WORLD GOLD COUNCIL

Gold Demand Trends

Full year 2010

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Overview

As anticipated, 2010 was an outstanding year for gold; demand was strong in all sectors. Annual gold demand grew 9% to 3,812.2 tonnes, worth US$150bn. This performance was mainly attributable to higher jewellery demand, strong momentum in key Asian markets and a paradigm shift in the official sector, where central banks became net purchasers. Read more...

Global gold market – summary of 2010

Gold demand in 2010 reached a 10-year high of 3,812.2 tonnes. Demand growth was mainly attributable to the revival of the Indian market and strong momentum in Chinese gold demand. Read more...

Official sector resumes net purchases after two decades of sales

In 2010, the official sector became a net buyer of gold for the first time in 21 years, signalling the end of an era in which the official sector had been a source of significant supply to the gold market. Read more...

Global gold demand (tonnes) and gold price (US$/oz)

Note: Investment includes bars and coins; medals/imitation coins; and ETF and similar products.

Source: GFMS, LBMA

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Overview

As anticipated, 2010 was an outstanding year for gold; demand was strong in all sectors. Annual demand of 3,812.2 tonnes, (up 9% YoY) was worth approximately US$150bn. This performance was mainly attributable to strong growth in jewellery demand, the revival of the Indian market and strong momentum in Chinese gold demand and a paradigm shift in the official sector, where central banks became net purchasers of gold for the first time in 21 years. The WGC expects total gold demand to remain resilient across jewellery, investment and technology sectors over the coming quarter.

The jewellery sector enjoyed the strongest recovery in 2010, with annual demand 299 tonnes (17%) higher than in 2009. Indian jewellery demand rose 69% during the year to 746 tonnes, while China's jewellery demand reached a new annual record of 400 tonnes.

Asian consumers continue to drive jewellery demand, particularly in China and India - the two most significant markets which together constituted 51% of global jewellery and bar and coin demand in 2010. Chinese demand is expected to increase during the year as economic growth in China remains strong, while Indian gold jewellery demand should show resilience in the face of higher price levels, with some opportunistic buying on price dips.

2010 was significant for the fact that central banks became modest net buyers of gold after 21 years of net sales. We anticipate that this trend will continue, with further acquisitions by emerging market central banks and no resumption of significant sales by those in advanced economies. Following the recent completion of the IMF sales programme, we see limited potential for further sales from signatories to the Central Bank Gold Agreement (CBGA).

2010 demand for ETFs and similar products of 338 tonnes was down 45% year-on-year. However, although well below the previous year's remarkable levels, 2010 was nevertheless the second highest year on record for ETF demand. As at the end of 2010, gold holdings in gold ETFs and similar products totalled 2,175 tonnes.

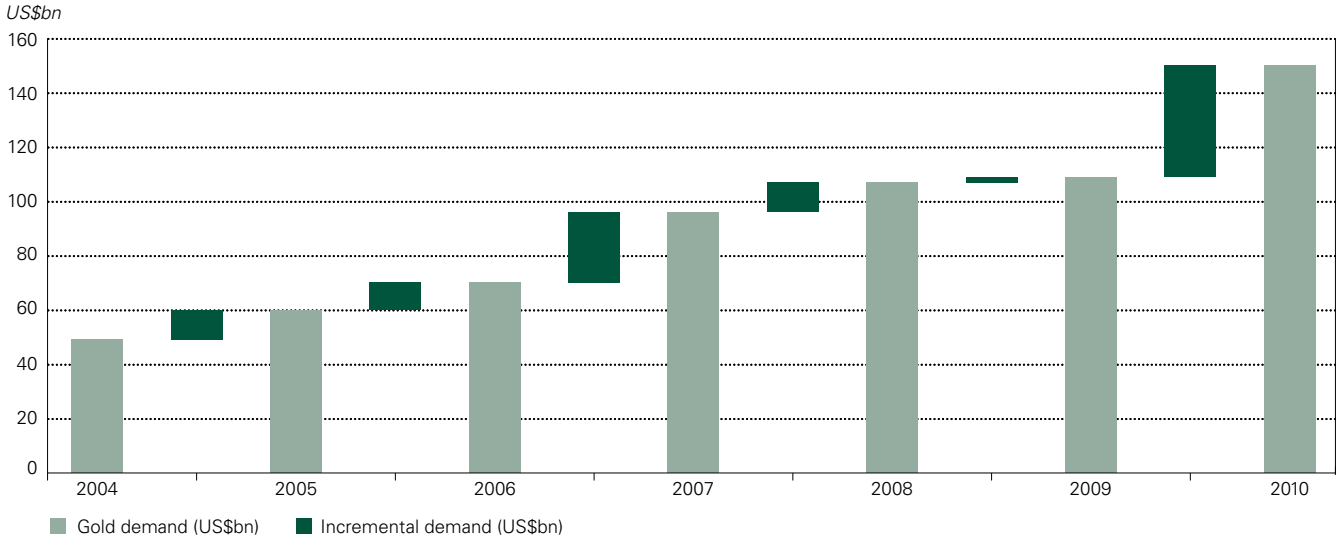
The opening weeks of 2011 in the gold market have been characterised by an East/West divide. The retracement in the gold price of 6% in January resulted in a shake-out of investment positions in the Western markets, with falls in ETF tonnage and a decline in the net long position on COMEX. This has been counterbalanced by very substantial physical demand flows in Asian markets, illustrated by a sharp rise in premiums in a number of markets across the region.

Investment demand for gold as a foundation asset in portfolios, protecting against risk and inflation is likely to remain strong. It will be fuelled by ongoing uncertainty surrounding global economic recovery and fiscal imbalances, as well as fear of impending inflationary pressures and currency tensions. Notably, European investment demand for physical bars and coins appears to have made a sustained upward shift on the back of lingering fears over the creditworthiness of sovereign debt throughout the region. In China, investment demand for bars is likely to remain robust, as is demand for other gold investment products such as the Gold Accumulation Plan launched by ICBC and the World Gold Council in 2010. While gold has historically been an integral part of financial markets, it is worth noting the increasing trend among financial institutions, most recently JP Morgan, to use gold as collateral in many transactions and securities lending.

The recent pull back in price may stimulate increased allocations to gold among investors who missed opportunities last year to add to their holdings.

Global supply is expected to continue to increase year-on-year as some of the increased exploration and project spending over the last decade starts to bear fruit, but due to a lower official sector supply contribution and stable recycled gold flows, we expect supply growth to be modest.

Chart 1: Incremental annual gold demand (value, US$bn)



Source: GFMS, LBMA, WGC

We have recently taken the opportunity to simplify a number of categories of demand in our statistics and analysis. Please see the table below for an overview of these changes.

Old	New	Definition
Identifiable gold demand	Gold demand	
Total identifiable demand	Total demand	
Industrial and dental	Technology	
Identifiable investment	Investment	
Net retail investment	Total bar and coin demand	Total bar and coin demand now represents a single, comprehensive statistic covering global demand for gold bars and coins.
Bar hoarding	Component of Physical bar demand (Tables 1-3)	Physical bar demand now represents a single, comprehensive statistic covering global demand for gold bars.
Other identified retail investment	Component of Physical bar demand (Tables 1-3)	
Bar and coin retail investment	Component of Total bar and coin demand (Table 4)	
Other retail investment	Component of Total bar and coin demand (Table 4)	
Inferred investment	OTC investment and stock flows	Although partly a statistical residual, this data is largely reflective of demand in the OTC market, with an additional contribution occasionally from changes to fabrication inventories.

Global gold market – summary of 2010

Demand

Gold demand in 2010 reached a 10-year high of 3,812.2 tonnes. Demand was up 9% year-on-year, and marginally above the previous peak of 2008 despite a 40% increase in the annual average price level between 2008 and 2010.

Gold demand	2009	2010*	YoY (%)
Jewellery	1,760	2,060	17%
Technology	373	420	12%
Investment	1,360	1,333	-2%
Demand	3,493	3,812	9%
OTC and stock flows	541	296	-45%
London PM fix, $/oz	972	1,225	26%

* Provisional.

Source: GFMS, LBMA, WGC

In value terms, annual gold demand surged 38% to a record of US$150bn. The fourth quarter also set a new quarterly record of US$42bn.

Jewellery demand was remarkably robust in the face of record prices in the majority of currencies. Annual demand for gold jewellery rose 17% from 1760.3 tonnes in 2009 to 2059.6 tonnes. The rise in annual average prices over the same period was 26%. In value terms, this resulted in record annual jewellery demand of US$81 bn.

Investment demand, comprising bar and coin demand and demand for ETFs and similar products, remained more or less stable in 2010, down just 2% versus 2009. However, this annual comparison masks some more interesting movements within the various components of investment. Physical bar investment was particularly strong during the year, recording an annual gain of 56%. Conversely, demand for ETFs and similar products (as measured by GFMS) was unable to sustain the previous year's remarkable levels and consequently was down 45% on an annual comparison. At 338.0 tonnes however, this was still the second highest year on record for ETF demand.

In 2010, 'OTC Investment and stock flows' (previously referred to as 'Inferred investment') almost halved from 2009 levels to 296 tonnes. This was largely a result of strong 2009 demand in this category. However, it jumped to 238 tonnes in the fourth quarter, partly reflecting a shift from the ETF market into the OTC market, as investor interest was stimulated by debt problems in Europe and the second round of quantitative easing in the US.

At the individual country level, India was the strongest growth market in 2010. Total annual consumer demand registered growth of 66% relative to 2009, which was largely driven by the jewellery sector. Demand surged during the second half of the year, encouraged by the festival season.

China was the strongest market for investment demand growth. Annual demand for bars and coins totalled 179.9 tonnes – an increase of 70% year-on-year. Thailand also made a very significant contribution to investment demand growth, with 2010 demand rocketing to 51.2 tonnes, a figure notable not only for the fact that it is a record in our data series, but also because it represented a swing from disinvestment of 10 tonnes in 2009.

Although the pace of growth in demand for gold used in technology slowed somewhat in the fourth quarter, demand for 2010 was 12% higher than in 2009, as the electronics segment fuelled recovery in the sector, which is witnessing a return to long-term trend levels.

Supply

Gold supply	2009	2010*	YoY (%)
Total mine supply	2,332	2,543	9%
Official sector sales	30	-87	n/a
Recycled gold	1,672	1,653	-1%
Total supply	4,034	4,108	2%

* Provisional.

Source: GFMS, LBMA, WGC

2010 mine production is estimated to have increased slightly, 3% higher year-on-year, as a number of new projects across a range of countries contributed to higher levels of supply. Net producer de-hedging imposed a modest restraint on total mine supply, although de-hedging activity was relatively limited compared with 2009 as the global hedge book continued to wind down.

The supply of recycled gold dipped slightly in 2010 year-on-year (-1%), although this comparison was largely influenced by the very strong first quarter of 2009. 2010 recycling activity remained elevated relative to historical averages as higher prices continued to attract profit-taking and consumers in the west became increasingly aware of opportunities and channels by which they might sell their unwanted gold items. Notably, the supply of gold from the official sector turned negative as central banks became modest net purchases of gold in 2010.

Fourth quarter and full year 2010 review

Gold demand	2009	2010*	YoY (%)	Q4'09	Q4'10*	YoY (%)
Jewellery	1,760	2,060	17%	511	575	13%
Technology	373	420	12%	103	104	1%
Investment	1,360	1,333	-2%	244	276	13%
Gold demand	3,493	3,812	9%	858	955	11%
OTC and stock flows	541	296	-45%	132	238	81%
London PM fix, $/oz	972	1,225	26%	1,100	1,367	24%

* Provisional.

Source: GFMS, LBMA, WGC

Jewellery

Q4 2010 jewellery demand of 575.2 tonnes was 13% up relative to Q4 2009, resulting in annual growth during 2010 of 17%. Demand growth in value terms was considerably stronger, rising 40% year-on-year to US$25 bn in Q4, and growing 47% year-on-year in 2010 as the value of annual jewellery demand reached a record US$81 bn.

India was the main engine of growth in the jewellery sector throughout 2010 and the fourth quarter was no exception. This key market witnessed a remarkable surge in demand to 210.5 tonnes, a rise of 47% from Q4 2009. Jewellery demand was boosted as a result of the festive season, in particular the all-important Diwali festival in early November. Diwali is the biggest annual gold consumption period in India. Aside from festival-related purchases, the main motivation behind jewellery demand was the widespread expectation among Indian consumers of yet higher gold prices. Indian consumers appeared almost universally to expect that the local gold price was likely to continue rising, and this belief fuelled demand, further highlighting the strength of the investment component of gold jewellery demand in India.

2010 was a record year for Indian jewellery demand. At 745.7 tonnes, annual demand was 13% above the previous peak in 1998. In local currency terms, Indian jewellery demand more than doubled in 2010; a 20% rise in the rupee price of gold combined with a 69% rise in the volume of demand pushed up the value of gold demand by 101% to Rs.1,342 bn. This compares with 2009 demand equal to Rs.669 bn. The rising price of gold, particularly in the latter half of the year, created a 'virtuous circle' of higher price expectations among Indian consumers, which fuelled purchases, thereby further driving up local prices.

Demand for gold jewellery across Greater China increased consistently throughout 2010. This growth accelerated in the fourth quarter (+25% vs Q4 2009), primarily as a result of a 26% rise in demand among mainland Chinese consumers.

The fourth quarter saw jewellery demand in mainland China surge to 115.8 tonnes, resulting in annual demand of 399.7 tonnes. This equates to growth of 13% from 2009 at a time when the annual average gold price rose by 26%. The value measure of demand was more striking, rising 41% to an annual total of RMB106 bn, a level that has more than doubled since 2007.

Growth in the pure gold (24 carat) segment was particularly strong, reflecting the return to traditional 'pure' gold that was reignited by the recent crisis and which highlights the fact that investment motivations are playing an increasing role in the demand for gold jewellery. However, K-gold (18K) also registered modest growth thanks to increasing demand in 2nd and 3rd tier cities amid a robust consumer demand environment.

In Hong Kong, annual jewellery demand reached a 10-year high of 20.6 tonnes. The impressive domestic economic recovery witnessed in 2010 created a positive environment for consumers, which was reflected in solid demand growth in the gold jewellery market. The market was further boosted by the steady inflow of tourists from the mainland. Fourth quarter demand maintained the buoyant levels of the previous three quarters, rising 23% year-on-year to 5.2 tonnes – the strongest fourth quarter since Q4 2007.

Demand in Taiwan was less resilient to the higher gold price and manufacturers responded to the subdued consumer environment by producing lighter weight jewellery pieces. Fourth quarter demand softened by 4% from year-earlier levels, while the annual comparison showed a 7% year-on-year decline.

Gold jewellery demand throughout the rest of the Asian region was weaker relative to 2009 levels as consumers were deterred by soaring gold prices. All markets recorded double digit year-on-year losses, both in the fourth quarter and 2010 as a whole. The one exception was Vietnam, where 2010 demand of 14.4 tonnes was just 5% down on 2009. When considered in the context of a 30% increase in domestic gold prices over the same period, 2010 demand can be considered robust. In Indonesia, Japan, Thailand and South Korea, consumers continue to shift to lower carat and/or gem-set product and, in some cases, branded silver jewellery took a greater share of the market. In Indonesia in particular, average purity of gold jewellery suffered a notable decline.

The value of annual demand in Japan held steady at 2009 levels (¥64 bn). However, this rise masks a 31% YoY decline in the fourth quarter to ¥16 bn, the first decline following four consecutive quarters of growth in the value of Japanese jewellery demand.

Consumers across the Middle East region responded to high and volatile gold prices in the fourth quarter by cutting back on their demand for gold jewellery. After a positive first quarter of 2010, gold jewellery demand across these markets subsided and the fourth quarter continued this trend. Consequently, 2010 full year demand was between 6%-10% below 2009 levels for each of these markets. The Other Gulf group of countries was the weakest, down 10% for the year and 15% for Q4. The negative effect in Egypt was not quite as strong, but nevertheless Q4 2010 demand was 9% below year earlier levels while annual demand dropped 6%. Saudi Arabia and the UAE both recorded a 6% decline for 2010, while the Q4 year-on-year comparison was down by 15% and 10% respectively as fabricators introduced lighter weight pieces to keep prices down. The relatively strong performance of the 22 carat segment of gold jewellery across the region suggested that non-domestic consumers were more immune to the price effects than domestic consumers, for whom 21-carat gold jewellery is the most popular. The weakness in demand was concentrated in the 21-carat segment.

Q4 2010 gold jewellery demand in Turkey was 7% up on Q4 2009 resulting in 2010 annual demand holding broadly steady at 2009 levels. However, the comparisons are being made with exceptionally weak 2009 numbers, after Turkey's market suffered five consecutive quarters of significant decline from Q4 2008. The surge in the local price of gold during the second half of 2010, to a series of record highs had the greatest impact on the 14-carat segment of the gold market. Instead, consumers focused their attention on 22-carat gold, in recognition of the investment properties of gold.

Looking at the value measure of gold jewellery demand, consumers allocated greater amounts to gold jewellery than they did the previous year. 2010 demand reached TL4.4 bn, up 20% on 2009. However, in a historical context, this is still well below the levels of 2-3 years ago.

Russian gold jewellery demand grew 12% in 2010, to 67.5 tonnes, as demand extended the rising trend that began in the first quarter. Fourth quarter demand was 8% higher year-on-year at 19.6 tonnes, although this remains well below the Q4 2007 peak of 28.7 tonnes. Demand for gold remained strong, although a number of companies were increasingly producing lighter-weight gold pieces in order to keep costs down, given the record level of the international gold price.

The long term downtrend in US demand for gold jewellery continued throughout 2010, although the pace of decline slowed somewhat. Fourth quarter demand of 47.0 tonnes was 16% below year-earlier levels, translating to a decline of 14% on an annual basis. The story remained much the same as for the preceding quarters; high (and rising) prices coupled with a difficult economic environment resulted in consumers of mid-lower end product cutting back on their demand and, increasingly, shifting to more affordable sterling silver jewellery pieces. Demand for higher-end gold jewellery remains firm, but the volumes are not sufficient to offset the decline in the demand for mass market gold jewellery.

US demand in value terms rose by a modest 4% in the fourth quarter, to US$2 bn. This translated to annual demand of US$5 bn (up 8% year-on-year), which remains below the 2008 total and well down on the 2006 peak of US$6 bn.

European gold jewellery consumers, facing continued economic problems, were similarly discouraged by higher gold prices and tonnage demand declined accordingly in these markets. Fourth quarter Italian demand was 14% weaker year-on-year, equating to a 16% decline for 2010. Fourth quarter and full year demand in the UK was similarly weak, down 19% and 14% respectively. On a value basis demand was slightly more robust. Annual demand in Italy was valued at €1 bn (up 12%), while UK demand increased by 10% to £697 mn. Hallmarking statistics from the UK Assay office show that, for the second year in succession, silver articles outnumbered gold. The volume of gold articles being hallmarked was 17% below 2009 and 45% down on 2008 levels.

Technology

After several quarters of robust growth, fourth quarter demand for gold used in technology rose by just a marginal 1% year-on-year. The annual comparison was more positive however, with demand in the sector growing by 12% to 419.6 tonnes. The US$ value measure of demand soared by 41% to a record US$17 bn.

The electronics sector saw a marked slowdown in growth in the fourth quarter, recording almost no change from the corresponding period in 2009 (70.4 tonnes vs. 70.3 tonnes). Full year demand was up 16% to 287.0 tonnes, just shy of the 292.9 tonnes seen in 2008. The electronics sector had registered solid double-digit gains in the previous four consecutive quarters as it recovered from the difficult economic environment of early 2009 but this remained flat in Q4, as the positive consumer sentiment that had been fuelling demand in industrialised markets started to wane and the consequences of spending cuts and high unemployment dampened consumer appetite for electrical and electronic household items.

Demand for gold used in the production of bonding wires (used in particular in electronic chip manufacturing) has been under pressure for several years as fabricators have looked to more affordable alternatives in a bid to lower end-user costs. The rapid rise in the gold price this year has further influenced the take up rate of cheaper options. The introduction of copper wire, and more recently, palladium coated copper wire, have seen some erosion of gold's traditional uses in this category, although the alternatives are still used principally at the low end of the market in less sophisticated products. Where performance and reliability is still paramount (for example in automotive and aerospace applications), gold bonding wire is still predominately used. While demand for copper wire is expected to record substantial growth in 2010 and indeed for the next few years (partly at the expense of gold), the use of gold in these applications should remain healthy in 2011.

According to industry analysts' iSuppli, sales of semiconductors reached $304 bn in 2010, a year-on-year rise of almost a third. The sizable gain was a result of ongoing consumer demand for electronic household items such as personal computers, televisions and mobile phones, with enduring demand for smart phones, media tablets, and home connectivity (Bluetooth, for example) also boosting fabrication demand. While not impressive yet in terms of revenue, sales of semiconductors into automotive electronics were one of the highest growth categories for semiconductors. Moreover, the significant penetration of electronics, not just in infotainment systems but in power trains and fuel efficiency and safety systems, is suggestive of a continued increase in the penetration of electronics in the automotive space. In addition, exceptional demand for key DRAM and NAND flash memory devices boosted global semiconductor demand. iSuppli estimates that these two markets grew by 80% and 40%, respectively, for the full year.

Turning briefly to individual markets, the largest falls in Q4 were recorded in the United States and Japan, offsetting growth in other markets. Elsewhere in East Asia, electronics demand remained resilient, led by China and Singapore, where year-on-year growth in Q4 reached double digits, while a robust economic performance in Germany saw demand there notably stronger.

A 7% year-on-year rise in gold used in the other industrial and decorative segment in Q4 was chiefly the result of a sharp jump in Indian demand, which increased 43% over the corresponding period in 2009. The fact that demand was stronger in India, given the sharp price rally witnessed during the quarter, suggests that there was a material shift in consumer sentiment with expectation of yet higher prices driving demand for purchases. This is similar to sentiment seen in the jewellery and investment sectors. Demand across East Asia remained resilient, with China and Taiwan both increasing by almost 10% YoY, the former driven by stronger demand for branded accessories and a rise in electroformed gifts and jewellery. In contrast, the elevated gold price had a more pronounced effect on a number of markets, with Italy recording the largest YoY decline, as a result of a drop in light-weight (electroformed) jewellery exports. 2010 annual demand for gold used in other industrial and decorative applications was buoyant, at 12% above 2009 levels.

Finally, demand for gold used in dental applications recorded a year-on-year decline of 8% in Q4 to a new record low of 12.2 tonnes, a trend perhaps further accelerated by the 24% YoY rise in the dollar gold price over the period. Annual demand amounted to 49.8 tonnes (-5% vs. 2009), which translated to a value of US$2 bn (19% above 2009 levels). This segment has been steadily declining in recent years due to a migration to more affordable applications and the elevated gold prices during the quarter served only to accelerate the rate of attrition. The most significant changes, in volume terms, were recorded in Germany and the United States, though substantial falls were recorded in almost every market.

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Investment

Investment demand, comprising demand for bars and coins as well as ETFs and similar products, amounted to 276.3 tonnes in Q4 2010, 13% up on year-earlier levels. Physical bar demand (+63% YoY) made the most significant contribution to this growth as investors continued to add to their holdings of bars, notably in the non-Western countries. Fourth quarter ETF demand, on the other hand, recorded a negative year-on-year comparison (-91%) as record high prices encouraged profit-taking. Total investment (including OTC Investment and stock flows) was up 37% year-on-year at 515 tonnes, the third highest quarterly number that we have on record.

Over the year as a whole, investment demand of 1,333.1 tonnes was broadly stable, just 2% down on 2009's record levels. A 45% fall in both the 'ETFs and similar products' and 'OTC investment & stock flows' segments more than outweighed a 56% rise in physical bar investment, notwithstanding that the relative decline in these two elements was largely due to exceptionally strong levels of demand in 2009.

Annual demand for ETFs and similar products totalled 338.0 tonnes. Although this was the second highest annual figure on record, it was nevertheless 45% below the 2009 peak of 617.1 tonnes. After peaking in the second quarter, as the European sovereign debt crisis unfolded, demand for ETFs subsided in the third quarter, before profit-taking emerged in the fourth quarter as the price reached record levels. Fourth quarter demand for ETFs and similar products was negligible at 3.6 tonnes – well down on the 41.7 tonnes of investment inflows witnessed in Q4 2009.

OTC investment and stock flows (previously referred to as 'Inferred investment') was 238 tonnes during Q4 2010. This data series is largely reflective of demand in the OTC market, with an additional contribution from changes in fabrication stocks. Demand in this segment was estimated at 296 tonnes for full year 2010. This reinforces the conclusions drawn in our January 2011 Gold Investment Digest report that activity in the OTC market was robust throughout 2010 as a whole, showing particular strength in the final quarter of the year. Although the annual figure was down 45% on 2009 levels, it nevertheless represents a strong number when compared with historical averages.

Demand for gold bars (as measured by the newly defined category 'Physical bar demand') maintained an impressive rate of growth in the fourth quarter, gaining 63% year-on-year to 204.7 tonnes. The annual comparison was scarcely less impressive, 56% up on 2009 levels at 713.2 tonnes. This figure is more than three times the average of the years 2003-2007 (215.5 tonnes).

Total bar and coin demand reached 272.7 tonnes in Q4, representing year-on-year growth of 35%. Annual demand was almost equally strong, up by 34% at 995.0 tonnes. Growth in this sector was dominated by China, where investors continued to clamour for gold bars and coins. Demand in 2010 climbed 70% to 179.9 tonnes, surpassing that of the US and Germany to make China the second largest investment market behind India.

The main motivation behind this demand has been concern over domestic inflation pressure and poor performance of alternative investments (i.e. continued negative real interest rates on deposits and lacklustre equity market performance in Q4), combined with expectations of further gold price gains. The fourth quarter witnessed a continuation of the recent trend, with increasing numbers of department stores, and even state-owned mining companies, opening retail outlets specifically to cater to this voracious appetite for physical bullion. The Chinese New Year celebration has also continued to buoy demand for gold items in recent weeks to mark the Chinese 'Year of the Rabbit'. Q4 investment demand measured in local currency terms more than doubled year-on-year to RMB17 bn. On an annual basis, this translated to total demand of RMB48 bn, up 113% year-on-year.

Investment in gold bars and coins in Hong Kong, although firmer than year-earlier levels, remained negligible, while in Taiwan net investment was positive for a second consecutive quarter. The market again witnessed high levels of selling and buying activity, with the net effect that purchases outweighed profit taking by some 0.8 tonnes in the fourth quarter – a 4.3 tonne improvement on the 3.5 tonnes of net disinvestment witnessed in Q4 2009. Investors continued to show good interest in the Bank of Taiwan's Gold Passbook and profit-taking activity was well below what was expected given the price level. Modest investment demand during the second half of 2010 was not quite sufficient to outweigh the profit-taking of the first half, and consequently 2010 as a whole witnessed minor levels of disinvestment. At 1.8 tonnes however, this was a considerable improvement on 2009, when disinvestment reached 11.1 tonnes.

Across the other Asian markets, bar and coin investment was almost universally positive when compared with year-earlier levels. Vietnam was one of the best performing investment markets in Q4, with demand up 67% at 21.4 tonnes as rising inflation and continued devaluation of the local currency prompted investors to seek refuge in gold bars. However, annual demand grew by a more moderate 15% as the high gold price curbed affordability.

Thailand was the standout market in 2010, recording a swing from net negative investment in 2009 of 9.9 tonnes to positive annual investment of 51.2 tonnes. During the first three quarters of the year, investment demand averaged 18.4 tonnes per quarter. Transaction activity was high throughout the year, but only in the last quarter did profit-taking come moderately to the fore as the price reached unprecedented levels.

Investors in both South Korea and Indonesia showed heightened interest in gold bars and coins relative to year earlier levels, on the back of rising prices, and although profit-taking largely dominated in the fourth quarter, both markets witnessed a shift to positive investment in 2010 from disinvestment the previous year.

Profit-taking continued to outweigh fresh investment purchases in Japan, although fourth quarter disinvestment of 11.0 tonnes was nevertheless well below the 26.0 tonnes recorded in Q4 2009 as fresh investment purchases were fuelled by economic concerns and an increased awareness of the positive benefits of having gold as part of a diversified portfolio. Despite hitting an all-time high in December, appreciation in the yen-denominated gold price was muted by continuing strength in the currency and therefore remained below the target profit-taking level for many investors. On an annual basis, profit-taking amounted to 50.0 tonnes, an increase of 19.2 tonnes on the level of disinvestment witnessed in 2009.

Indian investors increased their purchases of gold bullion as the rising price generated considerable fresh demand, without – as would usually be expected at record price levels – attracting higher levels of profit-taking. New investors were largely behind the 15% increase in fourth quarter demand, despite competition from the high rates of return on silver. Meanwhile, established investors were relatively inactive during the quarter, waiting for a dip in the price to add to holdings at cheaper levels. In value terms, growth rates were considerably stronger; fourth quarter demand for gold bars and coins reached Rs.147 bn (+37% year-on-year). The yearly comparison shows a 90% growth rate to Rs.391 bn although this is partly a reflection of a weak 2009.

Indian demand for medallions and bars is likely to grow with retail projects like the India Post in association with World Gold Council that is currently operational in 700 post offices in 21 states across India, with more than 90,000 customer transactions already achieved.

Investors in Western markets were largely unable to sustain the exceptional levels of demand for gold bars and coins that were seen during 2009, although there were exceptions to this trend.

In the US, fourth quarter demand for physical gold bullion, at 31.7 tonnes, was very strong compared with historical levels, although given the strength of Q4 2009 demand this represented a year-on-year decline of 18%. Investors were seen adding to their holdings of bars and coins around the announcement of the second round of quantitative easing (QE2) in early November, which kept alive the spectre of inflation. Demand for gold bars was underpinned by lower premiums relative to those on gold coins, but investors were also seen increasing their demand for silver, given the rapid rise in the price of silver – a trend that has continued into the first quarter of 2011. Annual demand dipped 8% to 104.7 tonnes, although in value terms the comparison is considerably more positive, showing a 16% increase in the value of annual gold bar and coin demand.

Increased demand for gold bars and coins in Europe's two largest gold investment markets – Germany and Switzerland – reflected a re-emergence of concerns over sovereign debt in the region and was a demonstration of investors' conviction that gold offers security in uncertain times. Q4 demand was up by more than 35% in both markets, which in US$ terms translated to growth of around 70%. Annual demand was slightly below 2009 but, when compared with levels of just three or four years ago, the current levels of demand are remarkable.

In France, investment demand notched up its fourth consecutive quarter of positive investment, albeit at relatively low levels. Nevertheless, this is particularly significant at a time of record prices, given that normal expectations would be for such price rises to flush out considerable profit-taking, and is testament to the strength of belief in gold's investment benefits. Annual demand held steady at the 2009 level of 1.2 tonnes, which is again significant in the context of the previous at least 17 years of disinvestment.

In 'Other Europe' countries, demand subsided from previously elevated levels, but the underlying growth trend remains in place, as evidenced by a 10% year-on-year increase in the US$ value of bar and coin demand.

In Turkey, annual bar and coin demand staged an impressive recovery from 2009's depressed levels, although did not rally sufficiently to resume the long-term 1996-2007 uptrend. 2010 witnessed a 27% increase in investment to 40.5 tonnes, although this was well below the 2003-2008 average of 54.9 tonnes. Fourth quarter investment demand was 40% above Q4 2009, as rising prices continued to attract attention, particularly in an environment of declining real interest rates. Inflation, after reaching 10% in the first quarter, fell throughout the rest of the year to 6%, prompting the central bank to drop the repo rate from 7% to 6.5%.

Gold coins were the most popular method of investing in physical gold. However, 2010 also bore witness to a huge rise in the take up of gold bank accounts, the number of which almost doubled during the year. The range of gold deposit accounts offered by Turkish banks has expanded markedly over the last year and Turkey's Banking Regulation and Supervision Agency reports that the amount of gold held in these accounts is estimated at 22.5 tonnes. Q4 saw the introduction by one bank of ATM machines that allow its customers to deposit or withdraw gold coins weighing between 1 and 2.5 grammes.

Middle Eastern demand for gold investment products picked up some of the slack in the jewellery market, registering solid growth relative to 2009. The regional headline demand figure reached 26.3 tonnes, representing a strong bounce on the 2009 dip back towards 2008's 28.4 tonnes and signalling a possible return towards the long term broadly positive trend from 2000-2008.

Some of the individual country results were equally positive. In Saudi Arabia, annual investment demand of 14.5 tonnes (+33% YoY) represented the highest level since the peak of 1997. 6.4 tonnes of Q4 demand (+39% YoY) mainly comprised bars of high denominations as both wealthier domestic and non-resident investors purchased gold in order to protect the value of their savings and benefit from expected higher prices.

Investors in Egypt maintained a solid interest in gold, although outright levels of demand remained low. Q4 demand of 0.7 tonnes took the annual total to 2.4 tonnes, up 43% on 2009 and only a fraction below 2.5 tonnes reached during 2008, which was an 11-year peak. The current unfolding political and social tensions in Egypt may result in higher demand for gold bars throughout Q1 2011. Investment in the Other Gulf countries was marginally negative in the fourth quarter and remained muted on an annual basis. The high gold price elicited conflicting responses from investors, with profit-taking slightly outweighed by new purchases from investors seeking to capitalise on the price rise throughout the year.

Supply

Gold supply	2009	2010*	YoY (%)	Q4'09	Q4'10*	YoY (%)
Total mine supply	2,332	2,543	9%	552	658	19%
Official sector sales	30	-87	n/a	-13	13	n/a
Recycled gold	1,672	1,653	-1%	403	470	17%
Total supply	4,034	4,108	2%	942	1,141	21%

* Provisional.

Source: GFMS, WGC

The total supply of gold coming onto the market in 2010 reached 4,108 tonnes, a rise of 2% from 2009 levels. After a sharp year-on-year decline in the first quarter of the year, supply expanded throughout the remainder of the year. The underlying components of supply were mixed; the combined effect of a reduction in the supply of recycled gold (-19 tonnes from 2009) and a shift in the official sector to modest net purchases (-117 tonnes) were cancelled out by a 136 tonne year-on-year decline in producer de-hedging. The net effect on supply of these changes was zero, therefore the 74 tonne year-on-year increase in 2010 supply was solely the result of growth in mine production.

In the fourth quarter, all the categories of supply had a positive impact on the total when compared with the fourth quarter of 2009. The largest contribution came from producer de-hedging, which was 88 tonnes below year-earlier levels (and therefore acted as less of a constraint on supply). Elsewhere, recycling generated an additional 67 tonnes while sales of gold from the official sector, although insignificant at 13 tonnes, represented a 26 tonne increase in supply when compared with the 13 tonnes of net purchases in the fourth quarter of 2009.

Initial figures estimate that mine production in the fourth quarter was 18 tonnes (3%) above year-earlier levels, its ninth consecutive quarter of growth. 2010 full year mine production also grew by 3% to 2,659 tonnes. A country-level breakdown of Q4 2010 depicts a continuation of the trends that had been in place for the previous three quarters; the main contributors to production growth being Australia, largely due to continued ramping up of production at Newmont's Boddington operation; Argentina, courtesy of expansion at Veladero; China, which retained its position as the world's largest producer; and the US, where Barrick's Cortez Hills increased production after commencing production in the first quarter. On the other side of the equation, production continued to decrease in Indonesia, as a result of mine sequencing at Grasberg, and Peru, where lower grades at Yanacocha were the main contributor.

A sharp decline in levels of net producer de-hedging in 2010 (from 252 tonnes in 2009 to 116 tonnes) had the effect of boosting the year-on-year supply figures by 136 tonnes. AngloGold Ashanti eliminated its remaining hedge book by early October, while other companies including OceanaGold and Norton GoldFields also closed out their hedge books during the year. Limited new hedging activity was undertaken during 2010, the largest of which saw Mexican mining company Minera Frisco enter into forward sales of 28 tonnes and 15 tonnes of collar options. Accounting for this, and other, new hedging, the outstanding global hedge book at the end of 2010 stood somewhere in the region of 125 tonnes.

The official sector was notable in 2010 for the fact that it reversed its 20-year position as a net seller of gold and became a modest net buyer of gold. Net central bank purchases for the full year 2010 amounted to 87 tonnes as a number of countries were seen adding to their official reserves. Most significant among these was Russia, which added 140 tonnes of gold to its reserves through a steady series of purchases throughout the year. Thailand and, to a lesser extent, Venezuela also added to their holdings of gold.

However, selling activity slightly outweighed purchases in the fourth quarter, to the tune of 13 tonnes, primarily due to a 19.5 tonne sale by the Philippines in October as it continued its regular two-way activity.

The IMF completed its programme of limited sales during the fourth quarter, announcing on 21 December that it had concluded the sale of 403.3 tonnes of gold. The majority of the sales were conducted in off-market transactions at market prices with central banks, while the remaining 181.3 tonnes were sold in on-market sales within the ceiling set by the third Central Bank Gold Agreement (CBGA3).

Sales by the signatories of CBGA3 remained extremely muted during the fourth quarter, with only around 1.0 tonne of net sales outside of the IMF. Throughout the year as a whole, sales amounted to less than 7 tonnes.

Please see the focus section of this report for further detail on the official sector.

Recycling activity continued to trend higher in the fourth quarter, contributing 470 tonnes of gold to total supply compared with 403 tonnes in Q4 2009. In the context of the record high gold prices seen in many countries during Q4 2010, recycling activity could be viewed as somewhat subdued. Indeed, recycling activity in India and the Middle East region, the largest traditional contributors to this element of supply, was below what could have been reasonably expected in the high price environment. Among Indian consumers, this was a further demonstration of the widespread belief that prices would rise still further. The same was true of consumers in the Middle East, although higher price expectations there did not have the effect of attracting fresh jewellery demand ahead of the expected price rise.

Recycling activity continues to increase in Western markets, but still accounts for a relatively low proportion of the total global supply of recycled gold.

On an annual basis, total recycling activity dipped marginally to 1,653 tonnes, although this 1% year-on-year decline was largely due to the exceptionally high levels of recycling witnessed in the first quarter of 2009. Supply from sales of recycled gold remains well above historical levels. The average over the period 2004-2008 was 1,033 tonnes, less than two thirds of the 2010 total.

Official sector resumes net purchases after two decades of sales

In 2010, the official sector became a net buyer of gold for the first time in 21 years. From 1989 to 2007 net official sector sales averaged 400–500 tonnes per year; then in 2008, central bank sales dropped by almost one half, and then declined again to just 30 tonnes in 2009.

Introduction

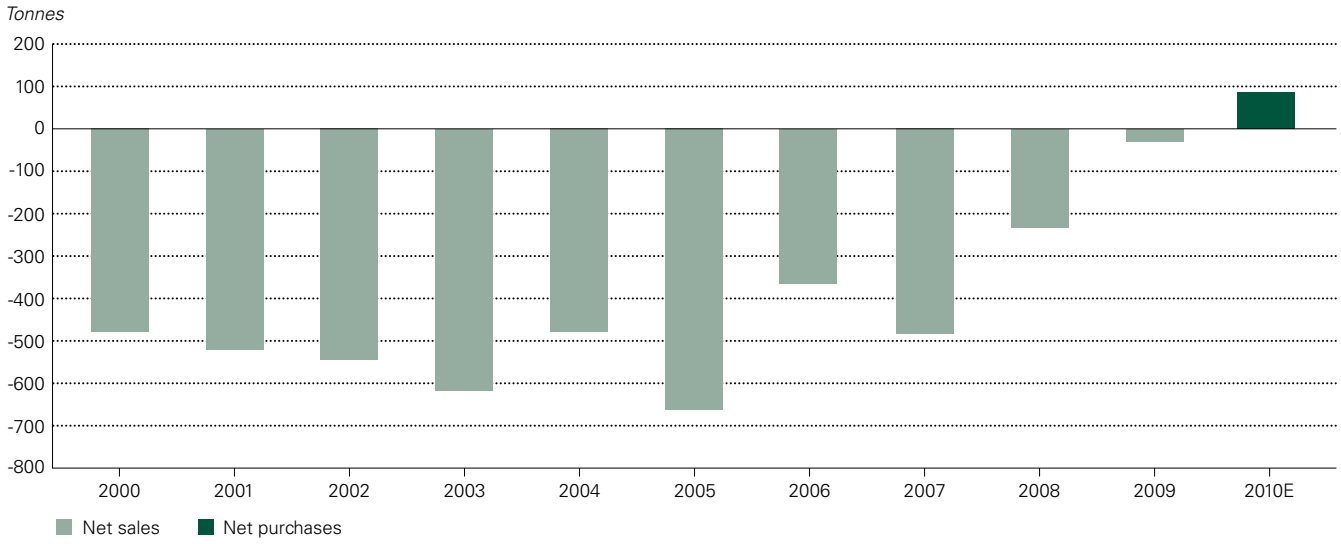
In 2010, the official sector became a net buyer of gold for the first time in 21 years. From 1989 to 2007 net official sector sales averaged 400-500 tonnes per year; then in 2008, central bank sales dropped by almost one half, and then declined again to just 30 tonnes in 2009.

As a group, the official sector holds 18% of all above ground stocks of gold. However, gold holdings are not equally distributed among nations. The advanced economies of Western Europe and North America typically hold over 40% of their total external reserves in gold, largely as a legacy of the gold standard. Under that regime, countries backed their currencies with gold, which led to the build-up of very large gold reserves among the leading economies of the period. Developing countries, by contrast, have no such historical legacy, and therefore have much smaller gold reserves with on average 5% or less of their total external reserves in gold. There have been significant changes in official sector behaviour in both groups.

First, emerging market economies that have been experiencing rapid economic growth have been substantial buyers of gold. The primary reason for this has been a desire to move toward restoring a prior balance between foreign currencies and gold that has been eroded by the rapid increase in their holdings of foreign currencies, principally the US dollar. For this group of countries, gold has also become an increasingly attractive means of diversifying their external reserves. As a result, emerging market purchases of gold have made a significant impact in reducing the quantity of gold the official sector had been supplying to the market each year. Second, European central banks holding a significant amount of gold in their external reserves have had a reduced appetite for sales in the wake of the financial crisis. Prior to the onset of the financial crisis, several European central banks initiated gold sales programmes in order to rebalance their external reserve portfolios and increase their foreign currency holdings. However, as the financial crisis deepened and quickly developed into a major sovereign debt crisis, European central banks have shown a sharply diminished appetite for gold sales, with sales effectively coming to a halt over the past three years.

These two significant forces have reduced the total supply of gold to the market, and they are likely to continue to do so as the central banks of the advanced economies remain highly risk averse, while the central banks of emerging market countries continue to add to their gold holdings. Thus, the official sector is unlikely to re-emerge as a significant source of supply after two decades in which it was a supplier of a substantial quantity of gold to the private sector markets.

Chart 2: Official sector net gold sales since 2000 (in tonnes)



Source: GFMS

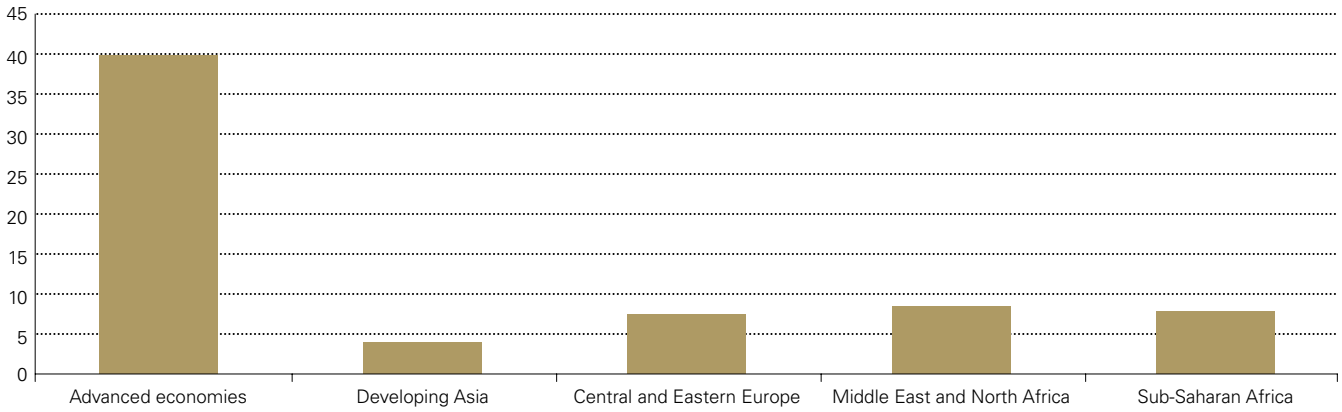
Rapid economic growth in emerging markets has led to large gold purchases

In 2010 several emerging market economies made large purchases of gold, led by Russia which purchased 135 tonnes. Some market participants believe that China may also be continuing to buy local mine production, which it has done regularly in the past. There is certainly no shortage of experts, both domestic and from overseas, advising China to do so. Other emerging country purchases were made by the central banks of Thailand (16 tonnes), Bangladesh (10 tonnes), Venezuela (5 tonnes), and the Philippines (1.4 tonnes). Economic growth in emerging markets has been very strong over the past decade, and this has resulted in rapid increases in foreign currency reserves—either through expanding export revenues or increased foreign exchange interventions to mitigate the strength of their rising currencies against the US dollar. Both factors are driven by economic growth and contribute to expanding national wealth that policy makers are eager to preserve.

As emerging economies progress they begin to look and feel more like advanced economies with deeper and more liquid financial markets, better governance structures, and more efficient risk stabilisers. In line with these advances, and driven in some cases by vivid memories of the problems they faced during the Asian economic and financial crisis of the late 1990s, many of these nations are looking to build up their external reserves in order to preserve their nation's wealth in future periods of instability. Indeed, emerging market central banks as a group are significantly underweight gold, holding on average just 5% or less of their external reserves in gold (Chart 3), while the developing countries of Asia hold the least amount of gold—less than 4% of total external reserves which is at the lower end of what portfolio optimisation studies suggest would be appropriate for a central bank. Research conducted by the World Gold Council shows that maintaining a higher ratio of gold to total reserves creates a more optimal central bank portfolio as gold is uncorrelated with virtually all assets and provides an excellent hedge against US dollar exposures (Chart 4).

Chart 3: Signifcant differences in gold holdings (Q3 2010)

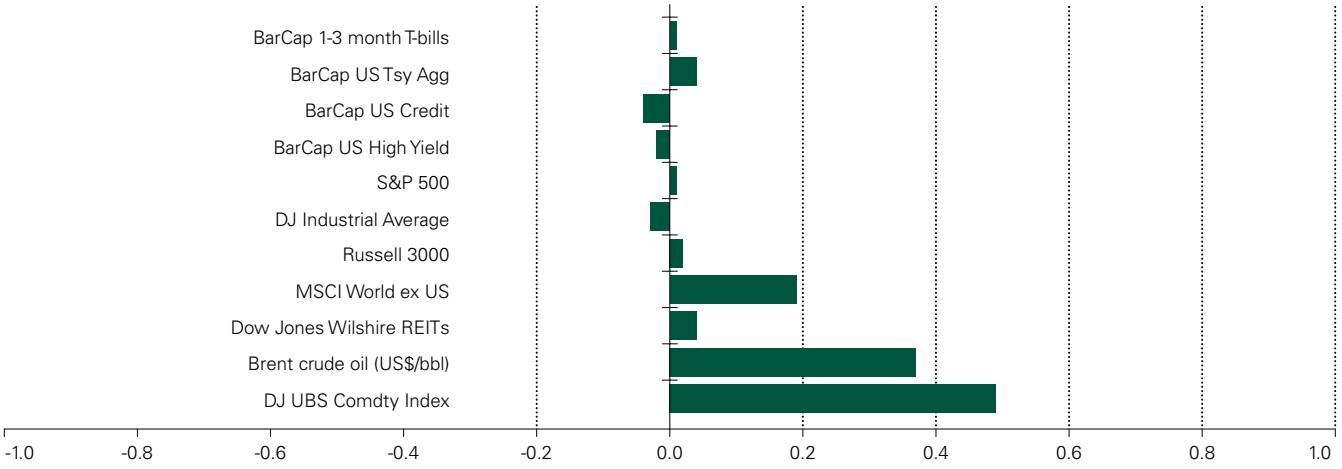
Gold reserves as % of total reserves



Note: Gold reserves calcuated using London PM Fix as of 30 September 2010.

Source: IMF IFS, LBMA, WGC

Chart 4: 5-year weekly return correlation on key assets and gold (US$/oz)

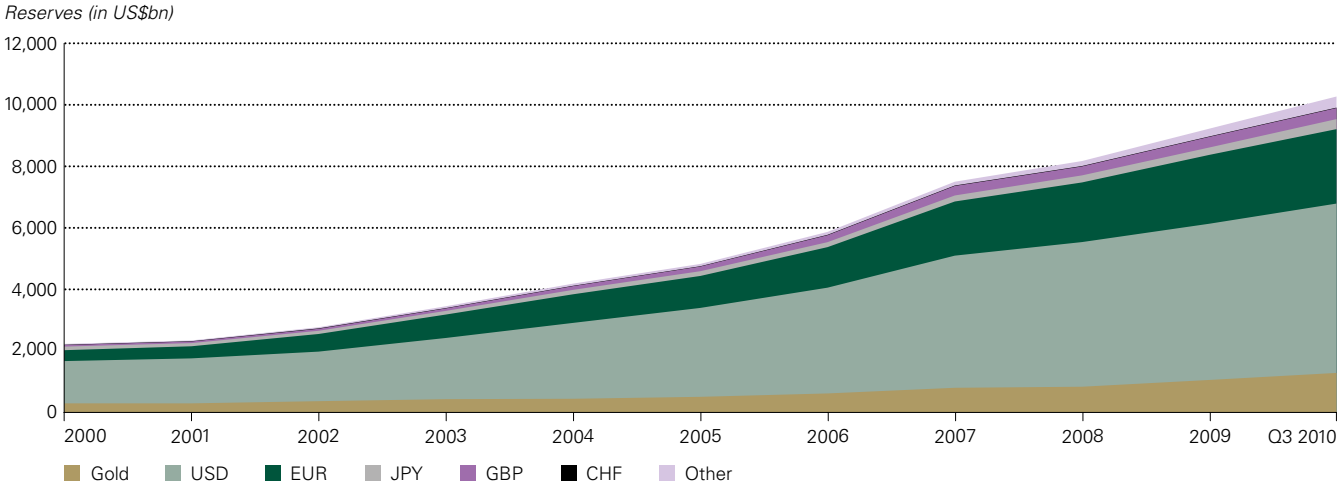


Source: IHS Global Insight, Barclays Capital, WGC

Throughout the financial crisis, and now during the continuing sovereign debt concerns, emerging market central banks have increasingly turned to gold purchase programmes as a means of diversifying their reserves into an asset with no credit or counterparty risk that provides immediate liquidity in all market conditions.

In addition to emerging economies plainly seeking to increase their proportion of gold reserves, many other central banks have simply been trying to rebalance their portfolios to maintain their gold holdings as a percentage of total reserves. In January 2011, the deputy head of the Central Bank of the Russian Federation announced plans to purchase at least 100 tonnes of gold per year to replenish the country's gold reserves. The proportion of gold in Russia's external reserves has declined from 25% in 2000 to only 5% in 2010. The decline in gold holdings as a percentage of total reserves in emerging market central banks is in some cases a consequence of the significant foreign exchange reserve growth that has taken place over the past 10 years. Chart 5 shows that between 2000 and 2010, foreign reserves across all central banks increased from $2 to $10 trillion, yet gold as a percentage of total reserves remained at 13% across all central banks. However, many countries that have fixed or managed exchange rates against the US dollar witnessed a significant decline in their gold holdings in relation to their total reserves as they accumulated more dollars in order to maintain their pegs. Beyond Russia's rebalancing efforts, in 2009 India's purchase of 200 tonnes helped the country toward its goal of restoring the balance between gold and foreign currencies in its total reserves. Chart 6 illustrates several examples of central banks that are in a similar position and that are either already increasing gold holdings to maintain their percentage of total reserves, or may be considering such action.

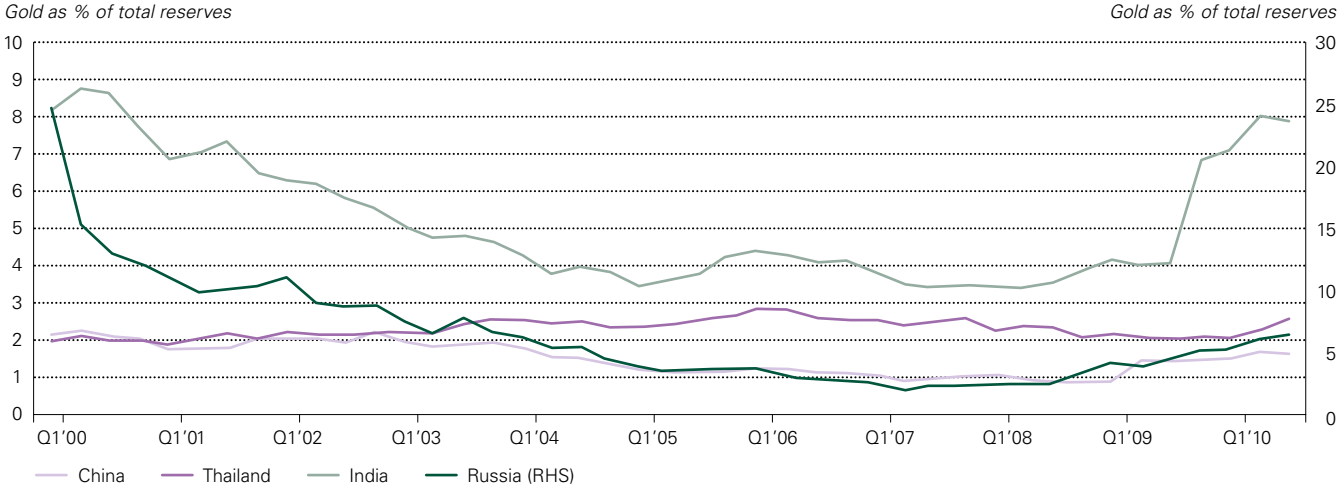
Chart 5: Tremendous growth of world reserves (2000–2010)



Note: Unallocated reserves were assumed to follow the same breakdown as allocated reserves.

Source: IMF COFER, WGC

Chart 6: Emerging economies rebalance to maintain gold reserves



Source: IMF IFS, WGC

European central banks stop sales

Over the past 10 years, European central banks sold on average 388 tonnes of gold per year, accounting for approximately 10% of the annual gold supply. However, in the last three years European central bank sales have virtually come to a halt. Due to increasing economic prosperity and stability in the 1990's, coupled with the establishment of the European Central Bank (ECB) in 2000 and the creation of the euro area, European central banks became less worried about systemic risk. This led to a trend away from the traditional defensive central banking operations, and towards greater emphasis on the pursuit of enhanced returns on their national external reserves. As a result, European central banks turned to gold sales programmes to fund an increase in their foreign currency reserves for rebalancing and investment purposes.

In this context, European central banks joined together to create the first Central Bank Gold Agreement (CBGA) in September of 1999, agreeing to limit annual sales in the ensuing five year period to 400 tonnes per year for a maximum total of 2000 tonnes. During the first agreement European central banks collectively sold all 2000 tonnes of gold permitted. In the second CBGA (CBGA2), which ran from September 2004 to September 2009, the signatories agreed to maximum sales of 500 tonnes per year for a total of 2,500 tonnes, yet only sold 1,884 tonnes, significantly less than the ceiling they set for themselves. In the third CBGA (CBGA3), which began in September 2009, European central banks reduced the agreed maximum annual sales back to 400 tonnes and designed the agreement to accommodate the IMF sales programme (more below). Thus far, European central banks have sold only 7.9 tonnes in the first 14 months of this agreement as their gold sales have ground to a virtual halt. As European central banks shift their focus back to their increasingly difficult domestic matters, it seems their appetite for additional gold sales in order to adjust the balance of their reserve portfolios has been significantly reduced. Furthermore, as investors and academics even go so far as to question the future of the euro area, European central banks have taken greater comfort in their large gold holdings—which have increased in value as all other indices declined. If conditions in Europe do settle down, it is possible that European central banks may again consider gold sales programmes; however, at this time, it would seem too early for any European nation to take such action in the face of heightened scrutiny.

IMF sales demonstrate depth and breadth of the gold market

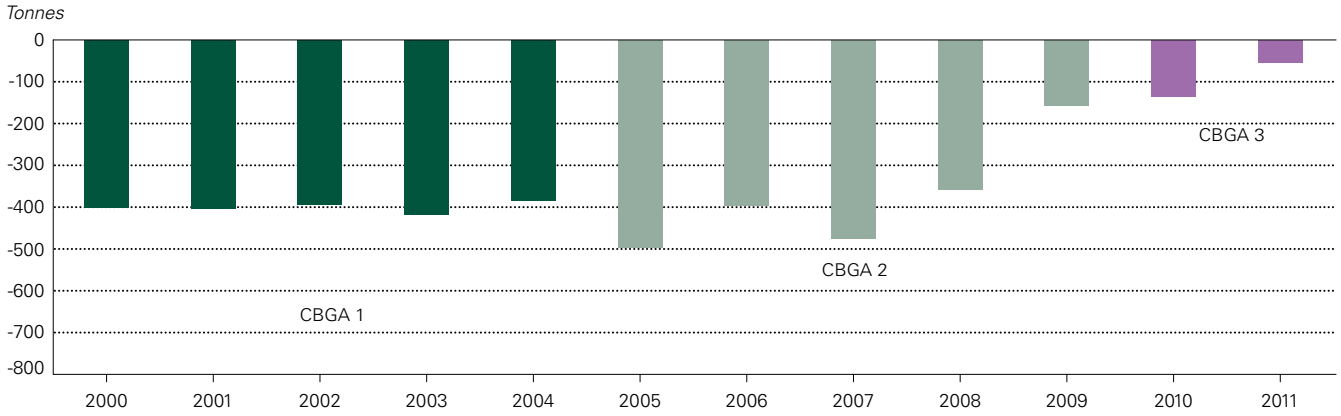
Following the recommendations of the Crockett Report, the IMF announced in September of 2009 that it would begin a limited gold sales programme covering the sale of 403.3 tonnes of gold. Driven by a need to change its income model due to reduced demand for IMF loans (prior to the European crisis), the Executive board of the IMF approved a limited gold sales program, whereby profits would be used to set up an endowment fund to support the IMF's regular research and monitoring work. Furthermore, at the request of the G20, a portion of the profits from these gold sales will be devoted to assistance for the world poorest countries.

The IMF conducted the majority of its sales in off-market transactions at market prices with central banks, selling 200 tonnes to the Reserve Bank of India, 10 tonnes to the Central Bank of Sri Lanka, 10 tonnes to the Central Bank of Bangladesh and 2 tonnes to the Central Bank of Mauritius. The remaining sales were conducted through on-market sales within the ceiling set by CBGA3. Between February and December of 2010, the IMF sold on average 18 tonnes of gold per month in the bullion market; sales which had little or no negative impact on gold prices. Furthermore, the IMF reported no difficulty in conducting these transactions, selling 181.3 tonnes in the market within 10 months, a fact that illustrates the depth and liquidity of the global gold market.

Conclusion

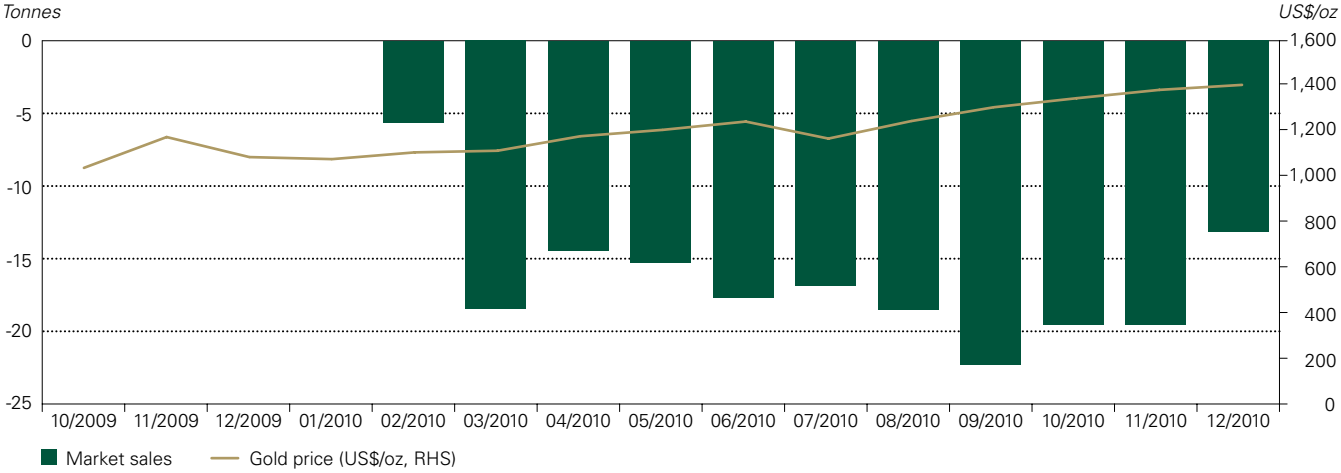
After being a source of significant supply in the gold market for the past two decades, in 2010 central banks became net buyers of. Emerging market economies experiencing rapid growth have been large buyers of gold, diversifying their external reserves. Meanwhile, European central banks – which for two decades had been selling gold – have virtually stopped sales in the wake of the financial and European sovereign debt crises. These two forces have considerably reduced the supply of gold to the market. As the official sector remains highly risk averse and the public remains concerned about fiscal and monetary conditions, any gold sales from advanced economies are likely to remain small. Meanwhile, emerging markets continue to build large external reserves, to provide them with security in the face of ever challenging market conditions. With the importance of gold universally reaffirmed by central banks, emerging country central banks are likely to continue purchasing gold as a means of preserving national wealth and promoting greater financial market stability. Central banks remain committed to the importance of gold and its relevance in maintaining stability and confidence as they have been for hundreds of years.

Chart 7: European central bank sales under CBGA agreements



Source: IMF IFS, European Central Bank

Chart 8: IMF gold sales



Source: IMF IFS, LBMA

Gold demand statistics

Demand

Table 1: Gold demand[1] (tonnes)

	2008	2009	2010[2]	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10[2]	Q4'10 vs Q4'09 % chg	4 quarter % chg[3]
Jewellery	2,191.6	1,760.3	2,059.6	329.1	430.5	489.7	510.9	520.9	422.5	541.0	575.2	13	17
Technology	439.1	373.2	419.6	79.1	93.6	97.2	103.3	102.0	105.8	107.8	103.9	1	12
Electronics	292.9	246.4	287.0	49.9	60.0	66.3	70.3	68.3	72.9	75.4	70.4	0	16
Other industrial	90.5	74.2	82.8	16.2	20.4	17.7	19.8	20.9	20.6	20.0	21.3	7	12
Dentistry	55.7	52.7	49.8	13.0	13.2	13.2	13.2	12.9	12.3	12.4	12.2	-8	-5
Investment	1,181.0	1,359.9	1,333.1	616.3	258.7	241.2	243.8	220.4	542.7	293.7	276.3	13	-2
Total bar and coin demand	860.1	742.8	995.0	151.2	190.7	198.9	202.0	215.6	251.7	255.0	272.7	35	34
Physical bar demand	603.1	457.1	713.2	78.4	121.2	131.6	125.9	150.6	170.6	187.2	204.7	63	56
Official coin	187.3	228.8	204.6	68.9	55.6	49.5	54.9	43.6	68.2	50.4	42.5	-23	-11
Medals/imitation coin	69.6	56.9	77.2	3.9	13.9	17.8	21.3	21.4	13.0	17.3	25.5	20	36
ETFs and similar products[4]	320.9	617.1	338.0	465.1	68.1	42.2	41.7	4.7	291.0	38.7	3.6	-91	-45
Gold demand	3,811.6	3,493.4	3,812.2	1,024.4	782.9	828.0	858.0	843.3	1,071.0	942.5	955.5	11	9
London PM fix (US$/oz)	872.0	972.3	1,224.5	908.4	922.2	960.0	1,099.6	1,109.1	1,196.7	1,226.8	1,366.8	24	26

1 Gold demand excluding central banks.
2 Provisional.
3 Percentage change, 12 months ended December 2010 vs 12 months ended December 2009.
4 Exchange Traded Funds and similar products including: Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRA-GOLD, Julius Baer Physical Gold, Central Fund of Canada, and Central Gold Trust, Swiss Gold, Claymore Gold Bullion ETF, Sprott Physical Gold Trust, Credit Suisse Xmtch and Dubai Gold Securities

Source: GFMS, LBMA, WGC

Table 2: Gold demand[1] (US$mn)

	2008	2009	2010[2]	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10[2]	Q4'10 vs Q4'09 % chg	4 quarter % chg[3]
Jewellery	61,440	55,029	81,085	9,613	12,764	15,113	18,064	18,573	16,256	21,338	25,277	40	47
Technology	12,309	11,668	16,519	2,309	2,776	3,000	3,653	3,638	4,072	4,252	4,566	25	41
Electronics	8,210	7,702	11,299	1,456	1,779	2,045	2,485	2,435	2,805	2,974	3,095	25	46
Other industrial	2,538	2,318	3,258	472	606	548	700	745	792	790	934	33	40
Dentistry	1,560	1,648	1,961	381	392	407	468	459	475	488	538	15	19
Investment	33,107	42,513	52,482	17,999	7,671	7,444	8,618	7,859	20,880	11,582	12,144	41	26
Total bar and coin demand	24,112	23,222	39,174	4,416	5,653	6,140	7,142	7,689	9,685	10,056	11,984	68	69
Physical bar demand	16,908	14,290	28,077	2,289	3,594	4,063	4,450	5,372	6,563	7,385	8,996	102	97
Official coin	5,252	7,153	8,056	2,013	1,647	1,526	1,940	1,553	2,622	1,988	1,868	-4	13
Medals/imitation coin	1,952	1,778	3,040	114	412	550	751	764	499	683	1,120	49	68
ETFs and similar products[4]	8,996	19,291	13,308	13,582	2,018	1,304	1,475	169	11,195	1,526	160	-89	-29
Gold demand	106,856	109,210	150,085	29,920	23,212	25,557	30,335	30,070	41,208	37,172	41,987	38	38

1 Gold demand excluding central banks.
2 Provisional.
3 Percentage change, 12 months ended December 2010 vs 12 months ended December 2009.
4 Exchange Traded Funds and similar products including: Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRA-GOLD, Julius Baer Physical Gold, Central Fund of Canada, and Central Gold Trust, Swiss Gold, Claymore Gold Bullion ETF, Sprott Physical Gold Trust, Credit Suisse Xmtch and Dubai Gold Securities.

Source: GFMS, LBMA, WGC

Table 3: Investment demand[1] (tonnes except where specified)

	2009	2010[2]	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10[2]	Q4'10 vs Q4'09 % chg	4 quarter % chg
Investment	1,359.9	1,333.1	616.3	258.7	241.2	243.8	220.4	542.7	293.7	276.3	13	-2
Total bar and coin demand	742.8	995.0	151.2	190.7	198.9	202.0	215.6	251.7	255.0	272.7	35	34
Physical bar demand	457.1	713.2	78.4	121.2	131.6	125.9	150.6	170.6	187.2	204.7	63	56
Official coin	228.8	204.6	68.9	55.6	49.5	54.9	43.6	68.2	50.4	42.5	-23	-11
Medals/imitation coin	56.9	77.2	3.9	13.9	17.8	21.3	21.4	13.0	17.3	25.5	20	36
ETFs and similar products[4]	617.1	338.0	465.1	68.1	42.2	41.7	4.7	291.0	38.7	3.6	-91	-45
OTC Investment and stock flows[5]	540.6	296.0	215.0	172.5	21.6	131.5	23.5	-1.3	35.6	238.3	81	-45
Total investment	1,900.5	1,629.1	831.3	431.3	262.8	375.2	243.8	541.4	329.2	514.6	37	-14
Total investment $m	59,414	64,135	24,278	12,786	8,112	13,265	8,695	20,830	12,985	22,614	70	11

1 Total investment demand excluding central banks.
2 Provisional.
3 Percentage change, 12 months ended December 2010 vs 12 months ended December 2009.
4 Exchange Traded Funds and similar products including: Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRAGOLD, Julius Baer Physical Gold, Central Fund of Canada, and Central Gold Trust, Swiss Gold, Claymore Gold Bullion ETF, Sprott Physical Gold Trust, Credit Suisse Xmtch and Dubai Gold Securities.
5 This includes institutional investment (other than ETFs and similar), stock movements and other elements as well as any residual error.

Source: GFMS, LBMA, WGC

Table 4: Gold supply and demand (WGC presentation)

	2009	2010[1]	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10[1]	Q4'10 vs Q4'09 % chg	4 quarter % chg[2]
Supply												
Mine production	2,584.3	2,658.8	586.4	639.5	682.2	676.3	612.9	649.0	702.2	694.7	3	3
Net producer hedging	-252.2	-116.1	-0.2	-30.6	-96.7	-124.7	-19.5	7.2	-67.2	-36.7	-	-
Total mine supply	2,332.1	2,542.7	586.1	608.9	585.5	551.5	593.5	656.2	635.0	658.1	19	9
Official sector sales[3]	29.8	-87.2	62.2	-8.7	-10.7	-13.1	-60.8	-19.4	-20.1	13.0	-	-
Recycled gold	1,672.2	1,652.7	605.8	366.0	296.9	403.4	359.8	438.8	384.1	470.1	17	-1
Total supply	4,034.0	4,108.2	1,254.2	966.2	871.8	941.8	892.4	1,075.6	999.1	1,141.2	21	2
Demand												
Fabrication												
Jewellery	1,760.3	2,059.6	343.9	441.3	511.8	463.3	546.5	428.4	562.0	522.6	13	17
Technology	373.2	419.6	79.1	93.6	97.2	103.3	102.0	105.8	107.8	103.9	1	12
Sub-total above fabrication	2,133.5	2,479.2	422.9	535.0	609.0	566.6	648.6	534.2	669.8	626.6	11	16
Total bar and coin demand[4]	742.8	995.0	151.2	190.7	198.9	202.0	215.6	251.7	255.0	272.7	35	34
ETFs and similar	617.1	338.0	465.1	68.1	42.2	41.7	4.7	291.0	38.7	3.6	-91	-45
Gold demand	3,493.4	3,812.2	1,039.2	793.7	850.2	810.4	868.9	1,076.9	963.5	902.9	11	9
OTC investment and stock flows[5]	540.6	296.0	215.0	172.5	21.6	131.5	23.5	-1.3	35.6	238.3	81	-45
London PM fix (US$/oz)	972.3	1,224.5	908.4	922.2	960.0	1,099.6	1,109.1	1,196.7	1,226.8	1,366.8	24	26

1 Provisional.
2 Percentage change, 12 months ended December 2010 vs 12 months ended December 2009.
3 Excluding any delta hedging of central bank options.
4 Total bar and coin demand combines the investment categories previously identified as relating to 'retail' demand.
5 This includes institutional investment (other than ETFs and similar), stock movements and other elements as well as any residual error.

Source: GFMS, LBMA, WGC. Data in this table are consistent with those published by GFMS but adapted to the WGC's presentation and take account of the additional demand data now available. The "OTC investment and stock flows" figure differs from the "implied net (dis)investment" figure in GFMS' supply and demand table as it excludes "ETFs and similar products" and demand previously identified as "other retail investment"; in these tables, "other retail investment"; has been absorbed into the "Total bar and coin demand" category.

Table 5: Consumer demand in selected countries: Q4 2010 (tonnes)

	Q4'09			Q4'10*			Q4'10 vs Q4'09, % chg		
	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total
India	143.1	64.8	207.9	210.5	74.4	284.9	47	15	37
Greater China	98.1	29.0	127.1	123.1	60.5	183.5	25	109	44
China	91.7	32.3	124.0	115.8	59.4	175.2	26	84	41
Hong Kong	4.2	0.2	4.4	5.2	0.3	5.4	23	25	23
Taiwan	2.2	-3.5	-1.3	2.1	0.8	2.9	-4	-	-
Japan	7.4	-26.0	-18.6	4.5	-11.0	-6.6	-40	-	-
Indonesia	8.0	-5.5	2.5	6.3	-1.5	4.8	-21	-	94
South Korea	5.4	-2.1	3.3	4.3	0.0	4.3	-21	-	31
Thailand	1.3	7.5	8.8	1.0	-4.0	-3.0	-23	-	-
Vietnam	3.7	12.8	16.5	3.2	21.4	24.6	-15	67	49
Middle East	43.8	4.6	48.4	38.6	6.4	45.0	-12	39	-7
Saudi Arabia	11.5	3.0	14.5	9.8	3.9	13.7	-15	30	-6
Egypt	12.2	0.5	12.7	11.1	0.7	11.8	-9	40	-7
UAE	14.7	1.3	16.0	13.2	1.9	15.1	-10	52	-6
Other Gulf	5.4	-0.2	5.2	4.5	-0.1	4.4	-15	-	-15
Turkey	8.0	5.7	13.7	8.5	8.0	16.5	7	40	21
Russia	18.2	-	18.2	19.6	-	19.6	8	-	8
USA	56.0	38.6	94.7	47.0	31.7	78.7	-16	-18	-17
Italy	21.5	-	21.5	18.5	-	18.5	-14	-	-14
UK	17.1	-	17.1	13.8	-	13.8	-19	-	-19
Europe ex CIS	-	56.9	56.9	-	72.7	72.7	-	28	28
France	-	-0.4	-0.4	-	0.4	0.4	-	-	-
Germany	-	25.0	25.0	-	34.6	34.6	-	38	38
Switzerland	-	19.3	19.3	-	26.2	26.2	-	36	36
Other Europe	-	13.0	13.0	-	11.5	11.5	-	-12	-12
Total above	431.4	186.4	617.8	498.7	258.6	757.3	16	39	23
Other	79.5	15.7	95.2	76.6	14.1	90.6	-4	-10	-5
World total	510.9	202.0	713.0	575.2	272.7	847.9	13	35	19

* Provisional.

Source: GFMS, WGC

Table 6: Indian supply estimates

Figures in tonnes	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10[3]	2010[3]
Supply						
Net imports, available for Domestic consumption	204	251	159	244	265	918
Domestic supply from recycled gold	16	14	20	25	30	89
Domestic supply from other sources[1]	3	1	1	1	1	2
Equals total supply available for fabrication	223	265	179	269	295	1009
Net imports of finished jewellery and inventory change	-11	-11	-6	-7	-5	-28
Supply available for end use consumption[2]	212	254	174	263	291	981

1 Domestic supply from local mine production, recovery from imported copper concentrates and disinvestment.
2 This supply can be consumed across the three sectors - jewellery, investment and technology. Consequently, the total supply figure in the table will not add to jewellery plus investment demand for India.
3 Provisional.

Source: GFMS

Table 7: Consumer demand in selected countries: Q4 2010 (value, US$mn)

	Q4'09			Q4'10*			Q4'10 vs Q4'09, % chg		
	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total
India	5,060	2,291	7,351	9,250	3,269	12,519	83	43	70
Greater China	3,468	1,025	4,493	5,407	2,656	8,064	56	159	79
China	3,242	1,141	4,383	5,089	2,610	7,699	57	129	76
Hong Kong	148	7	156	226	11	237	52	55	53
Taiwan	78	-124	-46	92	35	127	19	-	-
Japan	261	-919	-658	196	-483	-288	-25	-	-
Indonesia	281	-194	87	275	-66	209	-2	-	141
South Korea	189	-74	115	187	0	187	-1	-	63
Thailand	46	266	312	44	-174	-130	-4	-	-
Vietnam	131	453	583	138	940	1,079	6	108	85
Middle East	1,547	163	1,710	1,697	281	1,978	10	73	16
Saudi Arabia	407	106	513	431	171	602	6	62	17
Egypt	431	18	449	488	31	519	13	74	15
UAE	520	44	564	579	83	662	11	89	17
Other Gulf	189	-5	184	200	-4	195	5	-	6
Turkey	283	202	484	374	352	726	32	74	50
Russia	643	-	643	861	-	861	34	-	34
USA	1,981	1,366	3,347	2,064	1,395	3,459	4	2	3
Italy	760	-	760	813	-	813	7	-	7
UK	603	-	603	606	-	606	1	-	1
Europe ex CIS	-	2,012	2,012	-	3,195	3,195	-	59	59
France	-	-14	-14	-	18	18	-	-	-
Germany	-	884	884	-	1,520	1,520	-	72	72
Switzerland	-	682	682	-	1,151	1,151	-	69	69
Other Europe	-	460	460	-	505	505	-	10	10
Total above	15,253	6,589	21,841	21,912	11,365	33,278	44	72	52
Other	2,811	554	3,365	3,365	618	3,983	20	12	18
World total	18,064	7,142	25,206	25,277	11,984	37,261	40	68	48

* Provisional.

Source: GFMS, LBMA, WGC

Table 8: Consumer demand in selected countries: four quarter totals (tonnes)

	12 months ended Q4'09			12 months ended Q4'10*			Year on Year % chg		
	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total
India	442.4	136.1	578.5	745.7	217.4	963.1	69	60	66
Greater China	377.0	95.3	472.3	428.0	179.1	607.1	14	88	29
China	352.3	105.5	457.7	399.7	179.9	579.5	13	70	27
Hong Kong	16.4	0.9	17.3	20.6	1.1	21.7	26	14	25
Taiwan	8.3	-11.1	-2.8	7.7	-1.8	5.9	-7	-	-
Japan	21.8	-30.8	-9.0	18.5	-50.0	-31.5	-15	-	-
Indonesia	41.0	-6.0	35.0	32.8	3.6	36.4	-20	-	4
South Korea	18.8	-4.8	14.1	15.9	1.1	17.0	-16	-	21
Thailand	7.3	-9.9	-2.6	6.3	51.2	57.4	-14	-	-
Vietnam	15.1	58.2	73.3	14.4	67.0	81.4	-5	15	11
Middle East	226.5	19.6	246.1	211.7	26.3	238.0	-7	34	-3
Saudi Arabia	77.8	10.9	88.7	73.0	14.5	87.5	-6	33	-1
Egypt	56.7	1.7	58.4	53.4	2.4	55.8	-6	43	-4
UAE	67.6	6.3	73.9	63.4	8.6	72.0	-6	37	-3
Other Gulf	24.5	0.7	25.2	22.0	0.8	22.8	-10	18	-10
Turkey	75.2	31.8	107.0	74.1	40.5	114.6	-1	27	7
Russia	60.2	-	60.2	67.5	-	67.5	12	-	12
USA	150.3	114.3	264.5	128.6	104.7	233.3	-14	-8	-12
Italy	41.4	-	41.4	34.9	-	34.9	-16	-	-16
UK	31.8	-	31.8	27.3	-	27.3	-14	-	-14
Europe ex CIS	-	292.9	292.9	-	267.3	267.3	-	-9	-9
France	-	1.2	1.2	-	1.2	1.2	-	-1	-1
Germany	-	133.9	133.9	-	126.9	126.9	-	-5	-5
Switzerland	-	97.3	97.3	-	91.7	91.7	-	-6	-6
Other Europe	-	60.5	60.5	-	47.5	47.5	-	-21	-21
Total above	1,508.7	696.6	2,205.3	1,805.6	908.2	2,713.8	20	30	23
Other	251.6	46.2	297.8	254.0	86.8	340.9	1	88	14
World total	1,760.3	742.8	2,503.1	2,059.6	995.0	3,054.6	17	34	22

* Provisional.

Source: GFMS, WGC

Table 9: Consumer demand in selected countries: four quarter totals (value, US$mn)

	12 months ended Q4'09			12 months ended Q4'10*			Year on Year % chg		
	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total
India	14,081	4,467	18,548	29,487	8,670	38,157	109	94	106
Greater China	11,812	3,024	14,835	16,929	7,154	24,083	43	137	62
China	11,039	3,344	14,383	15,814	7,176	22,990	43	115	60
Hong Kong	513	29	542	810	42	852	58	44	57
Taiwan	261	-350	-89	305	-64	240	17	-	-
Japan	693	-1,066	-373	727	-1,960	-1,233	5	-	-
Indonesia	1,273	-207	1,067	1,278	124	1,402	0	-	31
South Korea	593	-155	438	623	41	663	5	-	51
Thailand	226	-234	-8	241	1,922	2,164	7	-	-
Vietnam	471	1,813	2,284	558	2,674	3,232	19	47	41
Middle East	7,027	612	7,639	8,240	1,035	9,275	17	69	21
Saudi Arabia	2,395	345	2,740	2,828	574	3,402	18	66	24
Egypt	1,764	53	1,816	2,081	94	2,176	18	79	20
UAE	2,105	195	2,299	2,471	338	2,809	17	74	22
Other Gulf	764	20	783	860	29	889	13	48	14
Turkey	2,304	979	3,283	2,875	1,591	4,466	25	63	36
Russia	1,900	-	1,900	2,675	-	2,675	41	-	41
USA	4,810	3,616	8,427	5,174	4,180	9,355	8	16	11
Italy	1,355	-	1,355	1,432	-	1,432	6	-	6
UK	1,043	-	1,043	1,121	-	1,121	8	-	8
Europe ex CIS	-	9,016	9,016	-	10,620	10,620	-	18	18
France	-	34	34	-	49	49	-	45	45
Germany	-	4,113	4,113	-	5,043	5,043	-	23	23
Switzerland	-	2,998	2,998	-	3,651	3,651	-	22	22
Other Europe	-	1,871	1,871	-	1,877	1,877	-	0	0
Total above	47,588	21,866	69,453	71,361	36,051	107,412	50	65	55
Other	7,966	1,486	9,452	10,084	3,363	13,447	27	126	42
World total	55,554	23,351	78,905	81,445	39,414	120,859	47	69	53

* Provisional.

Source: GFMS, LBMA, WGC

Historical data for gold demand

Table 10: Historical data for gold demand[1]

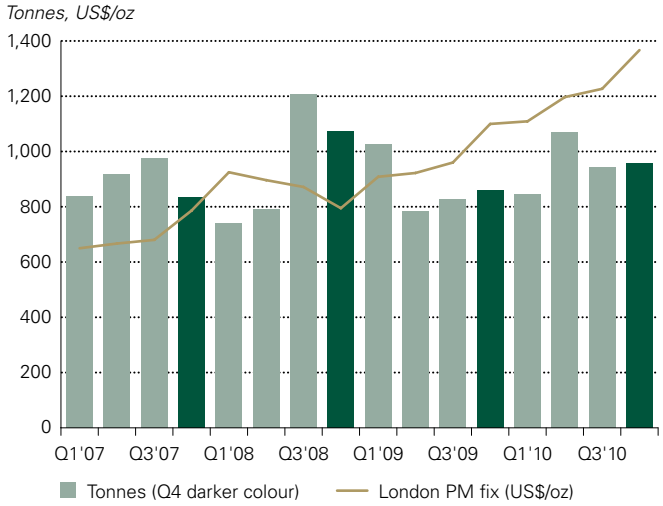
	Tonnes					US$bn				
	Jewellery	Total bar and coin demand	ETFs and similar	Technology	Total	Jewellery	Total bar and coin demand	ETFs and similar	Technology	Total
2001	3,009	357	-	363	3,729	26.2	3.1	-	3.2	32.5
2002	2,662	340	3	358	3,363	26.5	3.4	0.0	3.6	33.5
2003	2,484	301	39	382	3,207	29.0	3.5	0.5	4.5	37.5
2004	2,616	352	133	414	3,515	34.4	4.6	1.7	5.4	46.2
2005	2,718	393	208	433	3,753	38.8	5.6	3.0	6.2	53.6
2006	2,298	416	260	462	3,435	44.6	8.1	5.1	9.0	66.7
2007	2,417	435	253	465	3,571	54.0	9.7	5.7	10.4	79.8
2008	2,192	860	321	439	3,812	61.4	24.1	9.0	12.3	106.9
2009	1,760	743	617	373	3,493	55.0	23.2	19.3	11.7	109.2
2010	2,060	995	338	420	3,812	81.1	39.2	13.3	16.5	150.1
Q1'05	684	122	89	106	1,001	9.4	1.7	1.2	1.5	13.8
Q2'05	741	112	-2	111	962	10.2	1.5	0.0	1.5	13.2
Q3'05	613	88	38	108	847	8.7	1.2	0.5	1.5	12.0
Q4'05	673	71	84	107	934	10.5	1.1	1.3	1.7	14.5
Q1'06	492	93	113	112	810	8.8	1.7	2.0	2.0	14.4
Q2'06	530	97	49	115	792	10.7	2.0	1.0	2.3	16.0
Q3'06	558	112	19	116	804	11.1	2.2	0.4	2.3	16.1
Q4'06	708	114	79	116	1,018	14.0	2.3	1.6	2.3	20.1
Q1'07	566	117	36	117	836	11.8	2.4	0.8	2.4	17.5
Q2'07	666	135	-3	119	918	14.3	2.9	-0.1	2.6	19.7
Q3'07	604	112	139	117	974	13.2	2.5	3.1	2.6	21.3
Q4'07	578	65	80	111	834	14.6	1.6	2.0	2.8	21.1
Q1'08	450	100	73	117	740	13.4	3.0	2.2	3.5	22.0
Q2'08	521	146	4	119	790	15.0	4.2	0.1	3.4	22.8
Q3'08	672	272	149	113	1,207	18.8	7.6	4.2	3.2	33.8
Q4'08	548	341	95	91	1,074	14.0	8.7	2.4	2.3	27.5
Q1'09	329	151	465	79	1,024	9.6	4.4	13.6	2.3	29.9
Q2'09	431	191	68	94	783	12.8	5.7	2.0	2.8	23.2
Q3'09	490	199	42	97	828	15.1	6.1	1.3	3.0	25.6
Q4'09	511	202	42	103	858	18.1	7.1	1.5	3.7	30.3
Q1'10	521	216	5	102	843	18.6	7.7	0.2	3.6	30.1
Q2'10	422	252	291	106	1,071	16.3	9.7	11.2	4.1	41.2
Q3'10	541	255	39	108	942	21.3	10.1	1.5	4.3	37.2
Q4'10[2]	575	273	4	104	955	25.3	12.0	0.2	4.6	42.0

1 See footnotes to Table 1 for definitions and notes.
2 Provisional.

Source: GFMS, LBMA, WGC

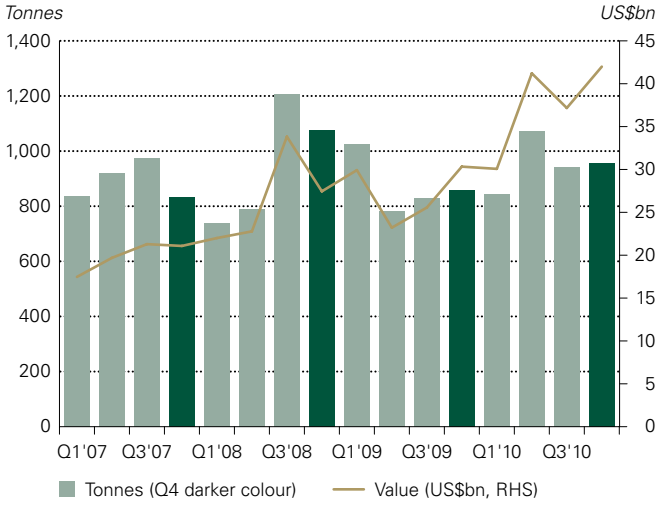
Appendix

Chart 9: Gold demand in tonnes and the gold price (US$/oz)



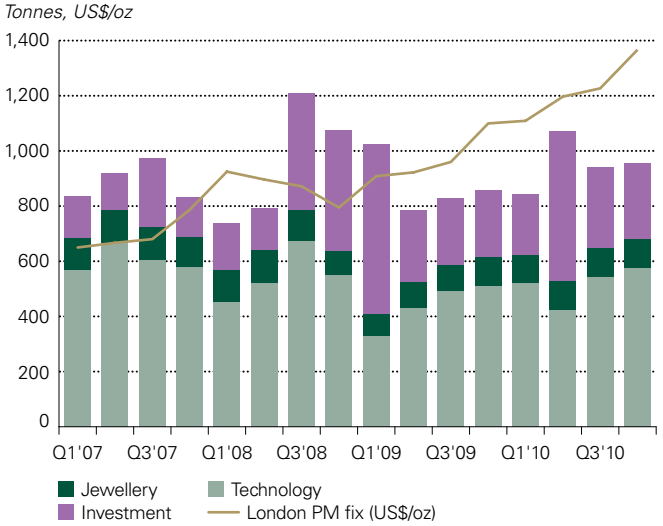
Source: GFMS, LBMA, WGC

Chart 10: Gold demand in tonnes and value (US$bn)



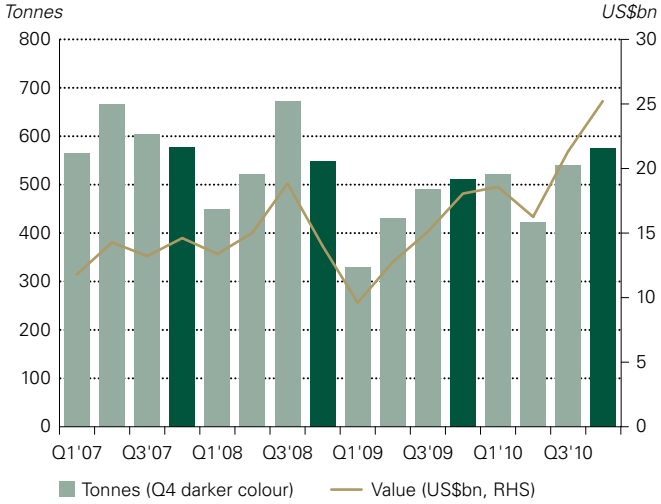
Source: GFMS, LBMA, WGC

Chart 11: Gold demand by category in tonnes and the gold price (US$/oz)



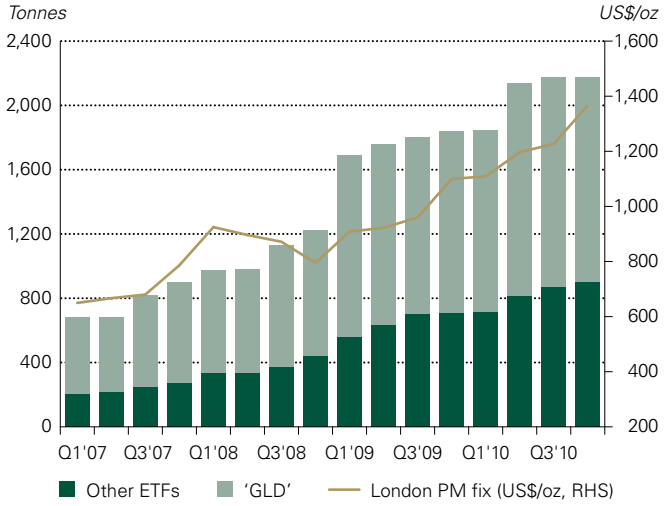
Source: GFMS, LBMA, WGC

Chart 12: Jewellery demand in tonnes and value (US$bn)



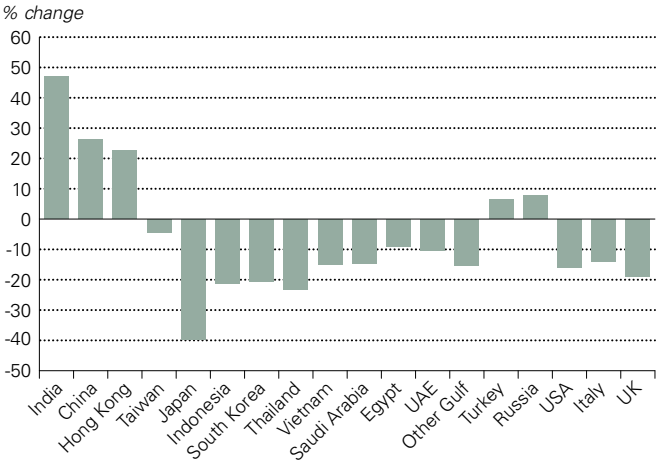
Source: GFMS, LBMA, WGC

Chart 13: Holdings in exchange traded funds (tonnes) and the gold price (US$/oz)



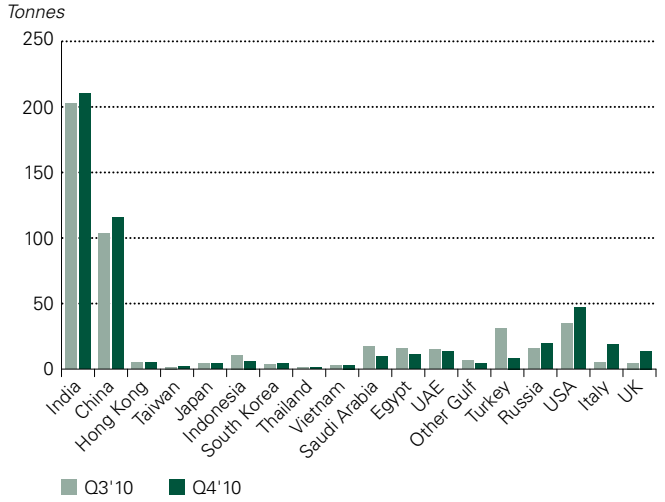
Source: GFMS, www.exchangetradedgold.com, LBMA, WGC

Chart 14: Jewellery demand by country in tonnes (Q4 2010 vs Q4 2009, % change)



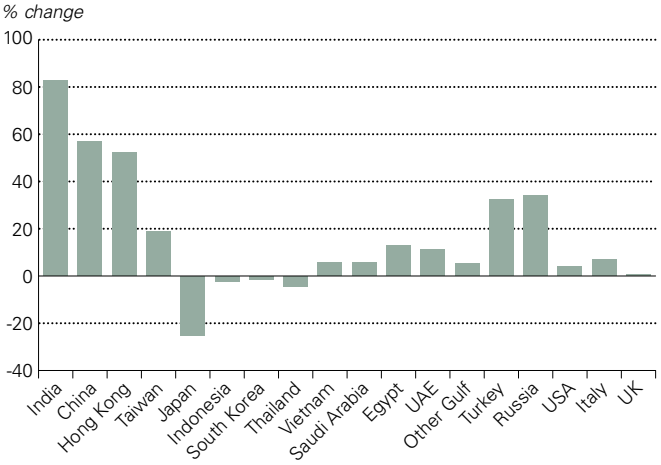
Source: GFMS, WGC

Chart 15: Jewellery demand in tonnes (Q4 2010 and Q3 2010)



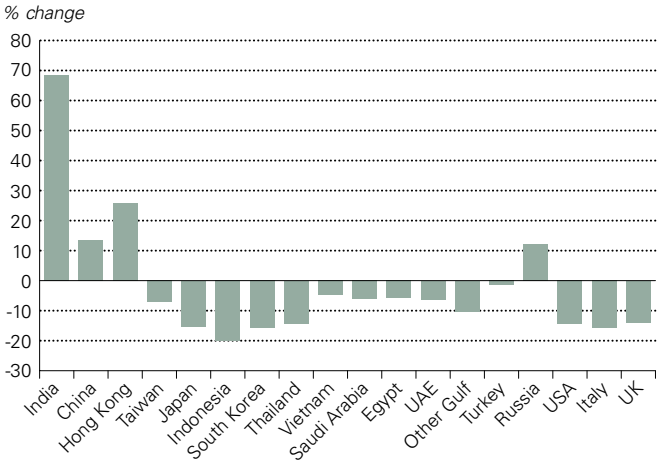
Source: GFMS

Chart 16: Jewellery demand by country in US$ (Q4 2010 vs Q4 2009, % change)



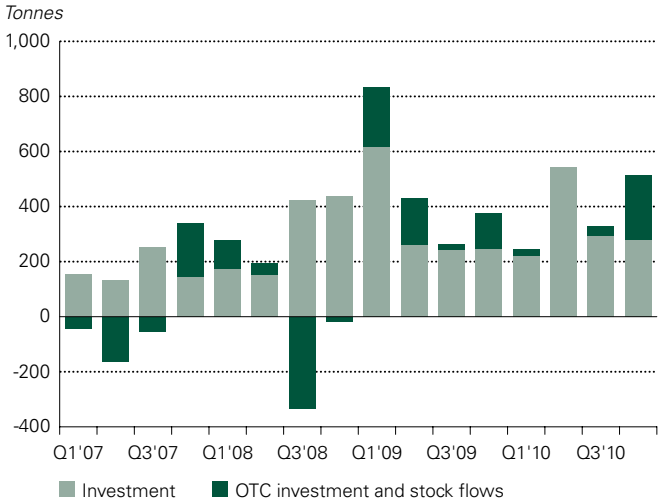
Source: GFMS, WGC

Chart 17: Jewellery demand by country in tonnes (2010 vs 2009, % change)



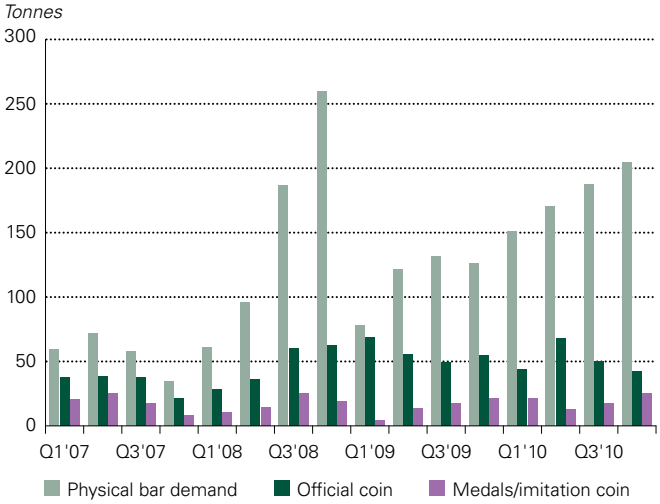
Source: GFMS, WGC

Chart 18: Total investment demand in tonnes



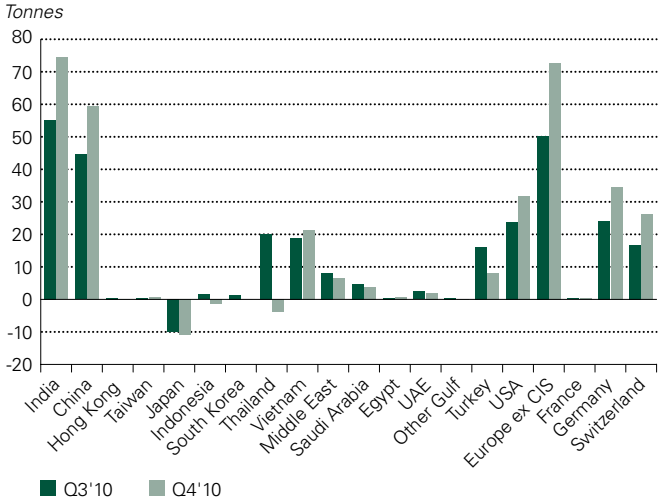
Source: GFMS, WGC

Chart 19: Total bar and coin demand by category in tonnes



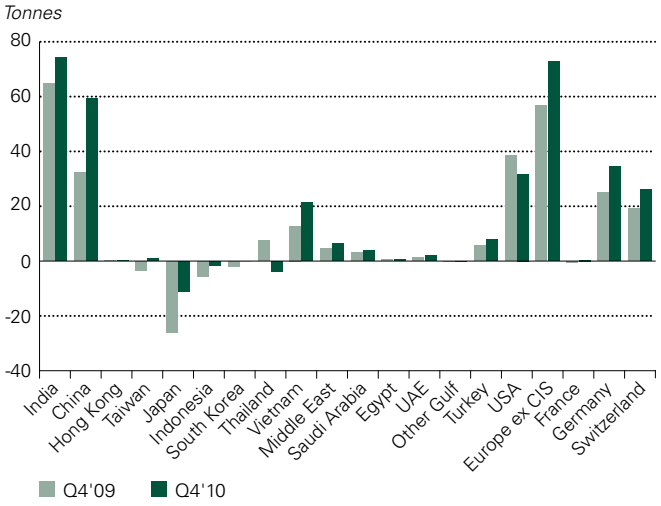
Source: GFMS

Chart 20: Total bar and coin demand in tonnes (Q4 2010 vs Q3 2010)



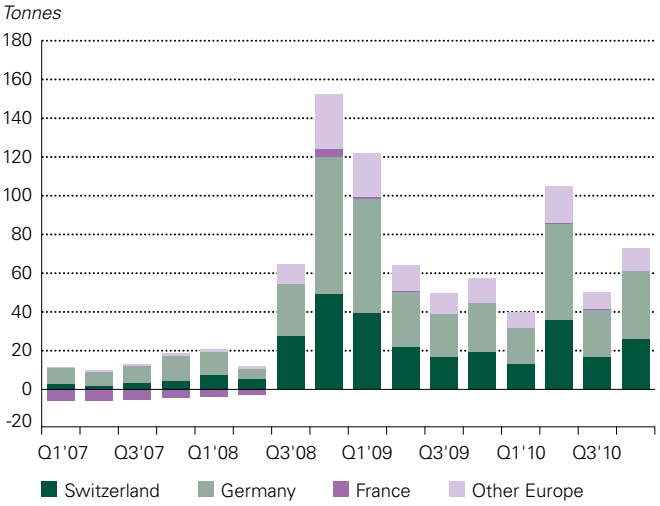
Source: GFMS

Chart 21: Total bar and coin demand in tonnes (Q4 2010 vs Q4 2009)



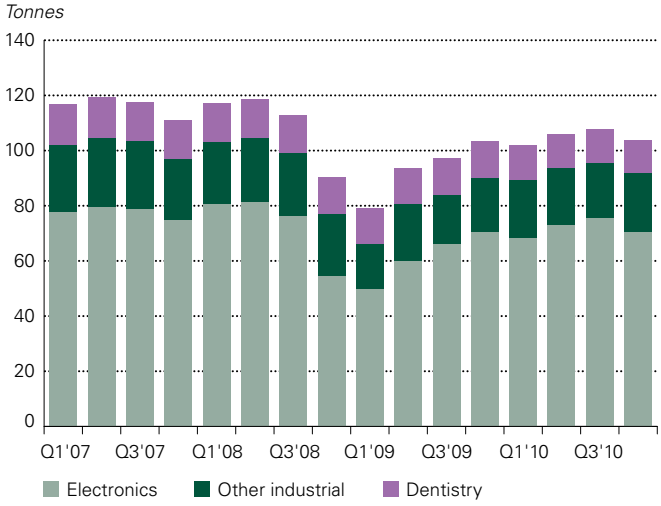
Source: GFMS

Chart 22: European total bar and coin demand in tonnes



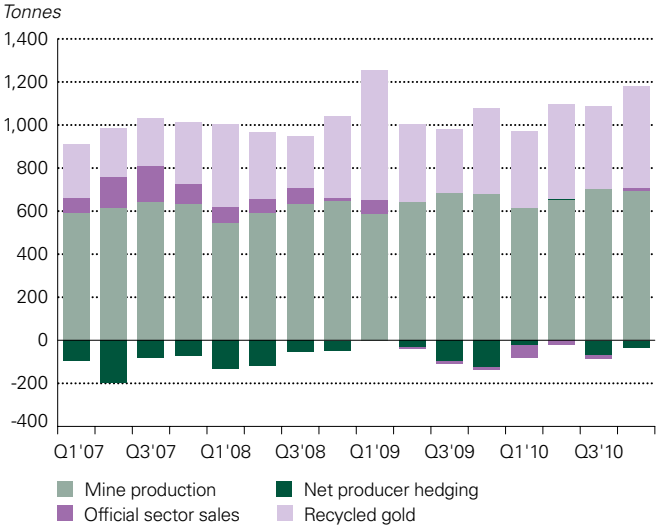
Source: GFMS, WGC

Chart 23: Technology by category in tonnes



Source: GFMS, WGC

Chart 24: Quarterly supply in tonnes



Source: GFMS, WGC

Notes and definitions

All statistics (except where specified) are in weights of fine gold

–
Not applicable

Consumer demand
The sum of jewellery and total bar and coin purchases for a country i.e. the amount of gold acquired directly by individuals.

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

London PM fix
Unless described otherwise, gold price values are based on the London PM fix.

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.

Mine production
Formal and informal output.

N/A
Not available

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 effects of delta hedging are excluded.

OTC investment and stock flows
Partly a statistical residual, this data is largely reflective of demand in the opaque OTC market, with an additional contribution occasionally from changes to fabrication inventories.

Physical bar demand
Global investment in physical gold in bar form.

Recycled gold (previously gold scrap)
Gold sourced from old fabricated products which has been recovered and refined back into bars.

Technology
This captures all gold used in the fabrication of electronics, dental, medical, industrial, decorative and other technological applications, with electronics representing the largest component of this category. This includes gold destined for plating jewellery.

Tonne
1,000 kg or 32,151 troy oz of fine gold.

Total bar and coin demand
This comprises individuals' purchases of coins and bars, defined according to the standard adopted by the European Union for investment gold, but includes demand for coins and bars in both the western and non-western markets. 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.

Total investment
Represents the amalgamation of all components of investment demand, including all demand for physical bars and coins, demand for ETFs and similar products, and OTC investment and stock flows.

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 after initial publication of this report; alternatively, contact GFMS Ltd (+44 20 7478 1777; gold@gfms.co.uk).

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