

## Press release

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### **2012 sees gold demand hit record value level. Q4 2012 up 4% year-on-year as India, China and central banks drive demand**

In value terms, gold demand in 2012 was US\$236.4bn – an all-time high. Gold demand in value terms for the final quarter of the year was 6% higher year-on-year at US\$66.2bn, marking the highest ever Q4 total.

Global gold demand in Q4 2012 was 1,195.9 tonnes(t), up 4% on the same quarter in 2011. In Q4 2012, the average gold price reached a record level of US\$1,721.8/oz, up 1% on the previous record average price in Q3 2011. The average price during 2012 was US\$1,669.0/oz, up 6% from US\$1,571.5/oz in 2011,

The key findings from the report are as follows:

- Whilst **Indian** full year demand was down 12% on the previous year, the market performed strongly in the final quarter with total demand at 261.9t, an increase of 41% on the same period last year. Both jewellery and investment demand reached their highest levels for six quarters. Demand for jewellery was up 35% year-on-year to reach 153.0t, and strong retail demand led to 108.9t of investment buying. In India the prospect of duty increases, which came in to force in January 2013, may have added to strong buying in the final quarter to beat the anticipated price rises.
- **Chinese demand** was flat year-on-year, reflecting the impact of economic slowdown. However looking at Q4, total demand was up 1% on the previous quarter to 202.5t. Jewellery demand was 137.0t up 1% on Q4 2011 and investment demand was 65.5t, up 2% on the previous year. These increases may reflect the fact that the economic slowdown in China appears to have been shorter than expected.
- **Central bank buying** for the full year rose by 17% compared to 2011, totalling 534.6t, the highest level since 1964. Central bank purchases stood at 145.0t in Q4, up 29% on the corresponding quarter in the previous year, making this the eighth consecutive quarter in which central banks have been net purchasers of gold.
- Global investment in **ETFs** in 2012 was up significantly by 51% on the preceding year, though Q4 was down 16% to 88.1t when compared with the high levels recorded in Q3 2012.

Marcus Grubb, Managing Director, Investment at the World Gold Council said:

“China and India remain the world’s gold power houses, and by some distance, despite challenging domestic economic conditions. In India, consumer sentiment towards gold remained strong despite measures aimed at curbing demand, reaffirming gold’s role in Indian society. In an underdeveloped financial system in India, gold has an important role to play.

“Notwithstanding the predicted economic slowdown in China, investment demand was up 24% in Q4 on the previous quarter and jewellery consumption held steady at 137.0t.

“Central banks’ move from net sellers of gold, to net buyers that we have seen in recent years, has continued apace. The official sector purchases across the world are now at their highest level for almost half a century.

“Despite the turbulent macroeconomic climate throughout the year, as well as the regional uncertainties affecting India and China, the two largest gold markets, annual demand was 30% higher than the average for the past decade.”

**Gold demand and supply statistics for Q4 and full year 2012:**

- Fourth quarter gold demand of 1,195.9t was up 4% compared with Q4 2011 but down 4% on the full year.
- The value measure of gold demand in Q4 2012 was 6% higher year-on-year at US\$66.2bn and 2% up over the full year at a record US\$236.4bn.
- The Q4 2012 average gold price reached a record level of \$1,721.8/oz, up 1% on the previous record average price in Q3 2011.
- Investment demand (the sum of ETFs and total bar and coin demand) was 424.7t, down 8% compared to the same quarter last year, but was 19% above the five year quarterly average.
- Demand for ETFs and similar products in Q4 was down by 16% on the corresponding quarter in 2011 to 88.1t, but was up by 51% on the full year.
- Demand in the jewellery sector was up 11% to 525.3t compared to 472.4t in the same quarter in 2011. Jewellery demand for the full year 2012 was down 3% on 2011 in tonnage terms.
- Fourth quarter demand for gold in the technology sector was down on Q4 2011 by 3% at 100.9t which is in line with expectations, following moves by manufacturers to substitute gold bonding wire. This was as much a reflection of the inventory cycle, as of weaker demand for electrical items. Technology demand for the full year 2012 was down 5% on 2011 in tonnage terms.
- The Q4 2012 supply of gold from mines was up 2% year-on-year, while recycling was down 5% against the same period. Full year supply in 2012 remained stable against 2011 levels.
- Official sector purchases stood at 145.0t in Q4, up 29% on the corresponding quarter in the previous year, making this the eighth consecutive quarter in which central banks have been net purchasers of gold. Central bank buying for the full year rose by 17% compared to 2011, totalling 534.6t, the highest level since 1964.

The Q4 and full year 2012 Gold Demand Trends report, which includes comprehensive data provided by Thomson Reuters GFMS, can be viewed at: [www.gold.org/media](http://www.gold.org/media) and on our new iPad app which can be downloaded from [www.itunes.com](http://www.itunes.com) and a video can be seen [here](#).

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**Note to editors:**

**World Gold Council**

The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging in government affairs, our purpose is to provide industry leadership, whilst stimulating and sustaining demand for gold.

We develop gold-backed solutions, services and markets, based on true market insight. As a result, we



create structural shifts in demand for gold across key market sectors.

We provide insights into the international gold markets, helping people to better understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East, Europe and the US, the World Gold Council is an association whose members include the world's leading and most forward thinking gold mining companies.