continued to grow strongly reaching a level 74% higher than in Q3 2003, due in part to the success of *Senryobako* treasure boxes (see box). Investment purchasing was also strong in India while in the USA it recovered to more normal levels.

Senryobako boxes

Based on a traditional Japanese symbol of wealth, the *Senryobako* or treasure box is a wooden box filled with 10 kilobars, or sometimes with gold coins. Launched at end-2001 in conjunction with a major bullion house and a mining company (and now with additional partners), the aim was to provide another gold investment product for the wealthier individual to purchase. Unlike kilo- and other bars, the normal gold investment for the wealthier individual in Japan, *Senryobako* are less likely to be sold back since they are regarded as heirlooms. Many are indeed bought for inheritance purposes while pension provision is another reason for purchase. Packaging gold this way, given the boxes' historical resonance, has also provided a motive for purchase at a time when the high price is sometimes a barrier to gold buying.

They have proved highly successful. In 2003 they accounted for nearly 10 tonnes of gold while this year they seem likely to account for 17 tonnes.

CONSUMER DEMAND TRENDS IN INDIVIDUAL COUNTRIES

Consumer demand in selected countries

	2003	Q3'03	Q3'04			*% change over year earlier*		
				net retail			*net retail*	
Tonnes	**total**	**total**	**jewellery**	**investment**	**total**	***jewellery***	***investment***	***total***
India	565.0	131.0	126.5	25.0	151.5	*15.5*	*16.3*	*15.6*
Greater China	232.3	58.6	61.2	1.7	62.9	*5.4*	*236.7*	*7.3*
China	207.5	51.9	53.0	1.6	54.6	*5.0*	*11.5*	*5.1*
Taiwan	17.7	4.7	5.1	0.1	5.2	*11.4*	*0.0*	*11.1*
Japan	92.8	18.8	11.3	14.8	26.1	*9.7*	*74.1*	*38.8*
Indonesia	83.6	24.5	26.7	1.4	28.1	*16.1*	*-6.7*	*14.7*
Vietnam	58.8	14.5	5.7	8.2	13.9	*7.1*	*-10.9*	*-4.3*
Saudi Arabia	133.1	30.4	32.9	1.1	34.0	*11.9*	*10.0*	*11.8*
Egypt	66.7	18.2	19.7	0.1	19.8	*8.8*	*0.0*	*8.8*
UAE	87.8	19.0	18.4	1.5	19.9	*4.6*	*7.1*	*4.8*
Other Gulf	51.5	13.1	12.4	1.2	13.5	*3.3*	*3.6*	*3.3*
Turkey	212.3	80.2	67.7	11.7	79.4	*0.7*	*-10.5*	*-1.1*
USA	375.3	78.0	77.8	5.5	83.3	*2.0*	*226.5*	*6.8*
Italy[1]	82.0	11.9	11.3	…	11.3	*-4.6*	*…*	*-4.6*
UK[1]	73.1	13.3	13.0	…	13.0	*-2.0*	*…*	*-2.0*
Western Europe[2]	9.1	0.2	…	-6.5	-6.5	*…*	*…*	*…*

Source: GFMS Ltd.
1. Jewellery only. 2. Net retail investment only.

India

In Q3 both jewellery and retail investment were 16% higher than a year earlier. Several factors contributed to this growth rate. First the economy has grown strongly in recent times with fast growth in manufacturing and services and with rural incomes still benefiting from last year's good monsoon. The moderate rise in prices in Q3 did not prove any major deterrent to purchase as consumers are adapting not just to prices above $400 per ounce but also to the belief that prices could rise further. Finally, 2004 saw increased promotion with an increase in shopping festivals and In promotions allied to festive occasions. The "Speak Gold" campaign had promising results. Major players in gold jewellery in particular have reported strong sales.

The rise in prices also encouraged investment buying as did the underlying concerns regarding geopolitical issues and fears over potential inflation, particularly in the light of the oil price rise. New investment products have also been launched.

Jewellery demand in Q4 will inevitably be affected to some extent by the rise in the price in November; however the year on year growth rate may not be too greatly reduced since price volatility deterred purchasing towards the end of 2003 as well. Rainfall in the 2004 monsoon was below normal and this will reduce rural incomes but the impact is expected to affect primarily the first half of 2005. In addition the growth of manufacturing and services are starting to reduce the relative size of the agricultural sector although it is still of crucial importance to India.

.East Asia

Chinese jewellery demand showed a solid 5% increase over Q3'03 bringing the year-to-date rise to 12%. While there was some small increase in the traditional 24 carat *chuk kam* jewellery the main growth was in the 18 carat or K-gold market (see box). The high price of platinum is also helping to drive demand for white gold although since the platinum market is small this can only be part of the total increase. Net retail investment remained low with relaxation of the regulations restricting this activity still awaited.

In **Taiwan** jewellery consumption continued to run at 11-12% above year-earlier levels. Q3 is a peak buying time for younger customers and heavy trade promotion played to this audience. **Indonesia** also saw a strong (16%) increase in jewellery offtake compared to Q3'03. In part this was due to relief over the smooth running of the election process although a satisfactory crop season also helped rural purchases. Demand for jewellery in **Vietnam** was 7% above a year earlier despite the rising dong price; again consumers appeared to expect gold prices to rise and were more confident in buying. Investment demand, which has grown rapidly in recent years had an expected reverse as the new "law on land (evaluation and transaction)" took effect on July 1, causing property investors to reduce their activity (property is frequently bought with gold bars in Vietnam). A reduction in the rate of inflation also diminished the attractiveness of the metal compared to the first half year. Property speculation, and hence gold bar buying, is expected to rise again in Q4 prior to the implementation of the new tariff on land in January 2005.

Gold imports into Japan in the first three quarters of the year were double those for the same period of 2003. As discussed on page 4,

Japanese retail investment continued to boom in Q3, rising 74% above year-earlier levels with a year-to-date increase of similar magnitude. Apart from *Senryobako* there was good buying of kilobars on price dips, since economic and political concerns, and worries over pensions, continued favourable to gold purchases, and lively two-way trading generally. Q4 got off to a good start with strong investment demand in October. Meanwhile the amount of gold in *Gold Accumulation Plans* remained broadly stable.

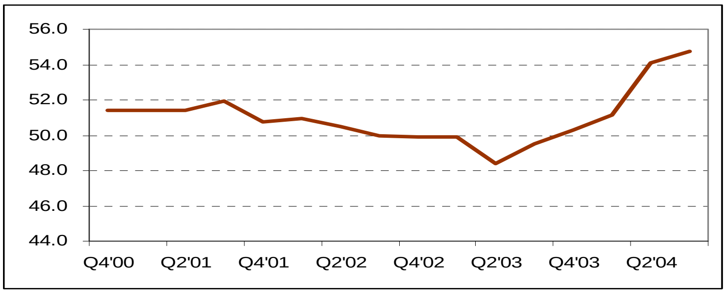
Jewellery demand in Japan was 10% higher than a year earlier but the increase was from a low level. While the Japanese economy appeared to be performing better in 2004 (although revised statistics suggest the improvement petered out in the middle of the year) consumer confidence remained fragile and jewellery sales generally remained low. White gold remained dominant, and continued to benefit from the high price of platinum, but fashion trends tend to emphasise yellow gold.

K-gold

K-gold was launched last year in Shanghai with a further launch in Beijing this year. It is 18 carat jewellery with Italian inspired design which now accounts for nearly all of the 18 carat market. The intention was to attract a younger, more fashion aware and brand conscious, market which would not purchase the ornate traditionally inspired pieces. 18 carat gold can be produced as white gold whereas 24 carat gold is, inevitably, yellow; some 60-70% of K-gold is white. In addition it is sold at a fixed price enabling the retailer and manufacturer to have a profit margin comparable with other jewellery rather than the very low margins on *chuk kam,* thus making retailers more eager to sell it. Finally K-gold is less likely to be sold back than 24 carat gold.

In 2002 18 carat gold accounted for 2-3% of the total market; in 2004 it will account for over 10 per cent despite K-gold having been formally launched in only Shanghai and Beijing. Retailers report new customers entering their store who would have walked by the more traditional offerings. More important, it is revitalising the industry. Until its launch jewellery demand in China was stagnating, or even declining, despite the huge growth in the Chinese economy. Along with the removal of the regulations which constrained gold jewellery demand in the past, K-gold seems to have the potential to enable gold jewellery to benefit from China's consumer boom.

Chinese jewellery demand (tonnes, 4 quarter moving average)



Middle East and Turkey

High oil prices, and the resultant economic prosperity, coupled with some extension in promotion activties, continued to underpin gold jewellery buying in **Saudi Arabia** and the **Gulf States**. In Saudi Arabia, jewellery demand was 12% higher than in Q3'03. Increased oil revenues are fuelling a construction boom in the country which is increasing incomes and consumer buying generally. In addition the end of the Saudi-isation process is boosting the comparison with 2003; during that year many retail outlets closed temporarily due to a shortage of trained Saudi staff but that problem is now finished.

UAE purchases of jewellery were 5% higher than a year earlier buoyed by a booming economy and a substantial increase in the number of tourists. Nevertheless gold faces ever-increasing competition from heavily-marketed competitor products – such as diamonds and other luxury goods and services – and continued promotion is vital to ensure that gold is able to capture some of the potential spending power available. Gold shopping festivals were introduced in **Kuwait** and **Bahrain** to boost offtake in those countries.

In **Egypt** the recovery continued from the depressed levels of 2003 with Q3 jewellery purchases 9% higher than a year earlier in line with increases in the first half of the year. Nevertheless the economy and consumer confidence remain fragile. While the country has ceased to be an exporter of scrap, scrap still supplied much local need and the local price in consequence remained below the international price.

Living traditions of Anatolia

Gold jewellery has been worn in Anatolia for over 5,000 years and used by many different civilisations. The aim of the Living Traditions promotion, created in partnership with Atasay, was to create a modern version of the traditional high carat jewellery by drawing on traditional designs still used in Turkey today but adapted for modern tastes,

Extensive research was carried out throughout all the different regions of Turkey to discover craftsmen still using traditional designs along with the legends and folk stories associated with them. These were then adapted for modern use. Most are in the traditional 22 carat instead of the usual high added value jewellery 18 and 14 caratage. Most of the pieces are also heavier than the usual 14 or 18 carat pieces and hence are in the diamond or other stone set jewellery price range. Thus the promotion was also an attempt to create a new category of gold jewellery.

The collection, accompanied by a "coffee table" book, was launched in the presence of the prime minister and other government ministers and attracted an enormous amount of publicity affecting not only sales of the new collection but with a spillover effect on other gold jewellery sales.

The sharp price rise in November may have dampened demand. However, initial reports from Dubai concerning the "City that Cares" promotion during Ramadan, suggests that gold sales were still significantly higher than a year earlier,

Turkey continued as a star performer. The combination of a strong economy and extended promotion (see box for one example) enabled jewellery demand to be slightly higher than the exceptional level achieved in Q3'03. This brought purchases for the first three quarters of the year to a figure just 4.5 tonnes less than 2003 – itself a (substantial) record year – as a whole (on the WGC's estimates it is thought that purchases surpassed last year's figure by October). Net retail investment continues to run at levels only slightly below last year's exceptional figure.

USA and Europe

With the economy showing some signs of nervousness**, US** jewellery demand was just 2% higher in Q3 than a year earlier, a growth rate slightly lower than that achieved earlier in the year. The approach of the election also contributed to consumer uncertainty. Jewellery sales are traditionally low during an election period. Better results are expected in Q4 with substantially more promotion of the WGC's "Speak Gold" campaign this year during the peak buying season.

In the USA, as elsewhere, consumers appear to be adjusting to higher prices and to be prepared for further price rises. While mass market jewellery may now be lighter than a year earlier, consumers appear ready to pay more for than in the past for the mid-market and upwards pieces. While the rise in the price is making gold less affordable, it is also making it more desirable.

US retail investment recovered from the exceptionally low net offtake of Q3'03 to return to more normal levels.

Historical data for gold consumption

Tonnes	Jewellery	Net retail investment[1]
1996	2,856.1	206.5
1997	3,311.5	365.6
1998	3,181.7	302.8
1999	3,148.5	315.8
2000	3,221.8	108.5
2001	3,028.0	287.7
2002	2,680.3	281.5
2003	2,523.8	273.3
Q1'02	623.4	79.1
Q2'02	591.9	49.1
Q3'02	612.1	74.7
Q4'02	852.9	78.6
Q1'03	538.1	69.6
Q2'03	627.7	59.7
Q3'03	616.5	59.7
Q4'03	741.4	84.3
Q1'04	592.6	76.9
Q2'04	677.0	76.0
Q3'04	650.9	65.6

Source; GFMS Ltd
1. Countries covered in this report only.

Note: Fuller data will be available on Bloomberg from November 30 or contact GFMS (tel: +44 20 7478 1777; e-mail: gold@gfms.co.uk

Jewellery demand remained weak in Europe. In **Italy** demand fell by 5% as consumer taste continued to shift to less traditional jewellery materials. Nevertheless there were some early signs of increased consumer interest indicating that the long decline may be about to bottom out.

Although **UK** consumer spending has remained reasonably strong, confidence is definitely affected by the rise in interest rate, concerns over the housing market and fears about the future. Under this scenario gold jewellery demand was 2% lower than a year earlier. The latest hallmarking statistics have, however, confirmed the trend discussed in last quarter's note. While the hallmarking of both 9 carat and 22 carat (the latter mainly bought by the South Asian community) jewellery was lower than a year earlier, hallmarking of 18 carat pieces leapt 22% by weight. Once again this confirms other evidence of an increase in the "quality" or stylistic end of the market.

Net retail investment in Europe remained dominated by French dishoarding which outweighed a small positive offtake in Germany and a neutral picture elsewhere.

Notes and definitions

All statistics (except where specified) are in weights of fine gold.
Tonne = 1,000 kg or 32,151 troy oz of find gold.
Na = not available
… = not applicable

Mine production. Formal and informal output.

Net producer hedging. The change in the physical market impact of mining companies' gold loans, forwards and options positions.

Official sector sales. Gross sales less gross purchases by central banks and other official institutions. Swaps and the effect of delta hedging are excluded.

Old gold scrap. Gold sourced from old fabricated products which has been recovered and refined back into bars.

Jewellery. All newly-made carat jewellery and gold watches, whether plain gold or combined with other materials. It excludes second-hand jewellery, other metals plated with gold, coins and bars used as jewellery and purchases funded by the trading in of existing jewellery.

Retail investment. Individuals' purchases of coins and bars defined according to the standard adopted by the European Union for investment gold. Medallions of at least 99% purity, wires and lumps sold in small quantities are also included. In practice this includes the initial sale of many coins destined ultimately to be considered as numismatic rather than bullion. It excludes second hand coins and is measured as net purchases.

Consumer demand. The sum of jewellery and retail investment purchases for a country – ie the amount of gold acquired directly by individuals.

Industrial demand. The first transformation of raw gold into intermediate or final products destined for industrial use such as gold potassium cyanide, gold bonding wire, sputtering targets. This includes gold destined for plating jewellery.

Dental. The first transformation of raw gold into intermediate or final products destined for dental applications such as dental alloys.

Tourist purchases and "luggage trade". Purchases by foreign visitors which are normally for their own use or for gifts are included in demand in the country of purchase. Bulk purchases by foreign visitors ("luggage trade") which appear to be intended for resale in the visitors' country of origin or a third country are attributed to the country in which they are resold.

Revisions to data. All data may be subject to revision in the light of new information.

Historical data

Data covering a longer time period will be available on Bloomberg from November 30.

Sources, copyright and disclaimers

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