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The Yellow Book May 2007

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Introduction

Jessica Cross, CEO

The VM Group/MineLife
London, May 2007

That the Yellow Book is made available to the market on a complimentary basis is due to Fortis Bank SA/NV. The VM Group (VMG) would like to thank Fortis for their continued support and recognition of the value of this research to the industry.

We remind readers that our data is available electronically in Microsoft Excel format – contact us by email with specific data requests at: info@virtualmetals.co.uk.

Housekeeping

- All volumes are in metric tonnes or troy ounces unless stated.
- All references to dollars are US dollars unless stated.
- For space saving in the data tables (production, scrap, and jewellery), countries registering small amounts of gold are grouped into “other”. Contact us if you need a detailed breakdown.
- Numbers in the tables have been independently rounded and, accordingly, may not add exactly to indicated totals and subtotals.

This time 5 years ago

May 15th 2002

Morning fix: \$300.8/oz

Afternoon fix: \$301.0/oz

Dollar to Sterling: 1.43

Yen to Dollar: 131.6

Rand to Dollar: 10.17

1 month lease rate: 0.03%

Reuters, May 8th 2002: Barrick Gold Corp is to reduce its forward gold position by about 3 Moz by the end of the year in order to take advantage of rising spot prices. At the end of Q1 02, Barrick's hedge book comprised 18 Moz of spot deferred contracts and 6 Moz of variable price sales contracts.

National Post, April 24th 2002: Barrick Gold Corp has uncovered a major gold deposit in north-central Peru that will help make it the largest gold miner in South America. Based on initial drilling and testing, the Alto Chicama deposit has estimated resources of 3.5 Moz of gold which Barrick describes as "a conservative estimate".

Oster Dow Jones, April 18th 2002: Gold Fields, South Africa's second largest gold producer, is reviewing the viability of re-commissioning mining areas that were mothballed at two of its mines over the past few years. A bullion price of about \$300 and the weak rand make it feasible for the 4.5 Moz a year producer to assess the reopening of closed operations at its Libanon and West Driefontein mines.

Reuters, April 23rd 2002: Papua New Guinea miner, Lihir Gold Ltd said that it will continue to hedge up to a third of its gold production, leaving the majority of reserves leveraged to world bullion prices. This year's output should match last year's record production of 648,000 ozs of gold.

AFX News, April 11th 2002: Bundesbank president Ernst Welteke again said that the Bundesbank would like the option of selling gold when the European Gold Agreement expires in September 2004. In comments to the Bundesbank's annual meeting he added that he expected the gold agreement to be renewed as it has brought stability to the market.

Forbes.com, April 4th 2002: Toronto based Beacon Group Advisers predict that the world supply of mined gold could fall 30% to 60 Moz by 2010. This year, they expect mine output to fall for the first time. The report argues that a \$325/oz gold price will be enough to prevent the decline, with even a \$300/oz price seeing a decline of 22% by 2006.

Feature: India's farmers and their gold

Laila Manji

The VM Group
London, May 2007

On 1st May this year the evening news programme of Channel 4, the British terrestrial TV station, reported that as many as 200m Indian farmers could, over the long-term, relocate from rural areas to urban centres – some willingly, others less so. Some will be tempted by the lure of greater wealth that urbanisation offers; others will see their farming life disappear as India increasingly becomes an industrialised society. The TV programme interviewed India's minister of industry and commerce, Kamal Nath, who commented that the way India currently farms is ultimately unsustainable, given the need for the country to develop economically. Traditional land practices – farming plots between 1 and 1.5 hectares – no longer work, in his view, in today's India. The government is therefore looking at policies to move India's 200m subsistence farmers into manufacturing – both to mitigate the farmer's own vulnerability and to ensure that rural populations also contribute to powering India's extraordinary current growth. Nath noted that even though agriculture is currently 24% of GDP and manufacturing is 17%, each job in manufacturing supports a further three jobs in services. Nath could be too conservative in his estimates: MS Swaminathan, widely regarded as the father of India's green revolution in the 1960s, has suggested that as many as 500m farmers could migrate from the countryside as India's economy moves forward.

Small-scale farming in India is under threat from a number of directions. Many small farmers have what are for them vast debt burdens, and suicide rates for farmers who are overwhelmed by debts have soared; the minister of agriculture is reported to have said that more than 100,000 farmers have taken their own lives since 1993, most thought to be as a result of poverty despair. This is a symptom of a much wider breakdown in agriculture, due to "a decline in public investment in agriculture and the decline in agriculture as a share of the GDP associated with relatively little reallocation of employment (the primary sector contributes 20% of the GDP but has a share of 60% of the employment)"¹.

Potentially, this long-term shift away from small-scale farming into larger-scale agricultural development and increasing urbanisation will have considerable impact on India's gold demand. Despite India's emerging middle class, the rural poor still account for two thirds of annual gold purchases,² for a number of reasons. Small-scale farmers have traditionally used spare cash to invest in small pieces of gold jewellery because, in the face of economic and political uncertainty, they favour gold above paper assets. Practically, its portability makes it easier to keep safe and secure than cash, and – even if they overcame their suspicions of paper assets such as equities or government bonds – most of India's rural population either lack sufficient capital or access to banks to make that feasible. Much of India's informal credit system is backed by gold, and, of course, religious and cultural attachments, not least the idea that gold given to women as a wedding gift remains her own property, remain strong.

But as the pattern of India's land use and tenancy changes over the next decade, gold's place as the most esteemed medium of exchange for the country's rural communities will come under increasing pressure. Depending on the accuracy of titling of land deeds, levels of government compensation paid for land, existing debt burdens and costs of relocation, significant amounts of small pieces of gold investment jewellery are likely to re-enter the market, as farmers dishoard to fund a new start in larger towns and cities.

There is a countervailing possibility. In rural India, wealth is socially measured in terms of both land and gold, so losing one (at least temporarily) may create a concentration of the other. Further complicating the picture is lack of clarity about the rate and nature of savings in India. In the last 30 years, household

¹ The Pattern and Causes of Economic Growth in India, Kaushik Basu and Annemie Maertens, BREAD Working Paper No. 149, April 2007

² www.boston.com/news/world/asia/articles/2007/04/23/indias_appetite_for_gold_insatiable_as_ever

savings rates have increased from 10% of GDP to at least 25%³, and the number of banks has increased from 24,000 in 1976 to 70,000 (still a low figure given the size of the total population) in 2005, although it is not clear what the urban/rural divide is for these figures. One implication of this is that physical gold ownership is playing a slightly different savings role than in the past. But the fact that some big banks are paying attention to the banking needs of the rural poor – ICICI Bank (India's second largest) has valued the demand for rural credit in India at \$73 billion – indicates that traditional sources of credit and savings are perhaps being adapted in the face of increased opportunities and smarter policies.

Another possibility is that these farmers “make it” in an urban environment, and participate fully in India's booming economy. And while the costs and benefits of economic growth will be mixed, it is possible that these new actors may start to demand gold for adornment, rather than purely investment, purposes. It is also worth noting that Global Insight, an economic forecasting agency, predicts that the number of Indians earning between \$13,000-\$80,000 plus – per annum – will increase from 126m in 2006 to 200m in 2015. While it is clear that middle class Indians will increasingly have a number of luxury items to choose to spend their money on, gold is quite likely to remain a high priority.

Ultimately, the implications for these changes for gold demand will depend on whether India's rural poor will continue to invest in gold in times of great stress and transition, or if they will choose to secure their income in other ways. Or – more worryingly – if the move away from traditional patterns of employment and income for subsistence farmers will reduce even the tiny amounts currently available for investment, throwing into question whether this considerable source of investment-related demand for gold will continue to exist at all.

³ S L Shetty “Savings and Investment Estimates”, Economic and Political Weekly, February 12, 2005

Steady as she goes

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All commodity markets subject to price volatility and new trading ranges, adjust. Some sectors respond with lightning speed within hours and days of the price movement. Others are more like the ocean liner changing course – it happens slowly but once set in motion, the new routing is irrevocable.

2006 was a momentous year for the gold price. It was not only very volatile but it ratcheted up to new trading ranges in most currencies that 5 years ago were considered by many to be unobtainable.

Our supply/demand balance⁴ for 2006 reflects these price movements and how each sector has responded. The market deficit we recorded for the years 2004 and 2005 (totalling 729 tonnes) was reduced to a mere 48 tonnes but it still indicated a market in shortfall, even before any non-ETF investment demand could be satisfied. All the indications were that investment demand was buoyant and this would have only served to push the market further into deficit and place upward pressure on the price.

The factors that remained supportive of the price were on the supply side: slightly weaker mine supply, low levels of new producer hedging more than offset by very substantial dehedging, and sharply lower central bank sales, while on the demand side, firm ETF sales and higher oil-revenues for traditional gold consuming countries helped mitigate the price-led decline in investment jewellery offtake.

The factors that might have retarded the price rise were substantially higher scrap recycling, mainly in the form of jewellery, lower jewellery sales in both the investment and adornment sectors, and broadly unchanged industrial and coin offtake. Superimpose over these market strengths and weaknesses, strong investment interest in all commodities on the part of hedge funds, mutual funds and pension funds and the recipe was there for higher prices.

When we began forecasting what 2007 would bring to the gold market, we were obliged to make a call on how volatile and strong the price would remain since this would predicate the behaviour of the more sensitive sectors such as investment jewellery and scrap recycling. Our initial feeling was that the price might struggle to match the buoyancy of 2006 as a number of the supportive factors which showed up in 2006 would – while still remaining positive – fail to be as influential, and this includes strong dehedging, weak central bank sales and surging ETF demand.

While the opening weeks of 2007 bore this out to some extent with softer commodity prices in general, metal prices have not only subsequently recovered but have steamed ahead. As a consequence, we have adjusted accordingly some of our market forecasts that are price-sensitive. Furthermore, some of these price gains seem more sustainable as the factors mentioned above that supported the price in 2006, appear more resilient than first forecast.

So now, more than a quarter into 2007, this is where we see the gold market's strengths and weakness at the global supply/demand level:

Strengths

- **Mine Supply:** While there are scores of juniors and much media attention on new production and expansions of existing operations, we do not foresee this metal coming to market even in the medium term. What is out there is relatively small, at least insufficient in terms of reserves to tempt the major producers, all of whom are still beset by the challenge of reserve replacement.

⁴ The VM Group's supply/demand balances do not balance. The residual (either a surplus or deficit) represents what we cannot measure, primarily the amount of gold available for investment purposes other than in ETFs.

For the large producers, mine supply is a classic double-edged sword: the annual output being the very reason for the company's existence but reserves have to be added to on an annual basis at least at the rate of mining for the company to just stand still, let alone grow.

- The rate at which jewellery is being recycled has slowed compared to the flows of metal the industry saw in 2006. Nevertheless, secondary gold will still be a major component of the supply side.
- While there is talk of new producer hedging, we have yet to see the execution of these transactions and any return to hedging in the current environment is unlikely.
- European Gold Agreement sales might still undershoot the 500 tonne limit for the second year running, essentially (we believe) because Germany has opted not to sell its 120 tonnes again. Large Spanish sales in March and April of 40 tonnes a month are unlikely to be sustained, but are a risk on the downside.
- Jewellery consumption appears to be holding up far better than expected with price levels in the \$660/oz-\$680/oz trading range. Demand is particularly strong in Iran, but also in other areas of the Middle East as the flows of petrodollars are filtering through into investment jewellery demand. Interestingly, we have found signs of new jewellery buying patterns in the Middle East. While there is still a solid market for the 22 carat bright yellow and crudely finished pieces, we are noticing an increasing preference for well finished, intricately designed 18 carat pieces in both yellow and white gold (and a combination of both). Conventional wisdom would associate this jewellery with Fifth Avenue in New York and not Tehran, but there is good demand for this into the Middle East, even at the higher trading ranges.
- Net ETF offtake is expected to continue growing, aided to a small extent by new launches (in India), although, at present, we do not think they will match the rate seen in 2006. More generally, gold is showing signs of becoming a more mainstream asset in many portfolios around the world, which might well result in higher offtake for gold products, although a more negative implication is that its correlation with other financial assets has increased.

Weaknesses

- At current prices we foresee a small market surplus, which we assume will be taken up by investment funds. The investment sector is now very long and thus is getting longer. Comex, Tocom and CBOT net long positions together with ETF holdings are around record levels and at some stage some of these longs are likely to be liquidated, particularly if the external picture worsens for gold.
- Dehedging, whilst expected to continue, is likely to do so at a reduced rate compared with recent levels.

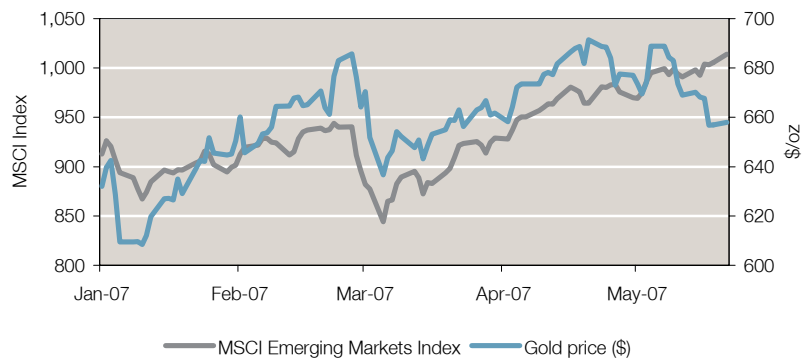
Moving away from the supply/demand balance to the external environment, the most important factor will be the fate of the US dollar. The currency has weakened substantially so far in 2007, and at present there is little reason to expect a recovery in the near term. Indeed the most positive comment one might make about the US dollar is that it appears difficult to envisage the euro (already at \$1.36) or the pound (nearly \$2) rising much higher without rising concern in those regions, and perhaps intervention. The arguments that the US dollar will fall further are persuasive. First, US interest rates are unlikely to provide much support; the Federal Reserve is likely to keep them low as the American economy slows and the housing market remains weak. Second, so far the US current account deficit has not been the dollar-killer many have predicted (although of course the US currency has fallen quite markedly over the last four years). But this has partly been because foreign central banks and official organisations have been prepared to accumulate a huge amount of dollars. This trend, which appeared to have slowed in 2006, has returned with a vengeance in 2007.

China is estimated to have purchased \$135 billion of foreign reserves, almost certainly 80% US dollars, in Q1 07 alone. There might have been special factors

behind this surge in Chinese forex reserves, such as the state banks converting some 2003 dollar loans back into yuan, and so Q2 07 reserve growth will fall back. But the trend for increasing dollar reserves shows no sign of slowing. Furthermore, China is not the only country that is accumulating reserves. In fact the rest of the world (excluding the US) probably added a similar amount in Q1 07. This process can continue for a while yet, but not indefinitely, and the larger the numbers become, the more the currency markets will turn away from the dollar.

The performance of other financial assets, in particular equities, might impact on gold. We remain concerned at the sensitivity of the gold price to movements in other asset prices, particularly other “alternative” assets such as emerging-market equities. The following chart, showing the performance of the gold price and the MSCI Emerging Markets index (a basket of emerging market equities), shows a strong correlation. In early March a flight from riskier assets saw gold plunge, and although gold and an appetite for risk returned, and recent gold price declines were not the consequence of share price weakness, any longer-term move away from risk could see a sharp correction in the gold price.

Gold price (\$) and MSCI emerging markets index



Source: Reuters Ecowin

The data

The methodology

General comments: In an industry characterised by large and permanent above-ground stocks, a gold supply/demand balance only attempts to record the additions made to those stocks in a calendar year, the destination of that new supply, the mobilisation of the existing stocks through recycling and official sector sales and lending. Furthermore, it has to be recognised that there are large swathes of the gold market which are clandestine and unofficial, and therefore movements of metal within these sectors are largely unmeasurable and unverifiable. The VM Group (VMG) attempts to avoid spurious accuracy – measuring something visible to the last two decimal places is a waste of resources considering the global picture for this commodity. In the context of large tonnages of gold being smuggled across borders, the claim that it is possible to measure to fine accuracy the relatively small end-uses such as dental alloys and medallions adds little to the understanding of the big picture.

These supply/demand balances are designed therefore to give overall general flows of metal between regions and sectors.

The derivation of the data series

- Mine supply – data collated from Raw Materials Group, company reports, the Chamber of Mines of South Africa, ABARE, USBM, China Gold Association and newswires.
- Scrap recycling – Data from refineries and industry participants. VM Group estimates based on gold price movements, political developments.
- Producer hedging – Data from the Mitsui Hedge Report produced by the VM Group and Haliburton Mineral Services.
- Central Bank transactions – Data from IFS statistics, ECB statistics and newswires. Interpretation from discussions with Central Banking sector.
- Jewellery fabrication: Data derived from data series published by Consolidated Gold Fields, London until 1988. Individual country data series estimated by the VM Group from our understanding of the individual markets, discussions with the bullion banks active in various physical markets, jewellery wholesalers, hallmarking figures where available, and trade data, which is subject to interpretation but gives direction of physical flows.
- Jewellery consumption – Data series generated by the VM Group based on our analysis of exports and imports of gold jewellery to and from countries and gross retail sales as reported by a number of countries. The fabrication data was re-allocated on a country-by-country and percentage basis to derive consumption. The calculation of gold jewellery as a percentage of total jewellery retail sales is formula-based and has been verified in the countries concerned. All jewellery figures include old jewellery scrap but exclude process scrap generated during jewellery manufacturing. The generation of process scrap has been assessed depending on the manufacturing process, e.g. machine-made, stamping, casting or hand made. In mature markets, close scrutiny of jewellery fabrication and consumption is not necessary. We know that these have not been growth industries and that jewellery's share of disposable income expenditure has been falling. Thus, in these markets, demographic trends and rising disposable incomes have been offset by life-style preferences which favour other goods over jewellery.

The countries of most interest are those consuming large tonnages of gold jewellery, specifically the USA, India, Turkey, China and countries in the Middle East. For these countries, trade data, retail sales, commodity

exchange-related figures or data contributed by industry is sufficient to generate the needed data series.

- Legal tender coins – Data made available by the Mints and refineries concerned, for example, the US Mint, the SA Mint and Rand Refinery. There are some smaller mintings for which the VM Group does not have data, and therefore this data series probably understates the sector. The VM Group makes allowance for this in the “other industrial” data series.
- Electronics – Data series derived by the VM Group, based on work relating to the electronics industry when studying the pgm industry and the recycling of electronic scrap.
- Exchange traded funds – Data series from published data.
- The “other category” of gold end-uses is an estimate of all other applications of gold including medallions (not legal tender coinage), industrial and decorative uses (excluding electronics), as well as medical and dental demand. With the exception of dental alloys, this combined sector is believed to have shown robust growth over the years and for the purposes of this supply/demand balance, an average growth rate of around 10% between 2000 and 2005 has been applied, but is seeing a decline in 2006.

The residual

The overall supply/demand balance does not balance. The difference between supply and demand (negative is demand exceeding supply), we term the residual. The residual is an acknowledgement that a) omniscience about this market is impossible, and to pretend otherwise is misleading b) there are gold flows of considerable magnitude associated with the unofficial market, such as smuggled or stolen gold which cannot be verified and c) there are sectors which cannot be measured and therefore we do not pretend otherwise; these include “bar hoarding”, which is the purchase of gold in bar form, the vast majority of which is in any case rapidly turned into jewellery.

The residual also does not reflect the net long or short positions held by the hedge funds or the speculators over year-end. While CFTC data gives an indication of outstanding positions on COMEX, it is not possible to put a number on the net longs or shorts in the OTC market.

Physical supply and demand, world total and by region, 2002-2007f

World total and regional supply/demand imbalances (tonnes)												
	World total						North America					
	2002	2003	2004	2005	2006	2007f	2002	2003	2004	2005	2006	2007f
Supply												
Mine supply	2,491	2,512	2,351	2,413	2,366	2,363	452	421	389	380	364	355
Scrap recycling	860	900	1,100	836	1,057	935	75	75	81	70	88	80
Hedging	186	188	68	84	42	55	186	41	19	30	29	30
Central Bank sales	478	571	464	616	378	413	14	15	0	0	2	0
Total supply	4,015	4,171	3,983	3,949	3,843	3,766	727	552	489	480	482	465
Demand												
Jewellery fabrication	2,813	2,808	2,878	2,996	2,276	2,218	187	212	212	207	177	168
Jewellery consumption	2,813	2,808	2,878	2,996	2,276	2,218	417	405	396	390	351	340
Legal tender coins	69	85	91	101	102	92	22	23	26	24	30	24
Electronics	291	310	332	357	372	403	69	71	73	75	78	84
Other end uses	284	315	350	393	315	323	32	31	31	31	29	29
ETFs	0	33	125	192	253	133	0	0	95	178	212	105
Central Bank purchases	29	39	61	39	128	14	0	0	0	0	0	0
Dehedging	625	529	524	223	446	334	0	298	195	146	330	130
Total Demand	4,111	4,118	4,361	4,301	3,892	3,516	539	827	816	844	1,030	713
Residual (supply less demand)	(96)	52	(378)	(351)	(48)	250	188	(276)	(327)	(365)	(548)	(249)
	Western Europe						Asia					
	2002	2003	2004	2005	2006	2007f	2002	2003	2004	2005	2006	2007f
Supply												
Mine supply	24	22	18	15	19	11	370	408	365	413	397	434
Scrap recycling	130	135	163	102	126	110	222	222	261	237	288	261
Hedging	0	50	0	9	12	5	0	0	0	0	0	0
Central Bank sales	411	454	410	529	338	390	0	20	34	67	11	23
Total supply	565	660	590	654	495	516	592	650	660	717	695	718
Demand												
Jewellery fabrication	745	777	790	791	671	663	703	683	696	716	584	551
Jewellery consumption	512	540	547	546	476	463	620	602	614	633	499	475
Legal tender coins	42	57	57	68	63	59	0	0	0	0	0	0
Electronics	39	40	41	43	44	48	165	181	200	221	230	249
Other end uses	105	116	128	143	114	118	63	66	70	74	64	64
ETFs	0	25	28	9	36	11	0	0	0	0	0	0
Central Bank purchases	0	0	0	0	0	4	23	7	3	4	6	0
Dehedging	1	0	22	9	3	24	0	0	0	0	0	0
Total Demand	699	777	823	818	737	727	871	857	887	931	799	788
Residual (supply less demand)	(135)	(117)	(233)	(164)	(242)	(211)	(278)	(207)	(228)	(214)	(104)	(70)
	Indian sub-continent						Middle East					
	2002	2003	2004	2005	2006	2007f	2002	2003	2004	2005	2006	2007f
Supply												
Mine supply	1	3	5	3	3	4	5	10	9	8	8	8
Scrap recycling	139	149	186	142	198	177	175	195	270	188	235	196
Hedging	0	0	0	0	0	0	0	0	0	0	0	0
Central Bank sales	0	0	0	0	0	0	30	20	20	20	20	0
Total supply	140	152	191	145	200	180	210	225	299	216	263	204
Demand												
Jewellery fabrication	610	575	607	661	397	378	424	416	426	466	321	337
Jewellery consumption	660	627	661	714	437	420	473	503	528	572	399	411
Legal tender coins	0	0	0	0	0	0	0	0	0	0	0	0
Electronics	0	0	0	0	0	0	0	0	0	0	0	0
Other end uses	58	70	86	105	79	82	18	21	24	28	19	19
ETFs	0	0	0	0	0	10	0	0	0	0	0	0
Central Bank purchases	0	0	0	0	0	0	0	0	0	30	100	0
Dehedging	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand	718	698	747	819	516	512	492	524	552	631	518	431
Residual (supply less demand)	(577)	(545)	(556)	(674)	(316)	(332)	(281)	(299)	(254)	(415)	(255)	(227)

Source: VM Group

Note: Regional totals include jewellery consumption but not jewellery fabrication. Totals might not add due to rounding.

World total and regional supply/demand imbalances (tonnes)

	Latin America						Africa					
	2002	2003	2004	2005	2006	2007f	2002	2003	2004	2005	2006	2007f
Supply												
Mine supply	376	391	374	430	469	432	614	598	551	517	506	509
Scrap recycling	61	61	69	40	50	45	20	20	22	15	18	15
Hedging	0	0	0	0	0	0	0	0	16	7	0	0
Central Bank sales	23	0	0	0	6	0	0	58	0	0	0	0
Total supply	460	452	443	470	525	478	635	676	589	539	524	524
Demand												
Jewellery fabrication	77	77	78	80	68	64	28	29	31	31	21	21
Jewellery consumption	65	65	65	66	56	53	28	28	28	29	19	20
Legal tender coins	0	0	0	0	0	0	1	2	3	3	3	3
Electronics	1	1	2	2	2	2	0	0	0	0	0	0
Other end uses	8	9	10	11	10	11	0	0	0	0	0	0
ETFs	0	0	0	0	0	0	0	0	3	4	3	3
Central Bank purchases	0	28	55	0	0	0	0	0	0	0	0	0
Dehedging	0	0	0	0	0	0	163	99	170	0	40	70
Total Demand	74	104	131	79	68	66	192	129	204	36	65	96
Residual (supply less demand)	385	348	312	392	457	412	442	547	384	502	460	428
	Australasia						Eastern Europe					
	2002	2003	2004	2005	2006	2007f	2002	2003	2004	2005	2006	2007f
Supply												
Mine supply	340	364	339	347	315	328	307	296	302	301	286	283
Scrap recycling	3	3	4	3	4	3	35	40	45	40	53	48
Hedging	0	97	33	33	1	20	0	0	0	0	0	0
Central Bank sales	0	0	0	0	0	0	0	5	0	0	1	0
Total supply	343	463	376	382	319	351	342	342	347	341	340	331
Demand												
Jewellery fabrication	5	5	5	6	5	5	34	34	34	39	33	30
Jewellery consumption	5	5	5	6	5	5	34	34	34	39	33	30
Legal tender coins	3	3	5	6	6	5	0	0	0	0	0	0
Electronics	1	1	1	1	1	1	15	16	16	17	17	19
Other end uses	0	0	0	0	0	0	0	0	0	0	0	0
ETFs	0	8	(1)	1	2	3	0	0	0	0	0	0
Central Bank purchases	0	0	0	0	0	0	6	4	3	5	22	10
Dehedging	461	132	137	68	73	110	0	0	0	0	0	0
Total Demand	470	150	147	81	86	124	55	53	54	61	73	59
Residual (supply less demand)	(127)	314	229	301	233	227	287	288	293	280	267	272

Source: VM Group

Note: Regional totals include jewellery consumption but not jewellery fabrication. Totals might not add due to rounding.

Primary mine supply, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
South Africa	395.2	375.8	343.0	296.0	272.0	270.0
Ghana	69.0	70.0	60.0	65.3	68.0	71.0
Tanzania	40.0	45.0	48.0	49.0	45.0	49.0
Mali	56.0	48.0	40.0	46.0	62.0	64.0
Guinea	17.0	16.5	13.0	13.0	14.0	13.0
Zimbabwe	18.0	12.6	20.0	14.0	11.0	10.0
Ethiopia	5.0	6.0	6.0	6.0	6.0	6.0
Sudan	5.5	5.1	5.0	5.0	3.5	5.0
Congo (Dem Rep)	5.0	5.0	5.0	5.0	5.0	5.0
Cote D'Ivoire	3.5	2.0	0.0	2.0	1.4	2.0
Other Africa	0.0	11.9	10.9	15.7	18.6	14.0
Total Africa	614.2	597.9	550.9	517.0	506.4	509.0
China	190.0	213.0	220.0	224.0	240.0	250.0
Indonesia	145.0	147.0	100.0	142.0	110.9	125.0
Mongolia	9.0	12.0	16.0	18.0	18.0	18.0
Philippines	7.9	5.8	5.0	6.2	6.0	6.5
Japan	8.0	8.2	8.0	7.5	7.5	7.3
North Korea	5.0	5.0	5.0	5.0	5.0	5.0
Other Asia	5.6	16.7	10.7	10.7	9.2	22.0
Total Asia	370.5	407.7	364.7	413.4	396.6	433.8
Papua New Guinea	63.2	66.0	71.0	68.7	59.0	65.0
New Zealand	10.0	10.0	11.0	11.0	10.0	10.0
Fiji	3.8	3.6	4.0	2.8	1.7	2.8
Australia	263.0	284.0	253.0	264.0	244.0	250.0
Other Australasia	0.0	0.0	0.0	0.0	0.0	0.0
Total Australasia	340.0	363.6	339.0	346.5	314.7	327.8
Uzbekistan	88.0	86.0	90.0	86.0	86.0	80.0
Russia	170.0	158.0	159.0	168.0	165.0	155.0
Kyrgyzstan	18.0	22.5	22.0	17.0	11.0	19.0
Kazakhstan	20.0	20.0	22.0	22.0	20.0	21.0
Other Eastern Europe	11.3	10.0	9.0	7.7	4.2	8.0
Total Eastern Europe	307.3	296.5	302.0	300.7	286.2	283.0
Sweden	5.8	5.7	6.0	5.2	6.8	5.0
Spain	7.0	7.0	5.0	3.0	3.0	2.5
Other Western Europe	11.2	8.9	6.5	6.3	9.3	3.3
Total Western Europe	24.0	21.6	17.5	14.5	19.1	10.8
India	1.4	3.3	5.0	3.4	2.5	3.5
Total Indian sub-continent	1.4	3.3	5.0	3.4	2.5	3.5
Venezuela	16.0	15.0	15.0	14.0	16.0	14.0
Peru	157.3	172.6	173.0	207.8	207.0	180.0
Nicaragua	5.0	3.5	5.0	3.4	3.4	3.6
Mexico	23.3	22.2	24.0	31.6	33.7	32.0
Honduras	5.5	5.0	4.0	0.0	5.0	2.5
Guyana	13.0	12.0	12.0	8.2	5.0	6.0
Ecuador	4.0	4.0	0.0	4.0	4.0	4.0
Dominican Republic	0.6	0.0	0.0	0.0	0.0	0.0
Colombia	35.0	46.5	30.0	37.0	37.0	37.0
Chile	36.5	38.9	39.0	39.6	42.0	50.0
Brazil	37.0	34.0	34.0	35.0	40.0	35.0
Bolivia	10.0	7.0	0.0	8.9	10.0	8.0
Argentina	32.5	28.6	27.0	25.0	43.2	27.0
Other Latin America	0.0	1.6	11.0	15.7	22.2	33.0
Total Latin America	375.7	390.9	374.0	430.1	468.5	432.1
Saudi Arabia	4.0	8.8	8.0	8.0	8.0	8.0
Other Middle East	1.4	0.8	1.0	0.0	0.0	0.0
Total Middle East	5.4	9.6	9.0	8.0	8.0	8.0
USA	300.0	280.0	260.0	261.0	260.0	250.0
Canada	152.2	140.6	129.0	118.5	104.0	105.0
Total North America	452.2	420.6	389.0	379.5	364.0	355.0
World Total	2,490.6	2,511.6	2,351.1	2,413.2	2,365.9	2,363.0

Source: Raw Materials Group, Chamber of Mines, South Africa, News Wires

Scrap recycling (excluding process scrap), 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
Algeria	5.2	5.2	5.4	4.0	4.9	4.1
Morocco	5.1	5.1	5.5	4.0	4.9	3.9
Tunisia	5.1	5.1	5.2	3.5	4.3	3.6
Other Africa	5.0	5.0	5.5	3.0	3.7	3.1
Total Africa	20.4	20.4	21.6	14.5	17.7	14.6
Thailand	35.0	35.0	45.0	45.0	54.9	49.9
Indonesia	30.0	30.0	33.0	40.0	48.8	44.4
Malaysia	18.0	18.0	18.0	30.0	36.6	33.3
Japan	35.0	35.0	42.0	30.0	35.1	31.9
China	35.0	35.0	37.0	25.0	30.5	27.7
Philippines	12.0	12.0	15.0	18.0	22.0	20.0
South Korea	18.0	18.0	20.0	15.0	18.3	16.6
Taiwan	12.0	12.0	16.0	12.0	14.6	13.3
Hong Kong	12.0	12.0	17.0	10.0	12.2	11.1
Singapore	12.0	12.0	15.0	10.0	12.2	11.1
Myanmar	3.0	3.0	3.0	2.0	2.4	2.2
Total Asia	222.0	222.0	261.0	237.0	287.6	261.5
Australia	3.0	3.0	4.0	3.0	3.5	3.2
Total Australasia	3.0	3.0	4.0	3.0	3.5	3.2
Russia	35.0	40.0	45.0	40.0	52.8	48.0
Total Eastern Europe	35.0	40.0	45.0	40.0	52.8	48.0
Turkey	60.0	65.0	80.0	40.0	48.8	40.7
Italy	30.0	30.0	34.0	26.0	32.5	29.5
France	5.2	5.2	7.0	6.0	7.5	6.8
UK & Ireland	6.0	6.0	7.0	5.0	6.3	5.7
Switzerland	6.0	6.0	6.8	5.0	6.3	5.7
Germany	6.0	6.0	7.0	5.0	6.3	5.7
Other Western Europe	16.4	16.4	21.1	14.5	18.0	16.3
Total Western Europe	129.6	134.6	162.9	101.5	125.5	110.4
India	110.0	120.0	145.0	115.0	161.0	146.4
Pakistan	22.0	22.0	30.0	20.0	28.0	23.3
Bangladesh	4.0	4.0	7.0	4.0	4.9	4.1
Sri Lanka	3.0	3.0	4.0	3.0	3.7	3.1
Total Indian sub-continent	139.0	149.0	186.0	142.0	197.5	176.8
Brazil	7.0	7.0	10.0	6.0	7.5	6.8
Argentina	7.0	7.0	8.0	6.0	7.5	6.8
Other Latin America	8.0	8.0	10.0	5.0	6.3	5.7
Chile	7.0	7.0	8.0	5.0	6.3	5.7
Colombia	8.0	8.0	8.0	5.0	6.3	5.7
Mexico	8.0	8.0	8.0	5.0	6.3	5.7
Venezuela	8.0	8.0	9.0	4.0	5.0	4.5
Peru	8.0	8.0	8.0	4.0	5.0	4.5
Total Latin America	61.0	61.0	69.0	40.0	50.0	45.5
Saudi Arabia	70.0	70.0	90.0	70.0	87.5	72.9
Iraq	20.0	40.0	65.0	40.0	50.0	41.7
Kuwait	20.0	20.0	25.0	20.0	25.0	20.8
Iran	15.0	15.0	28.0	20.0	25.0	20.8
Egypt	30.0	30.0	33.0	20.0	25.0	20.8
UAE	10.0	10.0	15.0	10.0	12.5	10.4
Lebanon	6.0	6.0	9.0	5.0	6.3	5.2
Israel	4.0	4.0	4.5	3.0	3.8	3.1
Total Middle East	175.0	195.0	269.5	188.0	235.0	195.8
USA	70.0	70.0	75.0	65.0	81.3	73.9
Canada	5.0	5.0	6.0	5.0	6.3	5.7
Total North America	75.0	75.0	81.0	70.0	87.5	79.5
World Total	860.0	900.0	1,100.0	836.0	1,057.2	935.3

Source: VM Group

Jewellery fabrication, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
South Africa	7.0	8.0	9.6	9.6	8.2	8.2
Morocco	10.0	10.0	10.0	10.0	6.0	6.3
Algeria	5.0	5.0	5.0	5.0	3.0	3.2
Libya	5.0	5.0	5.0	5.0	3.0	3.0
Tunisia	1.0	1.0	1.0	1.0	0.6	0.6
Total Africa	28.0	29.0	30.6	30.6	20.8	21.3
China	220.0	230.0	240.0	250.0	260.0	234.0
Indonesia	100.0	100.0	100.0	100.0	60.0	57.0
Thailand	75.0	75.0	75.0	70.0	56.0	53.2
Taiwan	80.0	75.0	70.0	70.0	56.0	53.2
Malaysia	75.0	50.0	50.0	55.0	33.0	32.3
South Korea	50.0	50.0	50.0	52.0	31.2	31.5
Vietnam	25.0	25.0	30.0	34.5	20.7	25.0
Japan	25.0	25.0	25.0	25.0	22.5	21.4
Hong Kong	10.0	15.0	17.3	20.0	17.0	17.2
Afghanistan	10.0	10.0	10.0	10.0	8.0	7.9
Singapore	15.0	10.0	10.0	10.0	8.0	7.8
Cambodia	10.0	10.0	10.0	10.0	6.0	5.7
Other Asia	7.5	8.0	9.0	9.0	5.4	5.1
Total Asia	702.5	683.0	696.3	715.5	583.8	551.4
Australia	5.0	5.0	5.0	5.5	4.7	4.7
Total Australasia	5.0	5.0	5.0	5.5	4.7	4.7
Russia	30.0	30.0	30.0	35.0	29.8	26.8
Uzbekistan	3.0	3.0	3.0	3.0	2.6	2.5
Croatia	0.6	0.6	0.7	0.7	0.6	0.5
Bulgaria	0.3	0.3	0.3	0.3	0.3	0.3
Estonia	0.1	0.1	0.2	0.2	0.2	0.2
Total Eastern Europe	34.0	34.0	34.2	39.2	33.4	30.3
Italy	400.0	350.0	330.0	320.0	304.0	297.9
Turkey	136.5	225.7	263.6	283.5	192.7	194.0
UK & Ireland	55.0	50.0	49.0	38.0	32.0	31.4
Switzerland	27.5	30.0	30.0	30.0	28.5	27.9
Spain	30.0	30.0	30.0	30.0	28.5	27.9
Germany	30.0	25.0	22.5	22.5	21.4	20.9
Portugal	23.0	22.0	20.0	22.0	20.9	20.5
Portugal	10.0	10.0	10.0	10.0	9.5	9.3
Greece	8.0	9.0	10.0	10.0	9.5	9.3
Poland	4.5	5.2	5.5	5.5	5.2	5.1
Other Europe	20.4	19.9	19.1	19.6	18.6	18.3
Total Western Europe	744.9	776.8	789.7	791.1	670.8	662.6
India	525.0	500.0	532.0	592.5	355.5	337.7
Pakistan	50.0	50.0	50.0	50.0	30.0	29.1
Bangladesh	25.0	20.0	20.0	14.0	8.4	8.1
Sri Lanka	10.0	5.0	5.0	5.0	3.0	3.0
Total Indian sub-continent	610.0	575.0	607.0	661.5	396.9	378.0
Mexico	30.0	30.0	30.0	30.0	25.5	24.2
Brazil	20.0	20.0	20.0	22.0	18.7	17.8
Dominican Republic	6.0	6.0	6.0	6.0	5.1	4.8
Peru	5.0	5.0	5.0	5.0	4.3	4.0
Chile	4.5	5.0	5.0	5.0	4.3	4.0
Colombia	2.8	2.9	3.0	3.0	2.6	2.4
Bolivia	3.0	3.0	3.0	3.0	2.6	2.4
Venezuela	2.5	2.0	2.0	2.0	1.7	1.6
Ecuador	2.0	2.0	2.0	2.0	1.7	1.6
Argentina	1.5	1.5	1.5	1.5	1.3	1.2
Total Latin America	77.3	77.4	77.5	79.5	67.6	64.2

Continued overleaf

Jewellery fabrication, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
Saudi Arabia	160.0	170.0	180.0	190.0	133.0	139.7
Egypt	100.0	75.0	75.0	85.0	55.3	58.0
UAE	45.0	47.5	50.0	55.0	38.5	40.4
Iran	35.0	35.0	35.0	40.0	34.0	35.7
Iraq	30.0	35.0	30.0	35.0	21.0	22.1
Israel	15.0	14.0	15.0	15.0	12.3	12.9
Kuwait	15.0	15.0	15.0	17.5	10.9	11.4
Lebanon	8.0	9.0	10.0	12.0	6.6	6.9
Other Middle East	15.9	15.6	16.0	16.3	9.3	9.8
Total Middle East	423.9	416.1	426.0	465.8	320.8	336.9
USA	175.0	200.0	200.0	195.0	165.8	157.5
Canada	12.0	12.0	12.0	12.0	11.4	10.8
Total North America	187.0	212.0	212.0	207.0	177.2	168.3
World Total	2,812.6	2,808.3	2,878.2	2,995.6	2,275.8	2,217.6

Source: VM Group

Jewellery consumption, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
Morocco	9.1	8.8	8.8	8.9	5.4	5.6
South Africa	5.0	5.2	5.9	5.9	5.1	5.1
Other Africa	14.2	13.9	13.7	14.1	8.5	8.8
Total Africa	28.2	27.9	28.4	28.9	19.0	19.6
China	257.3	258.2	265.0	274.2	252.6	232.8
Indonesia	81.8	81.3	82.0	82.8	57.7	53.9
Vietnam	25.0	25.0	30.0	34.5	20.7	25.0
South Korea	37.5	37.5	37.5	39.0	23.4	23.6
Japan	30.0	29.4	28.8	28.8	24.2	23.1
Taiwan	31.1	29.3	27.5	27.3	21.8	20.7
Thailand	30.0	29.9	29.9	28.3	21.6	20.5
Afghanistan	25.8	26.1	27.0	28.5	19.9	20.2
Malaysia	36.8	27.7	27.6	29.1	18.4	17.9
Singapore	24.0	18.9	18.9	19.4	12.9	12.4
Myanmar	12.5	11.7	12.7	12.6	8.0	7.7
Philippines	12.9	11.7	11.7	11.8	7.5	7.2
Other Asia	15.0	15.8	16.1	16.5	10.7	10.3
Total Asia	619.6	602.2	614.4	632.9	499.3	475.3
Australia	5.0	5.0	5.0	5.5	4.7	4.7
Total Australasia	5.0	5.0	5.0	5.5	4.7	4.7
Russia	30.0	30.0	30.0	35.0	29.8	26.8
Uzbekistan	3.0	3.0	3.0	3.0	2.6	2.5
Croatia	0.6	0.6	0.7	0.7	0.6	0.5
Bulgaria	0.3	0.3	0.3	0.3	0.3	0.3
Estonia	0.1	0.1	0.2	0.2	0.2	0.2
Total Eastern Europe	34.0	34.0	34.2	39.2	33.4	30.3
Turkey	73.9	112.1	128.5	137.6	98.9	98.1
Italy	105.2	92.5	87.4	85.1	81.1	79.2
Switzerland	65.9	72.9	72.7	71.7	63.7	61.1
Germany	54.2	59.0	58.5	57.4	50.1	47.7
UK & Ireland	60.0	55.8	54.5	51.2	47.0	45.3
Spain	39.4	39.0	38.9	38.3	36.2	35.3
France	23.0	22.0	20.5	21.8	20.8	20.2
Portugal	16.1	15.9	16.0	15.5	14.5	14.0
Greece	9.9	10.3	10.8	10.8	10.3	9.8
Austria	10.3	9.7	9.1	9.3	8.9	8.5
Belgium	10.3	9.8	9.7	9.3	8.8	8.4
Netherlands	9.5	8.9	8.5	8.1	7.6	7.4
Poland	7.1	7.5	7.6	7.3	6.8	6.7
Yugoslavia	3.4	3.2	3.0	3.0	2.9	2.8
Other Europe	23.4	21.9	21.2	20.1	18.6	18.3
Total Western Europe	511.5	540.2	546.8	546.5	476.1	462.8
India	519.6	497.4	526.0	576.3	353.2	338.6
Pakistan	89.2	89.2	93.2	100.2	61.4	59.3
Bangladesh	40.8	35.5	36.5	32.9	19.7	18.9
Sri Lanka	10.0	5.0	5.0	5.0	3.0	3.0
Total Indian sub-continent	659.6	627.1	660.7	714.5	437.3	419.8
Mexico	27.4	27.4	27.4	27.4	23.3	22.1
Brazil	11.0	11.0	11.0	12.0	10.2	9.7
Other Latin America	26.3	26.3	26.5	26.6	22.6	21.5
Total Latin America	64.6	64.7	64.8	66.0	56.1	53.3

Source: VM Group

Jewellery consumption, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
Saudi Arabia	133.2	143.9	152.3	160.0	116.8	120.0
Egypt	86.4	74.0	76.7	85.8	56.4	58.7
Iran	48.9	49.1	49.7	55.6	44.0	46.1
Iraq	47.0	55.5	54.1	60.3	39.0	40.5
Arab Emirates	28.5	36.2	40.4	43.1	31.3	30.9
Lebanon	28.6	31.9	34.3	38.1	24.6	25.6
Syria	25.5	29.6	32.2	34.4	23.4	24.2
Yemen	26.9	29.4	31.3	33.3	22.8	23.7
Kuwait	22.6	25.8	27.7	30.8	20.3	20.8
Jordan	23.8	25.6	27.3	29.0	18.6	19.4
Israel	1.7	1.7	1.8	1.8	1.5	1.6
Total Middle East	473.0	502.6	527.7	572.3	398.7	411.5
USA	398.6	386.7	378.5	372.2	334.5	324.5
Canada	18.4	17.9	17.7	17.7	16.8	15.9
Total North America	417.1	404.6	396.2	390.0	351.3	340.4
World Total	2,812.6	2,808.3	2,878.2	2,995.6	2,275.8	2,217.6

Source: VM Group

Gold usage in electronics, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006e	2007f
Japan	112.1	118.5	125.0	131.6	135.5	146.3
South Korea	38.5	46.2	55.5	66.6	69.2	74.8
Singapore	10.4	11.9	13.5	15.4	15.6	16.9
China	1.1	1.7	2.5	3.8	5.7	7.4
Taiwan	3.0	3.1	3.3	3.4	3.6	3.9
Total Asia	165.1	181.4	199.8	220.8	229.6	249.2
Australia	0.5	0.5	0.5	0.5	0.6	0.6
Total Australasia	0.5	0.5	0.5	0.5	0.6	0.6
Russia	15.1	15.6	16.0	16.5	17.2	18.6
Total Eastern Europe	15.1	15.6	16.0	16.5	17.2	18.6
Germany	10.7	10.8	10.8	10.9	11.3	12.2
France	7.7	8.3	8.9	9.5	9.9	10.6
Switzerland	7.9	8.4	8.9	9.4	9.8	10.6
UK & Ireland	5.9	5.7	5.5	5.4	5.6	6.0
Other Western Europe	7.2	7.3	7.4	7.5	7.7	8.3
Total Western Europe	39.4	40.4	41.5	42.6	44.3	47.9
India	0.1	0.1	0.1	0.1	0.1	0.1
Total Indian sub-continent	0.1	0.1	0.1	0.1	0.1	0.1
Brazil	1.3	1.3	1.4	1.4	1.5	1.6
Mexico	0.1	0.1	0.1	0.1	0.1	0.2
Total Latin America	1.5	1.5	1.5	1.5	1.6	1.7
Israel	0.1	0.1	0.1	0.1	0.1	0.2
Total Middle East	0.1	0.1	0.1	0.1	0.1	0.2
USA	68.1	70.1	72.2	74.4	77.4	83.5
Canada	0.7	0.7	0.7	0.7	0.7	0.8
Total North America	68.7	70.8	72.9	75.1	78.1	84.3
World Total	290.6	310.4	332.5	357.3	371.6	402.6

Source: VM Group

Other end uses, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006 ^e	2007f
Japan	48.4	50.9	53.4	56.2	47.8	47.0
South Korea	11.6	12.5	13.6	14.7	13.5	13.9
Other Asia	2.7	2.8	2.9	3.1	2.9	3.0
Total Asia	62.7	66.2	69.9	74.0	64.1	63.9
Australia	0.5	0.5	0.5	0.5	0.4	0.5
Total Australasia	0.5	0.5	0.5	0.5	0.4	0.5
Turkey	42.1	50.6	60.7	72.8	48.9	53.0
Germany	22.8	23.2	23.7	24.1	22.6	22.1
Switzerland	14.6	15.5	16.6	17.7	16.2	16.5
Italy	8.0	7.9	7.9	7.8	7.2	7.3
France	6.2	6.4	6.5	6.7	6.0	6.3
Netherlands	4.6	5.2	5.9	6.7	6.4	6.1
Spain	2.1	2.3	2.5	2.7	2.5	2.6
Other Europe	6.7	6.9	7.2	7.4	6.8	6.9
Total Western Europe	105.1	115.8	128.4	143.2	114.1	118.2
India	55.9	68.4	83.7	102.5	76.9	80.1
Pakistan	2.0	2.1	2.2	2.3	2.2	2.2
Total Indian sub-continent	57.9	70.5	85.9	104.8	79.0	82.3
Brazil	7.3	8.2	9.1	10.1	9.2	9.6
Other Latin America	1.0	1.0	1.0	1.0	0.9	0.9
Total Latin America	8.3	9.1	10.1	11.1	10.1	10.6
United Arab Emirates	12.8	15.4	18.5	22.2	13.3	13.3
Other Middle East	5.6	5.8	6.0	6.2	6.0	6.0
Total Middle East	18.4	21.2	24.4	28.3	19.1	19.1
USA	31.4	31.1	30.8	30.6	28.3	28.6
Canada	0.3	0.3	0.3	0.3	0.3	0.3
Total North America	31.7	31.4	31.1	30.9	28.5	28.9
World Total	284.6	314.6	350.3	392.8	315.4	323.3

Source: VM Group

Note: Includes Dental Alloys, Non-Legal Tender Coins and Other Industrial Uses.

Legal tender coins, 2002 to 2007f, tonnes

	2,002	2,003	2,004	2,005	2,006	2,007f
South Africa	1.3	2.2	2.9	3.0	3.0	2.7
Total Africa	1.3	2.2	2.9	3.0	3.0	2.7
Japan	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	0.0	0.0	0.0	0.0	0.0	0.0
South Korea	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0
Thailand	0.0	0.0	0.0	0.0	0.0	0.0
Total Asia	0.0	0.0	0.0	0.0	0.0	0.0
Australia	2.9	3.4	5.2	6.0	6.0	5.5
Total Australasia	2.9	3.4	5.2	6.0	6.0	5.5
Austria	6.8	6.5	7.0	7.5	7.5	6.8
Belgium	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	2.8	2.5	2.4	2.5	2.5	2.3
Switzerland	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	30.0	45.0	45.0	55.0	50.0	47.6
UK & Ireland	2.8	2.5	2.4	3.0	3.0	2.7
Yugoslavia	0.0	0.0	0.0	0.0	0.0	0.0
Total Western Europe	42.4	56.5	56.8	68.0	63.0	59.4
Chile	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0
Total Latin America	0.0	0.0	0.0	0.0	0.0	0.0
Canada	12.2	7.4	8.9	10.0	12.0	12.0
USA	9.8	15.1	16.7	14.0	18.2	12.5
Total North America	22.0	22.5	25.6	24.0	30.2	24.5
Total World	68.6	84.6	90.5	101.0	102.2	92.1

Source: VM Group

Financials: prices, volatilities and lease rates

Gold prices in various currencies, average, 1994-2007

	\$/oz	Euro/oz	Rand/kg	Yen/gr	A\$/oz
1994	384.02	324.26	42,409	1,261	527.24
1995	384.18	296.91	43,343	1,162	517.53
1996	387.71	309.91	52,205	1,356	493.66
1997	331.37	293.10	47,377	1,287	444.82
1998	294.17	262.39	50,729	1,238	469.37
1999	278.73	261.45	53,006	1,018	432.90
2000	279.14	302.78	60,106	967	480.54
2001	271.10	302.82	74,496	1,056	524.66
2002	307.20	328.03	101,011	1,243	569.83
2003	363.32	321.06	85,026	1,346	558.89
2004	409.17	329.16	84,361	1,422	556.18
2005	444.45	358.28	90,829	1,577	583.45
2006	603.77	480.43	131,490	2,256	801.48
Jan-06	549.86	453.22	107,284	2,040	732.45
Feb-06	555.00	464.84	108,872	2,104	748.98
Mar-06	557.09	463.05	111,832	2,101	767.01
Apr-06	610.65	496.60	119,188	2,292	828.26
May-06	675.39	528.48	136,993	2,425	884.22
Jun-06	596.15	470.65	133,408	2,197	805.93
Jul-06	633.71	499.37	144,107	2,357	842.66
Aug-06	632.59	493.90	140,804	2,357	829.01
Sep-06	598.19	469.92	142,911	2,253	791.81
Oct-06	585.78	464.15	143,601	2,233	776.96
Nov-06	627.83	487.10	145,867	2,367	812.45
Dec-06	629.79	476.66	142,321	2,370	801.89
Jan-07	631.17	486.00	145,481	2,444	806.83
Feb-07	664.75	507.94	152,744	2,573	848.98
Mar-07	654.90	494.31	154,266	2,469	826.17
Apr-07	679.37	502.21	154,376	2,597	819.98

Source: VM Group

Inflation-adjusted gold price (in 2006 dollars)

	Nominal gold price (\$/oz)	US CPI (2006=100)	Real gold price (2006 dollars)
1980	612.6	41.5	1,440.1
1981	459.9	45.8	982.0
1982	375.8	48.6	753.2
1983	424.1	50.2	825.0
1984	360.3	52.3	671.8
1985	317.2	54.2	570.7
1986	367.7	55.2	649.1
1987	446.5	57.2	760.1
1988	437.0	59.6	715.7
1989	381.4	62.4	595.7
1990	383.5	65.8	568.5
1991	362.2	68.6	514.8
1992	343.7	70.7	474.2
1993	359.8	72.8	481.9
1994	384.1	74.7	501.6
1995	384.2	76.8	500.5
1996	387.7	79.0	490.7
1997	331.2	80.9	409.6
1998	294.2	82.1	358.2
1999	278.6	83.9	332.1
2000	279.1	86.7	321.8
2001	271.1	89.2	303.9
2002	307.2	90.6	339.0
2003	363.3	92.7	392.1
2004	409.2	95.1	430.0
2005	444.4	97.9	453.8
2006*	603.8	100.0	603.8

Source: VM Group

* Average year to date, CPI estimated.

Price volatility, 1994-2007 (%)

	Daily	1M	3M	6M	12M
1994	6.47	8.12	8.35	9.19	9.89
1995	4.22	5.70	5.74	5.91	6.05
1996	4.44	5.45	5.52	5.66	5.80
1997	7.52	9.80	9.78	9.23	8.81
1998	9.29	12.32	12.80	12.95	12.86
1999	9.44	13.41	13.87	13.10	12.64
2000	8.57	12.37	13.40	15.94	17.13
2001	8.17	11.41	11.83	11.89	11.75
2002	10.42	12.72	12.78	13.00	13.04
2003	11.53	15.69	16.13	15.79	15.31
2004	11.32	14.05	14.03	14.37	14.77
2005	9.31	11.60	11.39	11.27	12.29
2006	18.23	23.11	23.79	23.05	20.00
Jan-06	19.03	27.56	20.71	16.71	13.93
Feb-06	13.08	20.20	22.01	18.11	14.72
Mar-06	19.87	19.43	22.54	19.23	15.49
Apr-06	13.52	19.85	19.90	20.12	16.30
May-06	29.17	26.75	22.80	22.21	17.91
Jun-06	20.07	34.84	29.39	26.08	20.64
Jul-06	24.06	26.07	30.81	25.96	21.76
Aug-06	18.04	26.86	29.43	26.63	22.96
Sep-06	16.64	20.59	24.84	26.84	23.55
Oct-06	21.24	23.16	23.52	27.24	24.13
Nov-06	13.17	18.38	21.11	25.54	24.36
Dec-06	12.33	14.56	19.11	22.14	23.92
Jan-07	12.33	17.02	16.60	20.44	23.24
Feb-07	12.48	15.50	15.84	18.55	23.02
Mar-07	14.13	19.31	17.41	18.25	22.94
Apr-07	8.97	10.77	15.61	16.23	22.47

Source: VM Group

Lease rates, 1993-2007 (% p.a.)

	1-month	3-month	6-month	12-month
1993	0.74	0.86	0.94	1.15
1994	0.54	0.66	0.75	0.91
1995	1.74	1.69	1.59	1.59
1996	1.52	1.71	1.90	2.17
1997	1.84	1.90	1.97	2.12
1998	2.60	2.69	2.94	3.27
1999	1.71	1.90	2.05	2.27
2000	0.60	0.82	1.04	1.50
2001	1.29	1.33	1.42	1.68
2002	0.26	0.40	0.58	0.94
2003	0.09	0.14	0.23	0.41
2004	0.08	0.11	0.15	0.25
2005	0.11	0.11	0.13	0.18
2006	0.09	0.11	0.12	0.12
Jan-06	0.11	0.11	0.12	0.15
Feb-06	0.09	0.12	0.15	0.18
Mar-06	0.13	0.11	0.13	0.15
Apr-06	0.12	0.11	0.13	0.15
May-06	0.09	0.10	0.10	0.11
Jun-06	0.11	0.12	0.13	0.15
Jul-06	0.09	0.08	0.09	0.11
Aug-06	0.05	0.06	0.08	0.08
Sep-06	0.06	0.09	0.09	0.08
Oct-06	0.07	0.11	0.13	0.11
Nov-06	0.09	0.12	0.12	0.10
Dec-06	0.11	0.12	0.13	0.12
Jan-07	0.10	0.13	0.16	0.18
Feb-07	0.10	0.13	0.17	0.19
Mar-07	0.11	0.15	0.18	0.17
Apr-07	0.11	0.14	0.17	0.17

Source: VM Group

Official Sector

Official sector by region, 2001-2007f

	2002	2003	2004	2005	2006	2007f
Africa	477	420	420	420	420	420
Asia	2,373	2,356	2,326	2,262	2,257	2,234
Australasia	80	80	80	80	80	80
Eastern Europe	928	926	930	935	956	966
Western Europe	14,915	14,461	14,051	13,522	13,184	12,798
Indian sub-continent	432	432	432	432	432	432
Latin America	487	516	571	571	565	565
Middle East	1,112	1,092	1,072	1,082	1,162	1,162
North America	8,155	8,140	8,140	8,140	8,138	8,138
IMF/BIS	3,413	3,411	3,425	3,418	3,399	3,389
Total	32,371	31,833	31,444	30,861	30,592	30,182

Source: IMF, national central banks websites, VM Group

Official sector purchases, 2002-2007 (tonnes)

	2002	2003	2004	2005	2006	2007f
Africa	0.0	0.0	0.0	0.0	0.0	0.0
Asia	23.3	7.0	3.1	3.7	5.8	0.0
Australasia	0.0	0.0	0.0	0.0	0.0	0.0
Eastern Europe	6.1	3.5	3.4	5.4	22.2	10.0
Western Europe	0.0	0.0	0.0	0.0	0.0	3.8
Indian sub-continent	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	0.0	28.3	54.8	0.0	0.0	0.0
Middle East	0.0	0.0	0.0	30.0	100.0	0.0
North America	0.0	0.0	0.0	0.0	0.0	0.0
Total	29.4	38.8	61.3	39.1	128.0	13.8

Source: IMF, national central banks websites, VM Group

Official sector sales, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
Africa	0.0	57.5	0.0	0.0	0.0	0.0
Asia	0	20	34	67	11	23
Australasia	0	0	0	0	0	0
Eastern Europe	0	5	0	0	1	0
Western Europe	411	454	410	529	338	390
Indian sub-continent	0	0	0	0	0	0
Latin America	23	0	0	0	6	0
Middle East	30	20	20	20	20	0
North America	14.0	15.2	0.0	0.0	2.0	0.0
Total	478.1	571.3	464.0	615.9	378.0	413.0

Source: IMF, national central banks websites, VM Group

Gold lending, 2002-2007f (tonnes) (*)

	2002	2003	2004	2005	2006	2007f
Africa	97	123	123	107	104	76
Asia	664	648	648	536	520	440
Australasia	76	76	76	76	72	60
Eastern Europe	439	375	405	382	345	321
Western Europe	2,862	2,580	2,139	2,048	1,762	1,490
Indian sub-continent	100	100	100	95	94	94
Latin America	299	299	299	277	251	231
Middle East	466	476	444	356	294	267
North America	8	2	2	2	1	1
Total	5,010	4,678	4,236	3,810	3,444	2,981

Source: IMF, national central banks websites, VM Group.

(*) Includes estimate of private lending

Other**Hedging, hedge impact, end-period, 2002-2006 (tonnes)**

	2002	2003	2004	2005	2006
Global					
Net Forwards	2,052	1,731	1,489	1,307	928
Net Calls	270	290	252	296	291
Other Products	145	123	44	52	36
Net Puts	137	120	22	13	7
Total Hedge Impact	2,605	2,264	1,808	1,667	1,261
<i>Change</i>	(439)	(341)	(456)	(141)	(406)
Americas					
Net Forwards	1,245	976	849	764	508
Net Calls	56	90	62	54	24
Other Products	41	33	29	25	10
Net Puts	55	41	22	5	3
Total Hedge Impact	1,397	1,140	963	847	546
<i>Change</i>	186	(257)	(176)	(116)	(301)
Africa					
Net Forwards	455	381	235	184	129
Net Calls	171	159	162	214	237
Other Products	0	0	0	0	0
Net Puts	19	5	-6	0	-9
Total Hedge Impact	644	546	392	398	358
<i>Change</i>	(163)	(99)	(154)	7	(40)
Australias					
Net Forwards	335	309	357	317	249
Net Calls	43	40	27	21	14
Other Products	104	87	15	27	25
Net Puts	62	73	6	5	8
Total Hedge Impact	543	508	404	370	297
<i>Change</i>	(461)	(35)	(104)	(35)	(73)
Europe					
Net Forwards	17	65	48	42	41
Net Calls	1	1	0	6	16
Other Products	0	3	0	0	0
Net Puts	2	2	0	3	4
Total Hedge Impact	20	70	48	51	61
<i>Change</i>	(1)	50	(22)	3	10

Source: "The Hedge Book", by Mitsu Global Precious Metals, Haliburton Mineral Services, VM Group

Hedging, committed, end-period, 2002-2006 (tonnes)

	2002	2003	2004	2005	2006
Global					
Net Forwards	2,170	1,797	1,517	1,327	932
Calls sold	503	456	391	407	417
Calls bought	112	71	64	57	56
Other Products	212	149	49	53	36
Total Committed	2,774	2,331	1,893	1,731	1,328
<i>Change</i>	<i>(530)</i>	<i>(443)</i>	<i>(438)</i>	<i>(162)</i>	<i>(402)</i>
Puts bought	557	525	253	241	181
Puts sold	60	65	40	23	50
Americas					
Net Forwards	1,309	1,011	866	776	515
Calls sold	94	109	76	65	48
Calls bought	12	0	3	1	4
Other Products	81	40	35	26	10
Total Committed	1,472	1,160	973	866	570
<i>Change</i>	<i>44</i>	<i>(312)</i>	<i>(187)</i>	<i>(107)</i>	<i>(296)</i>
Puts bought	212	237	151	93	57
Puts sold	40	17	5	2	0
Africa					
Net Forwards	474	394	239	187	131
Calls sold	345	280	271	301	323
Calls bought	94	71	61	56	52
Other Products	0	0	0	0	0
Total Committed	725	603	448	433	402
<i>Change</i>	<i>(171)</i>	<i>(122)</i>	<i>(154)</i>	<i>(16)</i>	<i>(31)</i>
Puts bought	117	91	75	84	59
Puts sold	20	49	35	21	50
Australias					
Net Forwards	369	324	361	319	248
Calls sold	61	64	44	28	16
Calls bought	6	0	0	0	0
Other Products	131	106	15	28	26
Total Committed	554	494	420	375	289
<i>Change</i>	<i>(398)</i>	<i>(60)</i>	<i>(74)</i>	<i>(45)</i>	<i>(85)</i>
Puts bought	217	187	27	48	48
Puts sold	0	0	0	0	0
Europe					
Net Forwards	18	68	51	44	38
Calls sold	4	4	0	13	29
Calls bought	0	0	0	0	0
Other Products	0	3	0	0	0
Total Committed	22	74	51	58	67
<i>Change</i>	<i>(4)</i>	<i>52</i>	<i>(23)</i>	<i>6</i>	<i>9</i>
Puts bought	11	9	0	16	17
Puts sold	0	0	0	0	0

Source: "The Hedge Book", by Mitsui Global Precious Metals, Haliburton Mineral Services, VM Group

Exchange traded funds, annual offtake, 2002-2007f (tonnes)

	2002	2003	2004	2005	2006	2007f
Africa	0.0	0.0	3.0	4.3	2.6	3.4
Australasia	0.0	8.4	(1.0)	0.9	2.1	3.1
India	0.0	0.0	0.0	0.0	0.0	10.0
Europe	0.0	24.5	27.6	8.5	36.4	11.3
North America	0.0	0.0	94.9	178.2	212.3	105.3
World Total	0.0	32.9	124.5	191.9	253.3	133.1

Source: VM Group from company websites

COMEX speculation, end-period, 1994-March 2007 (tonnes)

	Open interest	Large speculators net long	Small speculators net long	Total net long
1994	559	(125)	5	(120)
1995	439	7	45	52
1996	590	(130)	(5)	(135)
1997	553	(159)	21	(138)
1998	506	(108)	(8)	(116)
1999	487	(90)	34	(56)
2000	357	(44)	25	(20)
2001	345	(9)	46	37
2002	644	185	140	325
2003	867	350	147	497
2004	1,029	307	121	428
2005	996	481	108	589
2006	1,059	212	109	321
Jan-06	1,056	433	87	520
Feb-06	1,057	396	92	488
Mar-06	1,039	375	90	465
Apr-06	1,101	402	117	519
May-06	978	316	118	434
Jun-06	911	266	95	361
Jul-06	982	316	118	434
Aug-06	957	273	92	365
Sep-06	1,004	222	75	292
Oct-06	1,006	201	85	286
Nov-06	1,087	248	118	366
Dec-06	1,059	212	109	321
Jan-07	1,083	312	110	422
Feb-07	1,291	442	130	572
Mar-07	1,184	421	122	543
Apr-07	1,255	416	118	534

Source: Commodity Futures Trading Commission

Weights and measures

Chemical properties

Atomic weight	196.967
Atomic number	79
Chemical symbol	Au
Melting point deg C	1,063
Hardness (mohs)	2.5-3.0
Boiling point deg C	2,966
Specific gravity gr/cubic cm	19.32
Hardness	25
Tensile strength km/Sq mm	11.9

Source: VM Group

Purity (caratage) – In parts per 1,000

24 carat	1,000	
	999.9	Termed four nines
	995	London good delivery
22 carat	916	Common caratage for jewellery in Middle East & Asia
18 carat	750	Common caratage for jewellery throughout Europe
14 carat	583	Common caratage for jewellery in the USA
10 carat	417	Lowest acceptable for jewellery in USA
9 carat	375	Common caratage for jewellery in the UK
8 carat	333	Lowest acceptable caratage in parts of Europe
1 carat	41.7	

Source: VM Group

Measures

1 troy ounce	= 31.103 grammes = 408.6 grains = 1.097 oz avoirdupois = 20 pennyweights
1 metric tonne	= 32.151 troy ounces = 1.102 short tons
1 short ton	= 0.893 long tonnes = 2,000 Pounds
1 pound	= 14.58 troy ounces
1 grain	= 0.0648 grammes = 0.002083 troy ounces
1 gramme	= 14.43 grains
1 pennyweight	= 24 grains
1 kilogramme	= 32.1507 troy ounces
1 oz avoirdupois	= 0.9115 troy ounces

Source: VM Group

Glossary

A

- **Accelerated supply:** Gold reaching the market through lending and leasing before it is physically produced.
- **American style:** (option) that can be exercised at any stage during its life, in other words at or before expiration date. Contrast **European style**.
- **Asian options:** A **history-dependent** option where the outcome is reliant not only on whether or not the option is **in-the-money** at expiry but also depends on the average price of the underlying throughout the option life. These options are used mostly (in the base metal markets) to reduce exposure or incentives to manipulate the underlying price at expiry. Asian options are also used by market participants who are obliged to have frequent exposure to the underlying asset over time. The options are then useful in capping the overall cost of the physical exposure and are ideal for producers.
- **At-the-money option:** An option with a strike price equal to that of the current price.

B

- **Backwardation:** A market situation where the spot price trades at a premium to the forward price. Opposite of **contango**.
- **Barrier options:** Unlike standard **European options** where the income depends only on the price of the underlying at expiration, barrier options are **history-dependent**. In other words, their outcome depends on the performance of the price of the underlying during the life of the option and whether that price breaches some predetermined barrier or level. See 'in' barrier and 'out' barrier options.
- **Binary options:** Unlike standard options which have a constant income, binary options have variable (usually all or nothing) pay backs depending on whether or not the price of the underlying meets some pre-agreed condition. Binary options can be either **history-dependent** or **history-independent**.
- **BIS:** Bank for International Settlements.
- **Bonds:** Means of raising debt through the capital markets. See also Gold-backed bonds.

C

- **Call option:** Option giving the purchaser the right but not the obligation to buy gold at a predetermined (strike) price.
- **CBOT:** The Chicago Board of Trade.
- **CCA:** Comex Clearing Association.
- **CFTC:** Commodity Futures Trading Commission (the futures and options watch-dog).
- **CIS:** Commonwealth of Independent States (former Soviet Union).
- **Collars:** Options which have the same pay-out as the standard call except that the upside is not unlimited. It is subject to a maximum. The option buyer forgoes any further income above this maximum.
- **COMEX:** The Commodity Exchange in New York.
- **Compound options:** These are options on options. The underlying asset is an option rather than a tangible commodity or security. Valuation of the option is complicated by the fact that two expiry dates must be accounted for: the time to expiration of the compound and the time to expiration of the underlying option.
- **Contango:** A market situation where the spot price is lower than the forward quotation; the differential representing the carrying (financing) costs and prevailing interest rates. Opposite of backwardation.
- **Cost curve:** Graphical representation of the costs of producing a metal for an entire primary industry. Usually cumulative output expressed in percent plotted against unit operating costs.
- **Coupon:** Annual interest rate associated with capital market bond issues.

E

- **EGA:** European Gold Agreement.
- **EMCF:** European Monetary Co-operation Fund.
- **ETF:** Exchange Traded Fund.
- **European style:** An option that can only be exercised on the date of expiry.
- **Exercising: (An Option)** Whereby the option purchaser holds the writer (seller) of an option to the agreed contract.
- **Exotic options:** Generic term for the more sophisticated option strategy which has features over and above the basic contracts.

G

- **GOFO:** Reuters screen code for the daily gold lease rates.
- **Gold backed bonds:** Debt raised through the capital markets issued with a gold options alternative to enhance the value/attraction of the investment.
- **Gold loan:** A means of raising capital for project financing which involves monetising gold.

I

- **IFS:** International Financial Statistics.
- **IMF:** International Monetary Fund.
- **IMM:** International Monetary Market.
- **'In' barrier options:** Options which are paid for at the time of the initial transaction but are not received until a specified price level (the barrier or the knock-in boundary) is broken. If the barrier is broken at some stage during the option's life, then the buyer receives a standard **European** option with a **strike** price and time to expiration. If the barrier is not broken, then at expiry, the holder receives a cash rebate.
- **In-the-money option:** An option which has a positive **intrinsic value** is said to be in the money. In the case of a **call**, it is in the money when the **strike** price is lower than the current price. A **put** option is in the money when the **strike** price is higher than the current price.
- **Intrinsic value** (of an option): The difference between the strike price and current price of the underlying commodity.

K

- **Knock-out options: Exotic option** whereby the contract is cancelled if the spot price breaks through an agreed price. See up-and-out puts and down-and-out calls. The knock-out option is priced differently since it can explode or be cancelled while theoretically it still has **time value**.

L

- **Limit down:** Arbitrary price level below which trading on a Futures and Options Exchange ceases during that trading day. Imposed to prevent very sharp price declines in futures prices and are adjusted from time to time at the discretion of the Exchange. See Limits.
- **Limits:** Arbitrary price barriers imposed by Futures and Options Exchanges to limit severe price movements during a trading day. There are no limits in the spot market. See Limit Up and Limit Down.
- **Limit up:** Arbitrary price level above which trading on a Futures and Options Exchange ceases during that trading day. Imposed to prevent very sharp price increases in futures prices and are adjusted from time-to-time at the discretion of the Exchange.
- **Liquidity:** The volume of business or turnover on an exchange or any market forum; can be applied to either the paper market or the physical.
- **Loco:** Physical location of metal. Unless otherwise stated, price quotations imply delivery loco London.
- **Long:** To be long of a commodity or associated futures or options contract is to have been a buyer. Contrast **short**.

M

- **Maturity date:** Date on which option matures; when it is either exercised or it expires worthless. Also known as expiration date.
- **Margin:** The cash deposit against a paper contract payable as a guarantee. An initial payment is usually made and thereafter further margin requirements may have to be met depending on the performance of the contract throughout its life.

N

- **Naked options:** Option granted and left unhedged or exposed to potential exercising.

O

- **Open outcry:** Method of trading any commodity where dealers face each other in a dealing ring or pit and there is direct communication. Contrast: **Screen Trading**.
- **Out-of-the-money (option):** An option that has no **intrinsic value** is said to be out-of-the-money. A **call** is out-of-the-money when the **strike price** is higher than the current price. A **put** is when the **strike price** is lower than the current price.
- **OTC:** Over-the-counter; term used to describe an option that is written and traded through principals rather than an exchange.
- **'Out' Barrier:** Options which are paid for immediately and exist until, during the option life, a predetermined barrier is broken after which the options are rendered null and void – they cease to exist. If the barrier is not breached, the holder receives standard **European** options. If the barrier is broken and the options are extinguished, the holder is then paid a rebate.

P

- **Principal-to-principal:** Bullion transactions executed directly between the client and the market makers without being channelled through an exchange. Used primarily by market participants who have actual physical transactions to complete rather than the speculators. Speculative business tends to be channelled via the exchanges.
- **Premium:** The cost which the buyer of an option pays to the writer or seller of the option; normally only a very small fraction of the value of the underlying commodity.
- **Put option:** Option giving the purchaser the right but not the obligation to sell gold at a particular **strike price**.

R

- **Reuters:** International screen-based news agency widely used by all metal and foreign exchange market participants.

S

- **Screen trading:** Method of trading via computer screens and telephones in which there is no direct contact between dealers. Contrast: **open outcry**.
- **SDR:** Special Drawing Right.
- **Short:** To be short of a commodity or associated futures or options contract is to have been a seller. Contrast **long**.
- **Spot deferred:** Hybrid forward contract offering floating interest rates and no fixed delivery. More flexible than a conventional forward but without the cost of an option.
- **Spot market:** The immediate market where delivery obligations usually occur no more than 2 days after the transaction.
- **Strike price:** The agreed price at which the option can be exercised which will be equal to, higher or lower than the current price of the underlying.
- **Swap:** A spot sale with a simultaneous equal forward purchase of equal tonnage. This is the definition of a gold or bullion swap which may differ from the term used by the foreign exchange markets.

- **Synthetic gold loan:** A means of raising finance using the gold forward market but which does not result in the monetising of physical metal.

T

- **Time value:** Option value associated with the time left to maturity since during its life an option can move in- and out-of-the-money.

U

- **Underlying:** Shortened term for the underlying commodity upon which futures and options are traded.

V

- **Volatility:** The rate of change in the price of the underlying commodity.

W

- **Writing options:** Selling someone else the right to buy or sell gold at a particular price.
- **10K report:** Set of audited annual accounts published and issued to shareholders. Differs from an annual report only in detail.

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