



CPM Group

Precious Metals and Commodities

Research, Consulting, Asset Management, and Investment Banking

PRESS RELEASE

**EMBARGOED UNTIL 5:30 P.M. EDT
24 March 2009**

CPM Group Releases **Gold Yearbook 2009**

NOTE: Copies of the **Gold Yearbook 2009** are available free to the press. These reports may be requested in Acrobat PDF format prior to the release time of 5:30 p.m. EDT on 24 March 2009, but they are to be treated as embargoed until that release time. Request reports at info@cpmgroup.com.

New York, NY, 24 March 2009. After having reached record levels above \$1,000 in March 2008, gold prices appear likely to retest these levels in 2009. Rising economic uncertainties related to recessionary conditions and rising joblessness, increasingly volatile and vulnerable financial markets, and weakening economic conditions helped continue to spur strong investment demand for gold this past year. This trend is expected to continue in 2009, albeit with anticipated variability in the levels of intensity of both economic concerns and the consequent investor interest in gold. Investors are concerned about the preservation of the value of their assets amid the massive destruction of wealth over the past year. Not since the Great Depression and World War Two has sentiment about the state of financial and economic conditions been so pessimistic.

Gold, which has played a monetary role for centuries, appears to be enjoying a rehabilitation of its historical might and role as a financial asset, as investors look toward safe haven assets in these volatile times. This is the primary conclusion of the **CPM Gold Yearbook 2009**.



In the **Gold Yearbook 2009**, CPM Group's analysts discuss the concept that gold, which is now in the ninth year of a major period of historically high investment demand for gold and consequently rising prices, is undergoing a secular upward move in both investor interest and prices. Over the past 40 years gold has been depreciated and under-utilized as a financial asset. Gold's role as a portion of the world's financial wealth has fallen sharply since the link between gold and money creation was severed in the years 1968 and 1971. The **Gold Yearbook 2009** puts forth the thesis that the rise in investor gold buying and prices since 2001 reflects a restoration of gold as a significant component of financial assets worldwide.

The 203-page hard-bound report provides detailed statistics on trends in each sector of the gold market in 2008, with insights into likely developments for this year. This year's **Yearbook** delves further into the supply and demand fundamentals for the gold market than in previous years. The **Supply** chapter reviews mine production, secondary recovery of gold, and transitional economy sales. It is estimated that total gold supply rose to 114.8 million ounces last year, up 3.4% from 111.1 million ounces in 2007. Mine production continued to decline last year, to 55.3 million ounces from 58.7 million ounces in 2007. Secondary supply meanwhile surged to 38.5 million ounces in 2008 from 32.4 million ounces in 2007. This year total supply could rise further, to 118.6 million ounces. Mine production may rise to 57.2 million ounces, secondary supply to 40.5 million ounces, and transitional economy sales may hold steady at 21 million ounces.

Last year saw official sales, mostly from central banks, decline to 5.8 million ounces from 15.9 million ounces in 2007. This reduced the total available supply to the gold market to 120.7 million ounces from 127.0 million ounces in 2007. This year official transaction sales may be no more than 5.0 million ounces and total available supply may be 123.6 million ounces. Most central banks may have sold much of the gold that they have wanted to sell over the past two decades. They may sell much less going forward and are likely to sell less given current



economic conditions. The **Gold Yearbook** discusses official transaction trends and also speaks to the recent proposal to sell gold by the International Monetary Fund.

Investors continued to buy large quantities of gold last year, totaling 43.3 million ounces. This was slightly lower than the 44.0 million ounces bought in 2007. Amid the continued inclination to acquire safe haven assets around the world, investor buying is projected to reach a record 52.3 million ounces this year. Continued volatile and weak financial and economic conditions are expected to be supportive of strong investment demand this year as well. Combined with short term and speculative activity, gold prices are expected to surpass last year's record intraday high of \$1,033.90, seen on 17 March 2008.

Fabrication demand for gold has declined overall since 2001, partly reflecting the rise in prices. Last year fabrication demand, which consists mostly of jewelry as well as electronics, dental, medical, and other uses, declined to 77.4 million ounces from 82.9 million ounces in 2007. This year total demand is projected to fall further, to 71.3 million ounces. Consumer spending on discretionary items, such as gold jewelry, is expected to remain weak this year. Jewelry demand could fall to 56.5 million ounces in 2009 from 60.8 million ounces last year. Industrial demand meanwhile could decline to 14.8 million ounces from 16.6 million ounces. These are just some of the findings in CPM Group's **Gold Yearbook 2009**.

CPM Group produces annual **Yearbooks** on gold, silver, and platinum group metals, in a series of reports that began in 1971. Since 2006 these reports have been published by John Wiley & Sons, and have been marketed through Wiley's network of book sellers as well as by CPM Group. This year's reviews have been priced at \$75.00 plus shipping and handling to make them readily available to individual investors as well as institutions, corporations, and governments.



The 2009 **Gold Yearbook** is sponsored by Barrick Gold Corporation, CME Group, Goldcorp Inc., Great Basin Gold Limited, Kitco Inc., Multi Commodity Exchange of India, Noah Financial Innovation, Commodities Now, and The Institute of Scrap Recycling Industries, Inc.

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 others with large financial exposure to commodities. The company has produced annual reports on gold and silver since 1971, and annual surveys of the platinum group metals markets since 1981. It is considered one of the foremost authorities on precious metals 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.

2009 Calendar

CPM Group is scheduled to release its annual **Silver Yearbook** on Tuesday, 28 April.

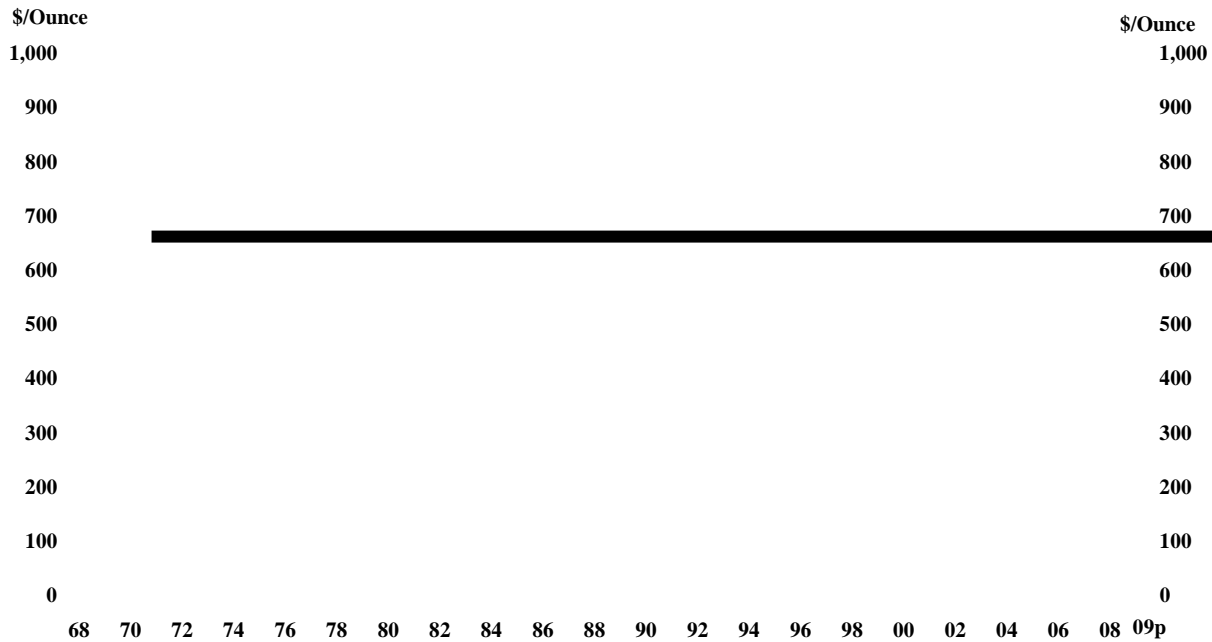
Its annual **Platinum Group Metals Yearbook** will be released on Tuesday, 30 June.

For more information, please contact CPM Group.

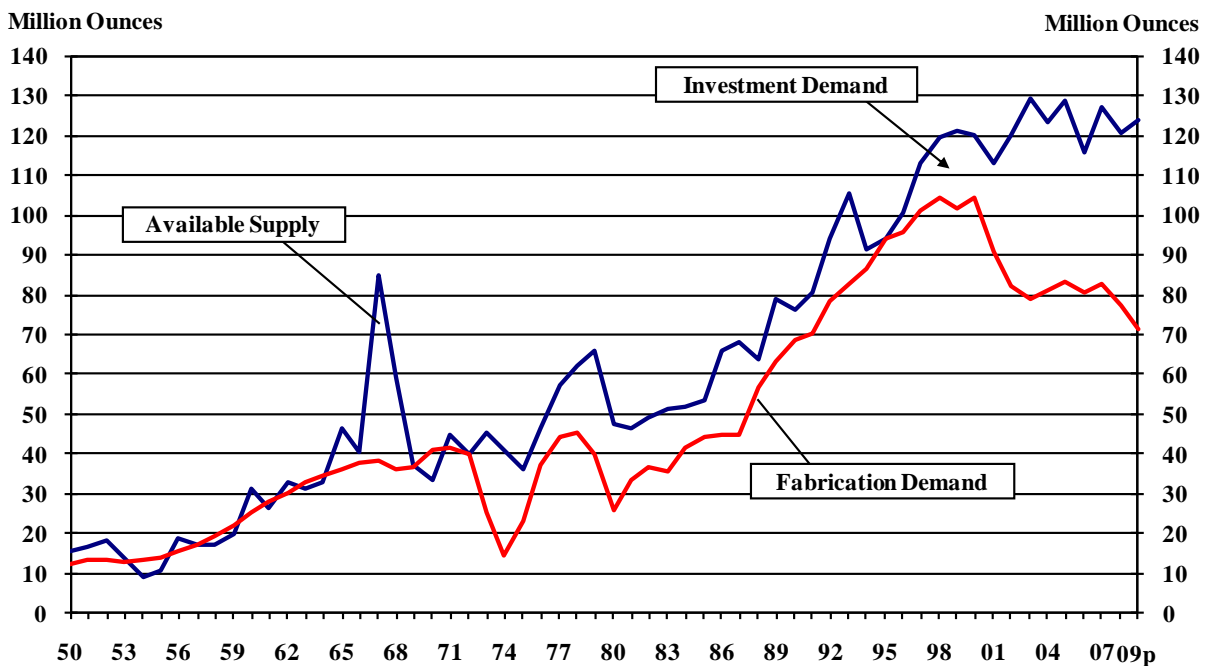
*CPM Group's **Gold Yearbook 2009**. Available in printed and/or PDF format. US\$75.00. Available from CPM Group. 30 Broad St., 37th Floor. New York, NY 10004 Tel. 212-785-8320. Fax: 212-785-8325. email: info@cpmgroup.com. The report may be ordered and downloaded online at www.cpmgroup.com.*



The Price of Gold
 Monthly Average London PM Fix, Through February 2009

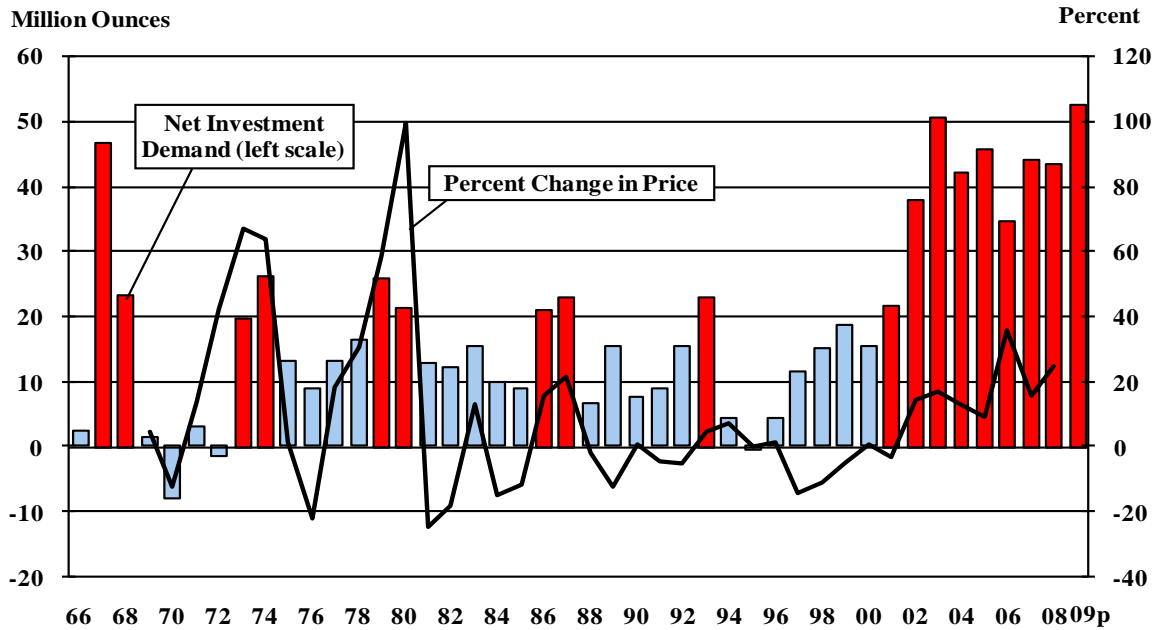


Supply/Demand Balance

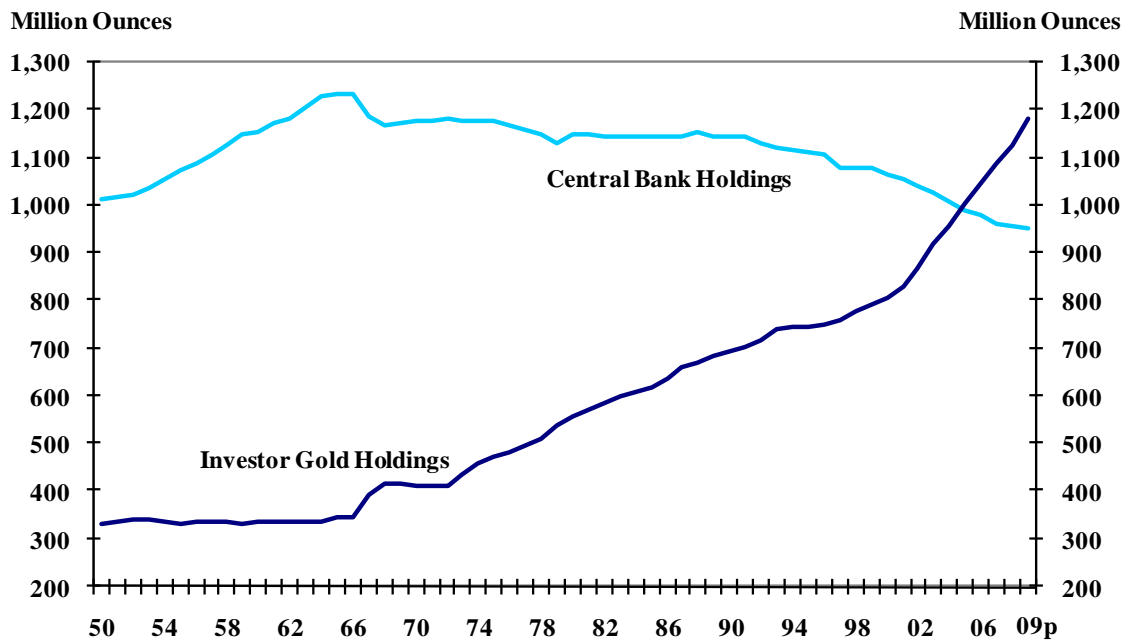




Investment Demand's Effect on Gold Prices
Price Change Through December 2008



Central Bank Gold Holdings and Investor Gold Holdings





Official Transactions

