



PRESS RELEASE

FOR IMMEDIATE RELEASE
29 March 2011

CPM Group Releases **Gold Yearbook 2011**

NOTE: Copies of the **Gold Yearbook 2011** are available for purchase by the general public and are free to the press. These reports may be requested in Acrobat PDF format prior to the release time of 4:30 p.m. EDT on 29 March 2011, but they are to be treated as embargoed until that release time. Journalists may request reports at press@cpmgroup.com. Journalists may request the report in Acrobat PDF and printed format.

New York, NY, 29 March 2011. Gold prices touched fresh record highs throughout 2010, marking the ninth consecutive year that gold prices have risen. Prices averaged \$1,228.03 last year, up 26% from 2009. Strong investment demand, increased fabrication demand, and constrained supply pushed prices higher throughout the year. Continued economic problems following the financial crisis which began in 2008, political issues worldwide, volatile currency markets, sovereign debt problems in Europe, and mounting fiscal imbalances all factored into investors' decisions to buy gold as a safe haven last year. In addition to these reasons, rising incomes and inflation in large developing countries triggered gold buying in anticipation of further price increases and as a currency hedge. The gold market expanded in size in 2010, encouraged by rising prices and the increased access to gold in investment form. These are some of the conclusions put forward in this year's **Gold Yearbook**.

The **Gold Yearbook 2011** provides an in-depth analysis of recent global trends and a concise outlook for 2011. The report covers all aspects of the gold market, pointing out the trends that directly affected prices throughout the year. The report consists of eight sections: the review and outlook, investment demand, supply, official transactions, fabrication demand, markets, prices, and a chapter on China's Gold Market.



This year, CPM Group developed domestic supply and demand statistics for China's gold market and was able to include these statistics into its market economy supply and demand data set. The **Gold Yearbook 2011** features a *special section* on China's gold market, providing an in-depth analysis of its domestic supply and demand fundamentals, recent trends, and outlook. For the past decade, China's production, fabrication demand, and investment demand for gold have been growing rapidly. China has surpassed South Africa to become the biggest producer of gold in the world. Growing consumer appetites for gold jewelry enabled Chinese gold fabrication demand to almost double from 2001 to 2010. Chinese investment demand for gold over the past couple of years have been experiencing double-digit growth, helping drive the global growth in investment demand for gold.

The **Gold Yearbook 2011** outlines the extent to which investment demand rose for a third year, gold supply rose for the fourth consecutive year, fabrication demand rose for the first time since the financial crisis began in 2008, the official sector continued to actively buy gold, and gold trading activity reached record volumes. This year's **Gold Yearbook** also sheds light on the broader expansion of the gold market through the creation of new forms of gold investment made available to market participants. The special section on China's Gold Market reveals how the strongly rising growth of this domestic market has affected the global gold market.

Investors added 33.8 million ounces of gold to their holdings in 2010, up 23.7% from 27.3 million ounces added in 2009. Investors remained net buyers of gold for its safe haven and portfolio diversification qualities. Investors also purchased gold as a hedge against inflation and currency market volatility. The proliferation of relatively new investment vehicles such as exchange traded funds (ETFs) has helped boost investment demand in recent years. Gold backing ETFs increased to 70.5 million ounces by the end of 2010, up 11.3 million ounces from the previous year. Investors also remained strong buyers of gold



coins last year. In 2010 other investment avenues emerged, which also contributed to the overall rise in investment demand. Many exchanges that offer gold futures have begun to offer smaller sized contracts, making it easier for smaller investors to enter the gold futures market. Trading volumes on gold futures and options market increased 20.9% in 2010 to total 6.4 billion ounces. Gold ATMs, which also became popular in multiple countries last year, are a new means of buying gold in physical form.

Official sector gold holdings increased 10.22 million ounces in 2010. This was the third consecutive year that the official sector was a net buyer of gold. The official sector had been a net seller of gold for the greater part of the past 45 years, but the last three years have marked a longer term shift toward net buying. Many developing countries have been buying gold in order to offset their exposure to foreign currencies. The industrialized countries, which mostly were sellers of gold over the past few decades, have been reducing their gold sales and even increasing their gold purchases in recent years. The *Official Transactions* chapter of the **Gold Yearbook 2011** reviews central bank transactions throughout 2010 and identifies key trends which likely will affect official sector activity in 2011.

Total gold supply rose to 120.8 million ounces in 2010, up 0.3% from 2009. The increase came entirely from newly refined mine supply. Mine production of gold increased for the third year in a row to total 67.6 million ounces. Secondary recovery of gold declined in 2010 to 42.2 million ounces, down 2.1% from the previous year. Despite rising prices, which typically trigger increases in secondary supply, many consumers withheld from selling their gold items in anticipation of higher prices in the near future. This year's **Gold Yearbook** also examines recent trends in exploration activity, reasons behind the broad decline in gold content in mined ore, and the potential future impact of these developments.



Gold fabrication demand rose for the first time in two years, to 76.8 million ounces in 2010, up 0.6% from 76.3 million ounces the previous year. The 4.3% increase in industrial demand for gold was entirely offset by the slight decline in fabrication demand from the jewelry sector. Jewelry, which accounts for around 75% of total gold fabrication demand, fell 0.3% to total 60.8 million ounces in 2010. The **Gold Yearbook 2011** provides insights on longer term trends in gold jewelry demand, which have emerged in recent years that could reduce the volumes demanded from this source of fabrication demand going forward.

These are just some of the findings in CPM Group's **Gold Yearbook 2011**. The 245-page hard-bound report provides detailed statistics on trends in each sector of the gold market in 2010, with insights into developments for this year.

CPM Group has been producing annual **Yearbooks** on gold, silver, and platinum group metals, in a series of reports that began in 1971. This year's reports are being published by Euromoney Books and Metal Bulletin. This year's reviews have been priced at \$150.00 plus shipping and handling to make them readily available to individual investors as well as institutions, corporations, and governments.

The **Gold Yearbook 2011** is sponsored by Barrick Gold Corporation, Bahrain Financial Exchange, CME Group, Commodities Now, The Electrum Group of Companies, Goldcorp Inc., Global Board of Trade Ltd., Institute of Scrap Recycling Industries, Inc., Kitco Metals Inc., MKS Finance S.A., Multi Commodity Exchange of India, New Zealand Mint, Noah Financial Innovation, Primero Mining Corp., Sabin Metal Group of Companies, Singapore Mercantile Exchange, and Timmins Gold Corp.



CPM Group is an independent commodities research, consulting company and investment banking boutique headquartered in New York. The company is considered the foremost authority on markets for precious metals, and provides detailed and highly regarded research on specialty and base metals, energy, and agricultural markets. CPM Group provides advisory services relating to commodity risk management and asset management as well. CPM Group began in the early 1970s as the Research Department of J. Aron and Company, one of the world's largest and most successful commodities trading companies. In 1986 CPM Group spun off from Goldman Sachs, which had acquired J. Aron in 1981, to set up as an independent company that provides a range of consulting and research services to companies, investors, governments, and other entities that have a financial exposure to commodities. The group has produced annual reports on gold and silver since 1971, and annual surveys of the platinum group metals markets since 1981. CPM Group is considered the foremost authorities on precious metals markets in the world. The annual reports are used by major producers, users, investors, central banks, governments, and others as the basis for their views on precious metals supply, demand, and overall market mechanics.

2011 Calendar

Silver Yearbook Release: Monday, 9 May 2011.

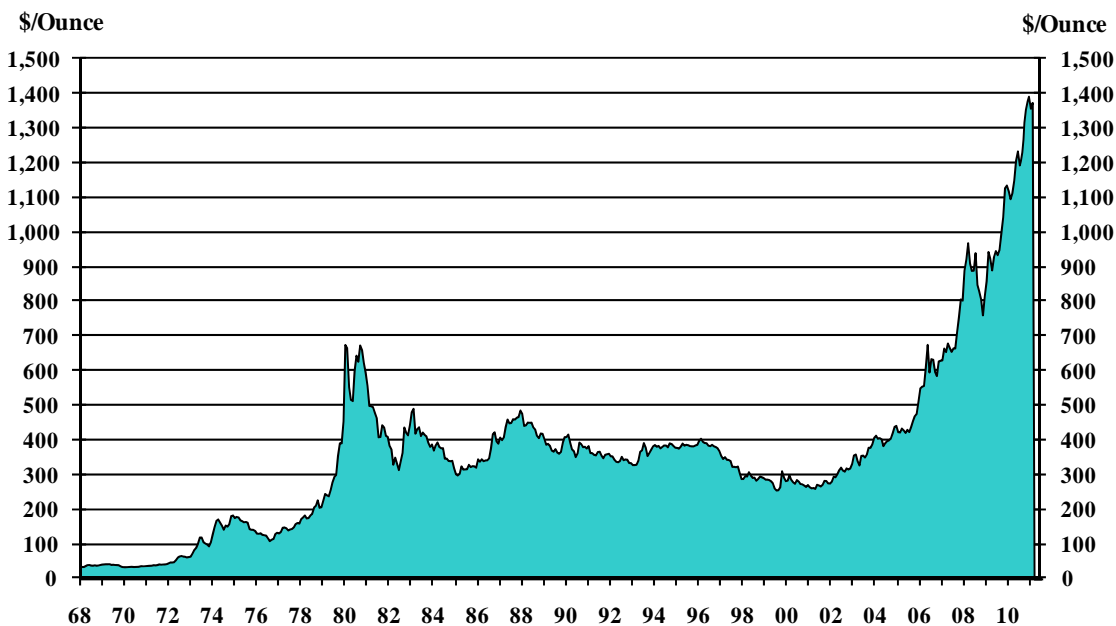
Platinum Group Metals Yearbook Release: Tuesday, 28 June.

For more information, please contact CPM Group.

*CPM Group's **Gold Yearbook 2011**. Available in printed and/or PDF format. US\$150.00. Available from CPM Group. 30 Broad St., 37th Floor. New York, NY 10004 Tel. 212-785-8320. Fax: 212-785-8325. email: info@cpmgroup.com. The report may be ordered and downloaded online at the [CPM Group Store](#). [Click here](#) to view the **Gold Yearbook 2011 Table of Contents**.*

The Price of Gold

Monthly Average London PM Fix, Through February 2011

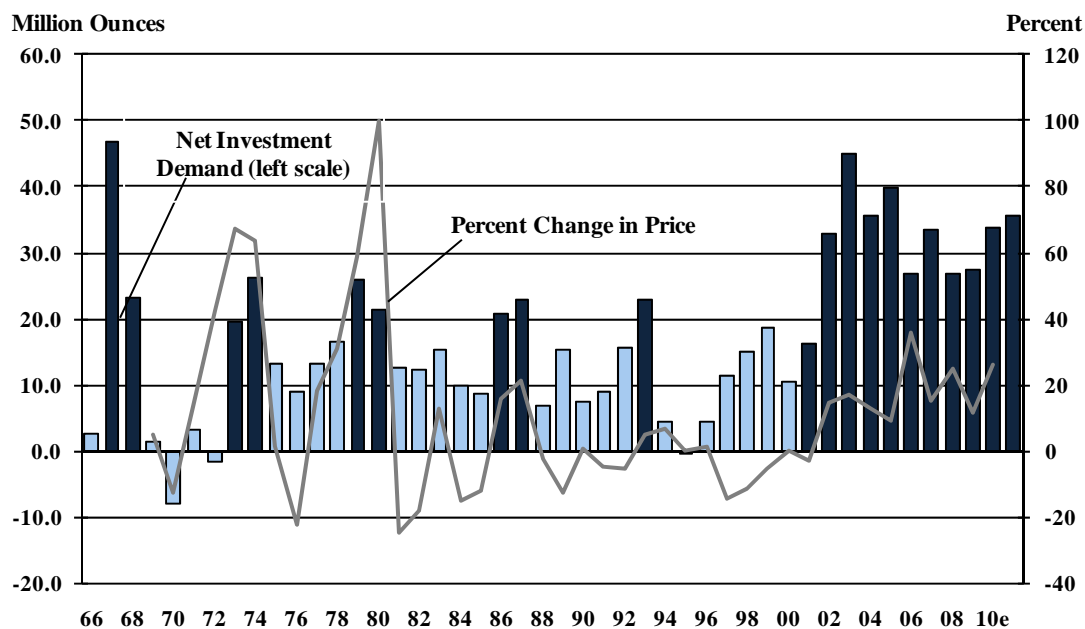


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Investment Demand's Effect on Gold Prices

Price Change Through 18 March 2011



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