



### Five Billion Ounces of Gold

It is estimated that in 2011 the cumulative amount of gold that has been mined throughout history surpassed five billion ounces. This is an astounding amount of gold. Interestingly, 90% of it, or 4.5 billion ounces of gold, is estimated to have been mined since 1900. Attached here is a chart that shows Cumulative World Gold Production and Its Distribution: How much has been mined, and where it is believed to exist.

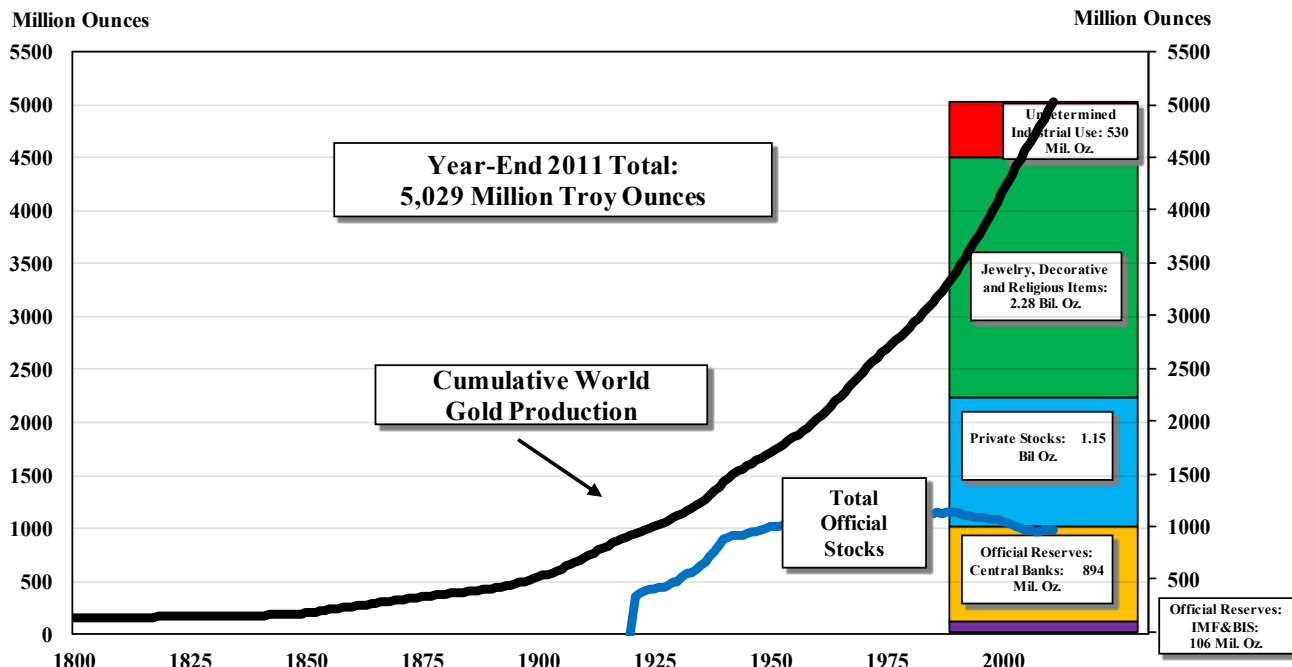
Nearly all of this gold is estimated to be relatively available. Two billion ounces are held in gold bullion and coin form by investors and central banks. Another 2.3 billion ounces are in jewelry, religious objects, and decorative objects. Only about 530 million ounces, or slightly more than 10%, are estimated to have been lost. This chart and data are from the CPM Group **Gold Yearbook 2012**, released 27 March 2012, and available at CPM Group's [website](#).

On 17 May CPM Group will release its **Silver Yearbook 2012**. In [that report](#) we will show that cumulative world silver production is estimated to have surpassed 50 billion ounces in 2011, ten times as much as gold. In stark contrast to gold, about 46% of the silver mined throughout history is estimated to be lost or undetermined in its location. People will lose silver, or use in it an industrial or household application from which it does not get recovered (e.g. mirrors). People tend not to lose gold.

Where does this data come from? It is a rich tradition.

In the 1960s Harry Oppenheimer pulled together a team of economists and statisticians to develop estimates of how much gold had been mined through history and its rough disposition. The postwar Bretton Woods dollar-gold international currency regime was shaking to pieces and clearly was going to fail. He wanted to know if Anglo American

Cumulative World Gold Production and Distribution (Year-End 2011)



Notes: Official stocks include holdings of central banks, the International Monetary Fund, European Central Bank, and the Bank for International Settlements. Total disposition may not equal cumulative production due to rounding and other discrepancies in the historical data. The distribution of 154 million ounces of pre-1800 production is not able to be discerned. Additionally, the assumptions have been made that most of the gold recovered from scrap since 1977 has been from jewelry and decorative objects and the metal thus recovered largely was used in the manufacture of new jewelry.



## Five Billion Ounces of Gold (cont.)

Gold could do for gold what DeBeers did for diamonds: Serve as the buyer or seller of last resort, and thereby stabilize (if not control) the price of gold. The answer to that question was how much gold was out there in the world, and who held it. If there was a lot of gold in bullion form, readily available to the market, and it was widely dispersed among people and governments, then the gold market could not be managed as the diamond market was.

The team he created developed estimates of gold supply and demand. (They actually were employed by Charter Consolidated, one of the Oppenheimer family companies.) The reports they produced initially were for internal corporate use, but later were sold and distributed through the South African Chamber of Mines. In time Anglo American decided to stop financing this research program, and the team was disbanded. The task of annually updating the Charter Consolidated annual gold reports was scooped up by the rival mining house Consolidated Gold Fields, which did an exemplary job until it was disbanded itself after Hanson plc acquired the company in 1989. The research team was shared in parts by Consgold and J. Aron, which in the late 1960s also was establishing a commodities research department (the precursor to CPM Group).

Since the late 1960s the J. Aron Research Department and, after we left J. Aron/Goldman Sachs en masse in 1986, the CPM Group research team has diligently updated this data series each year.