

# Gold Investment Digest

July 2009

## QUARTER 2 2009

### Price trends

The gold price edged slightly higher in Q2 09, ending the quarter at US\$934.50/oz, on the London PM fix, compared with US\$916.50/oz at the end of Q1 09. The gold price fixed as high as US\$981.75/oz on 1 June, coinciding with the quarterly low in the dollar, which was pressurised, amongst other things, by growing questions about its future as the world's reserve currency. More broadly, gold was supported by increasing signs that the worst of the global recession might be behind us and a corresponding uptick in investors' fears about future inflation. Oil, the commodity complex in general, and equities all outperformed gold during the quarter, however, on a year-on-year basis the situation was very different, with gold posting a small gain and the other assets sharp declines.

... read more on page 2

### Investment trends

Investors continued to increase their gold holdings via exchange traded funds in the second quarter, though at a slower pace than the record amount of gold purchased via this channel in Q1 09. Retail investment in coins and small bars also slowed in the second quarter, according to the anecdotal reports from dealers, while investors marginally increased their holdings of gold futures.

... read more on page 4

### Market and economic influences

The second quarter was dominated by a growing sense that the worst of the global recession might be behind us, triggering a rally in equity markets and commodities. The dollar declined on a trade-weighted basis as investors sold US Treasuries in favour of higher yielding assets, supporting gold which has long been a dollar hedge. Also, traditionally an inflation hedge, the yellow metal was underpinned by growing concerns about central banks' exit strategies and the implications for future inflation if they are too slow to reverse quantitative easing measures. A new WGC report looks at the role of gold as a tactical inflation hedge and long-term strategic asset.

... read more on page 6

### Gold market trends

After a difficult first quarter, there have been some encouraging signs in the jewellery market in Q2 09 in India, although this may be due to Akshaya Trithya and the April/May wedding season. Separately, the US Congress has finalised the process allowing the IMF to sell 403.3 tonnes of gold. The IMF has clearly stated that the sales will be conducted in a manner that will not destabilise the broader gold market. One possibility would be via a third Central Bank Gold Agreement, which has yet to be formally announced.

... read more on page 9

### Key data

Our key data table provides you with a concise summary of gold returns, supply and demand statistics, price volatility and a correlation matrix covering gold, silver, commodities, equities and bonds.

... read more on page 11

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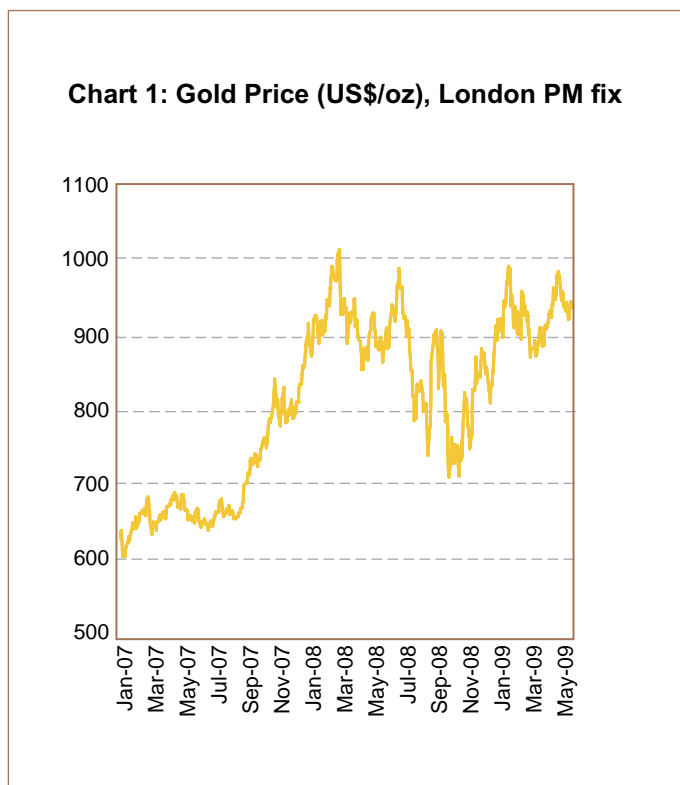
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## PRICE TRENDS

The gold price edged up slightly in Q2 09, ending the quarter at US\$934.50/oz, on the London PM fix, compared with US\$916.50/oz at the end of Q1 09. The average gold price also rose modestly, to US\$920.90/oz, from US\$907.80/oz the previous quarter. The gold price fixed as high as US\$981.75/oz on 1 June, having been on an upward trend for much of the quarter. The quarterly peak in the gold price coincided with the quarterly low in the dollar, which was pressurised, amongst other things, by growing questions about the dollar's future as the world's reserve currency. More broadly, gold was supported throughout the quarter by increasing signs that the worst of the global recession might be behind us and a corresponding uptick in investors' fears about future inflation.

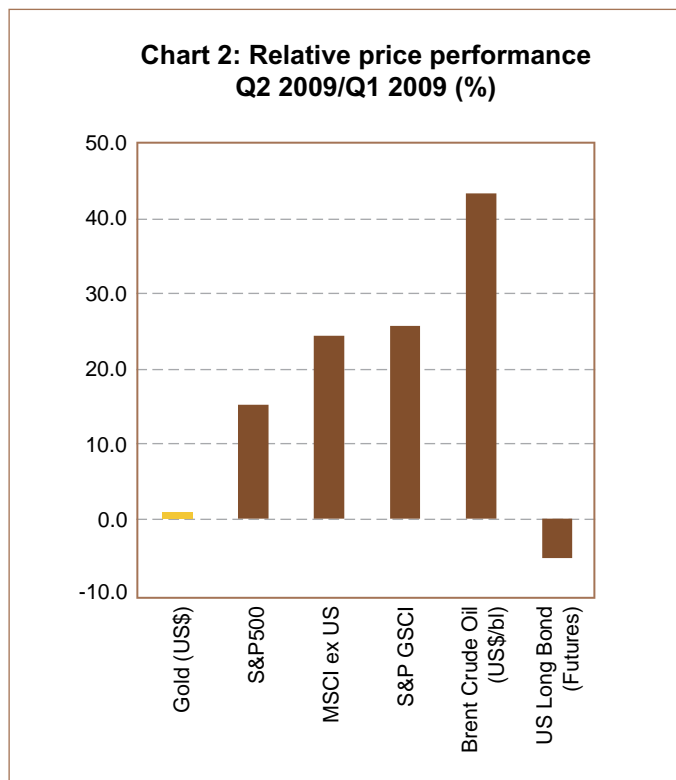


Source: Global Insight

Oil, the commodity complex in general, and equities all outperformed gold on a quarter-on-quarter basis; however, on a year-on-year basis the situation was very different, with gold posting a small gain and the other asset classes sharp declines.

In the absence of major bad news and negative economic data, equity markets rallied during the quarter. The S&P500 rose by 15% during the quarter to close at 919.32, while international equities, as measured by the MSCI World ex US Index, performed even better, rising

by 24% to 1318.74. On a year-on-year basis, the indices ended June down 28% and 34%, respectively.



Source: Bloomberg

It was a similar story in the industrial metals and energy markets. Nickel was by far the best performing (on a quarter-on-quarter basis) of the commodities that we regularly monitor, rising by 70% during the quarter, followed by oil, which was up 47% (Brent Crude). Tin and lead also posted hefty price increases, rising by 43% and 36% during the quarter respectively. However, like equities, this still left most commodities prices (the only exception was lead) well below their year ago levels. Gold was the only commodity to increase in price on a year-on-year basis, albeit very modestly.

Government bond markets sold off slightly in Q2 09, undermined by the slightly better tone of some of the economic data, as well as continued concerns about supply, as the US government and other budget deficits continued to grow. Yields on 10-year US Treasuries ended the quarter at 3.5%, almost 100 basis points higher than end-Q1 09.

Market price fluctuations eased in the second quarter, as the flow of bad news ebbed and the number of financial and economic shocks lessened. The VIX index, a market estimate of future volatility, based on the weighted

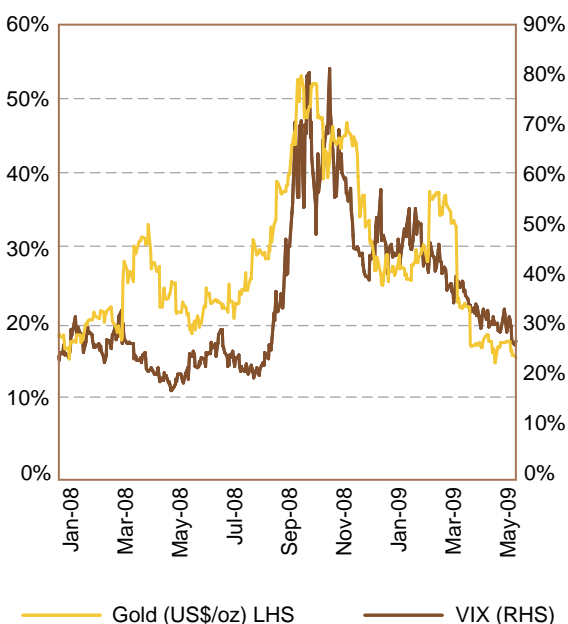
## Commodities – Returns

	% QOQ	% YOY
Gold London PM Fix	2.0	0.5
Silver	6.3	-21.0
Palladium	16.0	-46.0
Platinum	4.4	-43.0
Aluminum	18.3	-47.4
Copper	26.7	-41.8
Lead	36.0	-0.3
Nickel	70.2	-26.2
Tin	43.4	-35.9
Zinc	19.6	-17.0
Brent Crude	46.5	-51.6
S&P GSCI	25.6	-47.8
S&P GS Agriculture spot index	3.4	-35.0
S&P GS Livestock spot index	-2.4	-15.6
CRB Index	12.5	-24.3
DJ AIIG Index	11.6	-47.4

Source: Global Insight, Bloomberg

average of the implied volatilities of a wide range of strikes, declined to 26% at the end of June from 44% at the end of March, indicating the lowest level of market volatility since September 2008. Gold price volatility more

**Chart 3: Gold Price Volatility (22-day rolling) and the VIX index**

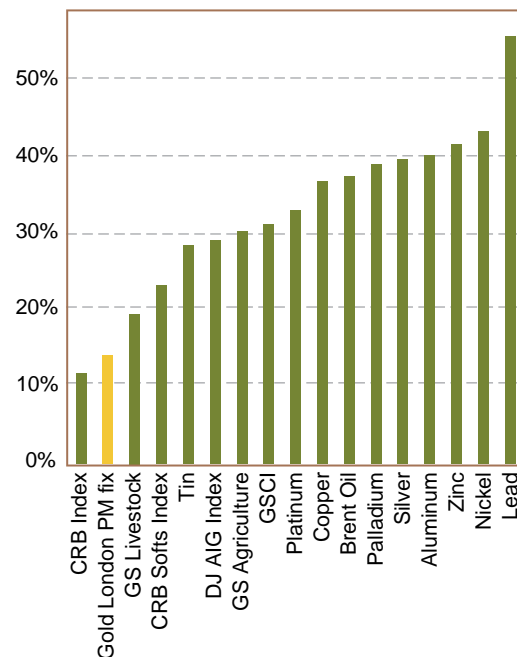


Source: Global Insight, Bloomberg, WGC calculations

than halved during the quarter, to 15% at the end of June from 35% at the end of March, measured on a 22-day rolling basis. This brings gold's price volatility much closer to its long-run average of c. 12.5%, rather than the 30-40% rates that have typified the past six months.

It also puts gold's price volatility firmly back at the lower end of the commodities that we regularly monitor. Gold had, unusually, moved toward the middle of the range last quarter. However, as at 30 June 2009, gold once again exhibited the lowest volatility of all the commodities we monitor, although it was slightly higher than the CRB index, a diversified commodities basket. Lead was the most volatile commodity last quarter, with 22-day price volatility of 56% as at the end of June, followed by nickel and Zinc, which had volatilities of 43% and 42%, respectively.

**Chart 4: Selected commodities 22-rolling price volatility, as at end June 2009 (%)**



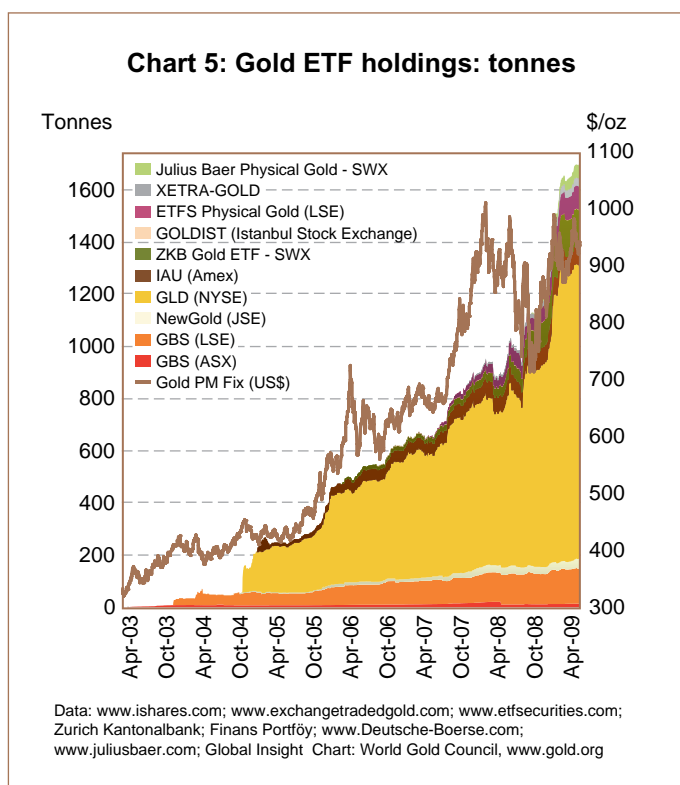
Source: Global Insight, WGC Calculations

## INVESTMENT TRENDS

### Exchange Traded Funds

Investors continued to increase their gold holdings via exchange traded funds in the second quarter, though at a slower pace than the record amount of gold purchased via this channel in Q1 09.

Total inflows into the gold ETFs that we monitor rose by 46 tonnes in the second quarter, after a staggering 459 tonnes increase in the first quarter, taking the total gold held in these funds to a record 1,694 tonnes, worth US\$50.8 billion. The two Swiss-listed products once again enjoyed the strongest quarterly inflows, with Julius Baer's Physical Gold Fund increasing by 21 tonnes, while ZKB's Gold ETF increased by 9 tonnes. Absa's NewGold exchange traded fund, listed on the Johannesburg Stock Exchange, came a close third, with quarterly inflows of 8 tonnes.



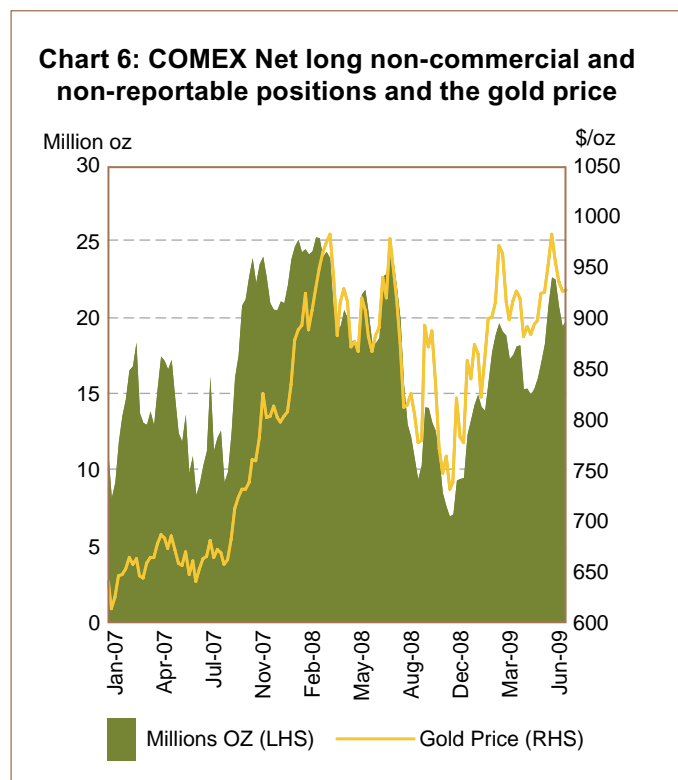
### GLD Options

Trading in GLD options fell by 21% in the second quarter of 2009 to a total of 6.1 million contracts from 7.7 million in first quarter. Total option volume, however, remained high relative to the 4.3 and 3.7 million contracts traded in 3Q and 4Q 2008, respectively. Volumes were relatively constant over the quarter with two exceptions: first, call volumes peaked in early-June at 217,156 contracts, around the quarterly peak in the gold price of US\$981.85/oz on 2 June; and second, put volumes reached an all-time

high of 129,606 contracts in the first week of April which coincided with the low in the quarterly price of gold of US\$868.90/oz. By the end of the quarter, volumes began to subside as the price of gold declined from its peak in early-June to US\$926.60/oz by the end of the quarter. Volatility continued its downward trend: at-the-money implied volatilities were around 34% on the 3-month call and put options in early-April and they reached an all-time low of 22% by the end of the quarter.

### Gold Futures

Investors marginally increased their holding of gold futures during the second quarter. Net long non-commercial and non-reportable positions on COMEX, a proxy for investor flows, rose to a high of 22.7 million ounces in early June—the highest since July 2008—and an average of 18.3 million ounces for the quarter versus an average of 17.2 million ounces for the first quarter. The June high coincided with the quarterly peak in the gold price of US\$982/oz, on the London PM fix, on 2 June. The increase was driven in part by new long positions but also fewer short positions by the end of the quarter relative to early April. There was also a modest liquidation in long positions from early-June onwards, which nudged the net long position down to 19.8 million by the end of the quarter.



Source: Bloomberg

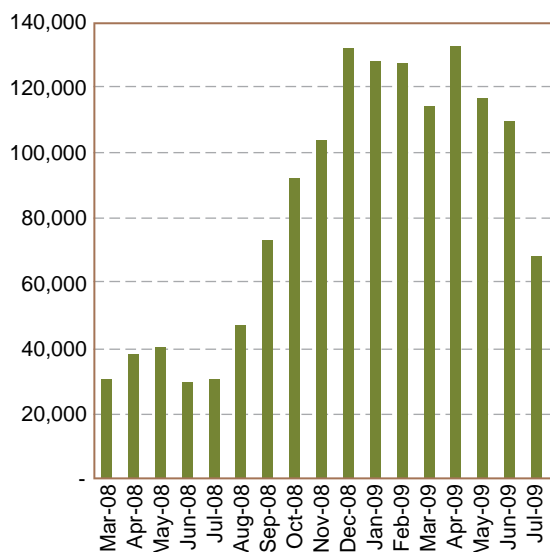
## OTC Market

Overall investment in the global over-the-counter market is reported to have been positive in the second quarter, according to GFMS. Anecdotal evidence from research carried out by GFMS on behalf of WGC points to the scale of the new net long positions established over this period by investors being smaller than it was in Q1 09. GFMS puts the somewhat weaker buy-side interest (and a certain amount of liquidation of previous longs) down to the better performance of the stock market in April, May and early June and the downward trend in the gold price in June. GFMS also note, however, that there does not appear to have been any meaningful outright short selling via the OTC market.

## Bars and Coins

Anecdotal reports from retail coin and bar dealers point to a strong start to the second quarter followed by a notable slowdown in demand from late May onwards. In the US, sales of 1 oz American Eagle coins declined to 68,167 in the three months to July, from 114,000 at the end of Q1 09. Margins on coins and small bars declined correspondingly, as availability constraints eased. That said, the fall in demand needs to be put in perspective, as it follows an exceptionally strong period of demand. For example, demand for official coins in Q1 09, the latest period for which official data are available, had risen by 154% compared to the same period the previous year.

**Chart 7: Sales of one ounce America Eagle coins (ounces)**



Source: The United States Mint

Dealers say that, despite the slowdown, demand remains notably higher than it was two years ago.

## Lease Rates

The gold lease rate fluctuated from 6 basis points (3-month rate) to 38 basis points during Q2 09. The quarterly average was 22 basis points, down from 52 basis points the previous quarter. Q1 09's elevated rate was an overhang from the unusually large spike in lease rates that occurred in the final quarter of last year, as central banks' reduced the amount of gold they were willing to lend on a short-term basis.

**Chart 8: Implied 3-month gold lease rate (%)**



Source: Bloomberg, WGC calculations

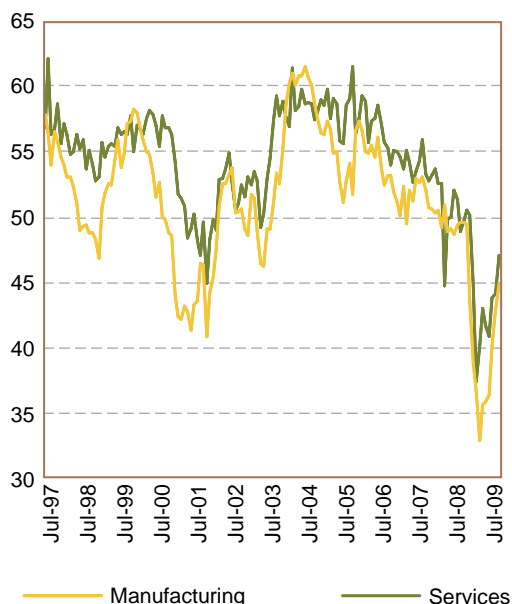
## MARKET AND ECONOMIC INFLUENCES

If one theme dominated the second quarter, it was a growing sense that the worst might be behind us. Economic indicators, while far from signaling an imminent recovery, on balance pointed to a global economy that wasn't contracting any faster either. In the United States, the manufacturing and services PMIs rose to 44.8 and 47.0 respectively in June, from 42.8 and 44.0 the previous month, signaling a slower pace of decline (a PMI reading above 50 percent indicates that the economy is generally expanding; below 50 percent indicates that it is generally contracting). Durable goods orders rose by 1.8% in May, the second consecutive monthly increase, and a far cry from the 4-8.5% declines posted in the final quarter of last year. The household sector also showed signs of improvement with consumer confidence brightening discernibly from Q1 09, although with household indebtedness still elevated and unemployment continuing to rise, a recovery in consumer spending is probably still some way off. It was a similar story in Europe, with business indicators suggesting a somewhat slowing pace in the decline in economic activity.

S&P500 and MSCI World ex US indices rose by 15% and 24% respectively over the quarter, to 919.32 and 1318.74. Commodities also benefited from the improved tone in economic data. The S&P GSCI, a production-weighted commodity basket, rose by 26% on the quarter to close at 450, while Brent Crude oil prices rose by 43% to US\$68/bl.

The dollar declined over the quarter as investors sold Treasuries in favor of higher yielding assets and due to ongoing concerns about the level of future issuance required to fund the budget deficit. The US budget deficit reached US\$1 trillion in the first nine months of the fiscal year. The debate surrounding the greenback's future as the world's reserve currency also put the dollar under pressure. The trade-weighted dollar declined to 77.7 at the end of June, from 83.2 at the end of March, helping to underpin the gold price, long a dollar hedge.

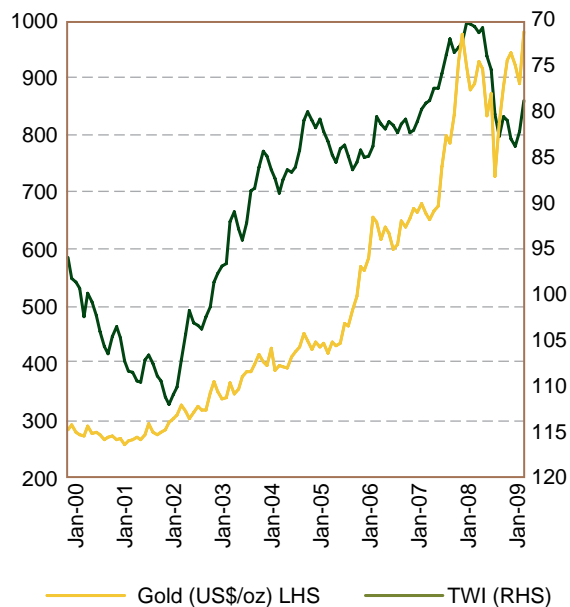
**Chart 9: ISM Manufacturing and Service PMIs**



Source: Bloomberg

The slight improvement in economic data was enough to fuel a rally in some markets as investors moved out of safe-haven assets, like US Treasuries, and put money back to work in equity and other markets. The

**Chart 10: Gold (US\$/oz) and Trade-weighted dollar (Index, Inverted Scale)**



Source: Bloomberg

Gold was also supported by growing concerns about central banks' exit strategies. What if central banks leave interest rates too low for too long or pump too much money into the economy? If they do, they risk making today's solution into tomorrow's problem: a sharp rise in inflation. If inflation does materialise, then traditional inflation-hedges like gold, commodities, real estate and inflation-

linked bonds are likely to outperform other mainstream financial assets. But this is only half of the story. A new WGC report: *“Gold as a Tactical Inflation Hedge and Long-term Strategic Asset”*, demonstrates that gold can help to enhance investors’ risk-adjusted returns even in a low to medium inflation environment and, in general, does so in a superior manner to the other traditional inflation hedges.

The study examines gold’s performance versus the S&P GSCI, the Bloomberg Real Estate Investment Trust Index (BB REITs), and Barclays’ Aggregate US Treasury Inflation-Protected Securities Index (TIPS), in the three parameters that matter for portfolio performance: real returns, volatility and portfolio diversification. The lack of a uniform start date for each time series meant conducting the analysis over three distinct periods: 1974-2009, 1993-2009 and 1997-2009. In the first period, between January 1974 and May 2009, the annualised real return in the gold price was 2.0% while the annualised real rise in the S&P GSCI was 2.8%. Over the second period, December 1993 to May 2009, gold posted an annualised real return of 3.6%, while the S&P GSCI rose by 2.1%. BB REITs was the worst performer, declining by an annualised 2.1% in real terms. In the final period, between March 1997 and May 2009, gold was the best performer, rising by an annualised 5.9% in real terms compared with a 0.2%

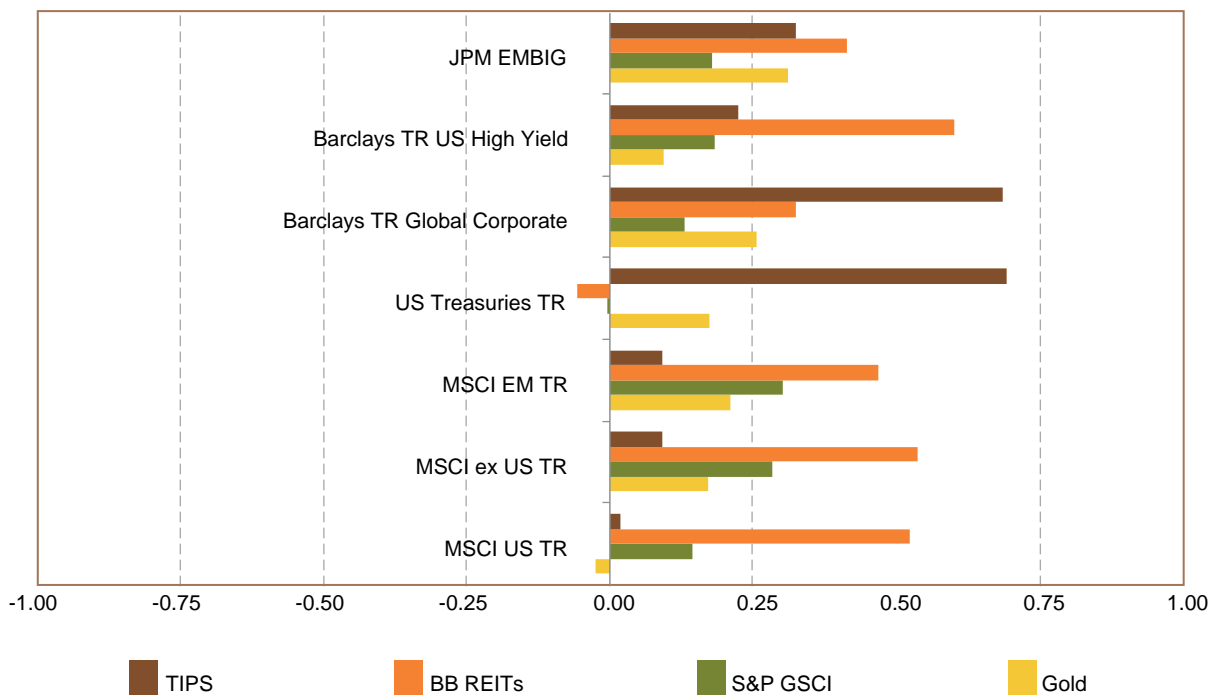
decline in the S&P GSCI, a 3.8% decline in BB REITs and a 3.7% increase in TIPS.

Not surprisingly, TIPS showed the lowest volatility since inception—6.2% from March 1997 to April 1997. However, gold consistently delivered a lower average volatility throughout the three periods relative to the S&P GSCI and BB REITs. In the periods from 1993 and 1997 to date, gold’s volatility was significantly lower; about 30% less than the others. Gold’s volatility characteristics are often misunderstood, a point we frequently make.

Of the four potential inflation hedges, gold proved to be a more effective portfolio diversifier against the assets held by a typical US investor than either TIPS or BB REITs, but only a marginally better diversifier than the S&P GSCI.

The report then went on to analyse each inflation hedge in the context of portfolio optimisation. It used the historical performance of US Treasury bonds, global corporate bonds, the MSCI US Index and the MSCI World ex US Index as a benchmark basic investor’s portfolio. Then, using the Resampled Efficiency Optimisation developed by Michaud and Michaud, the study examined the expected efficient frontier produced by those four ‘basic’ assets. Subsequently, gold was added to the mix and the frontier recomputed. Then gold was removed and

**Chart 11: Correlation of monthly real returns on Gold (US\$), S&P GSCI, BB REITs and TIPS versus various assets; Mar 1997-May 2009**



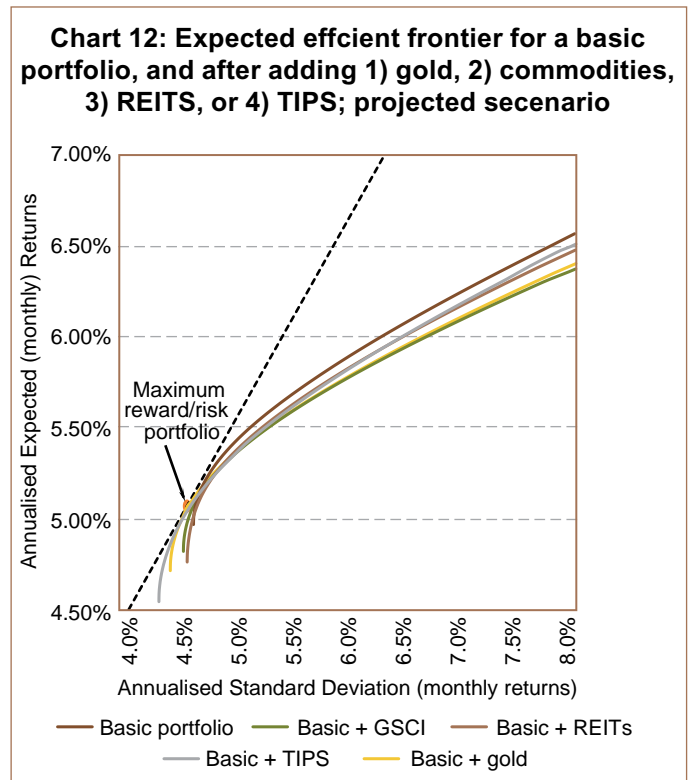
Source: Bloomberg, Barclays, JP Morgan & WGC

replaced by the S&P GSCI to produce a third efficient frontier. The study went on, when data permitted, to look at the impact of including REITs and TIPS.

In two of the three historical scenarios, gold proved more effective than commodities, real estate and TIPS at achieving both the maximum reward-risk portfolio and the minimum-variance portfolio. The required allocation to gold in the portfolio mix to attain minimum variance ranged from 4.0 to 6.3%, while the allocation required to achieve the maximum reward-risk ranged from 7.0 to 9.9%.

Because historical returns may not be enough to assess the effectiveness of the proposed inflation hedges, the report then conducted a portfolio optimisation based on projected returns and historical monthly real returns from January 1990 to June 2008 to compute the covariance structure, using statistical techniques to adjust for the missing data in TIPS and BBREITS. The report makes conservative expected real return projections for the four inflation-hedge assets to construct a baseline scenario of low- to medium inflation. Namely, it assumed a 2.0% real return for gold, commodities and REITs and 4% for TIPS.

Gold once again proved the asset more likely to help investors achieve the maximum reward-risk portfolio, based on a 6.9% allocation to gold, with TIPS coming a close second. Including TIPS produced the minimum variance portfolio by switching out of Treasuries, but the risk-return structure was not as appealing, as TIPS are highly and positively correlated with Treasuries and corporate bonds and therefore do not offer the same diversification benefits as gold or commodities.



Source: WGC

Lastly, the report analysed the case of an investor who already has an allocation to TIPS as an inflation hedge, and found that adding gold to such a portfolio is still beneficial, as the investor would take advantage of the diversification properties of gold to obtain lower potential variance and higher reward per unit of risk. The optimal allocation to gold in this case, the report concludes, varies from 7.6% to 3.5% in the minimum variance and maximum reward/risk portfolio, respectively.

## GOLD MARKET TRENDS

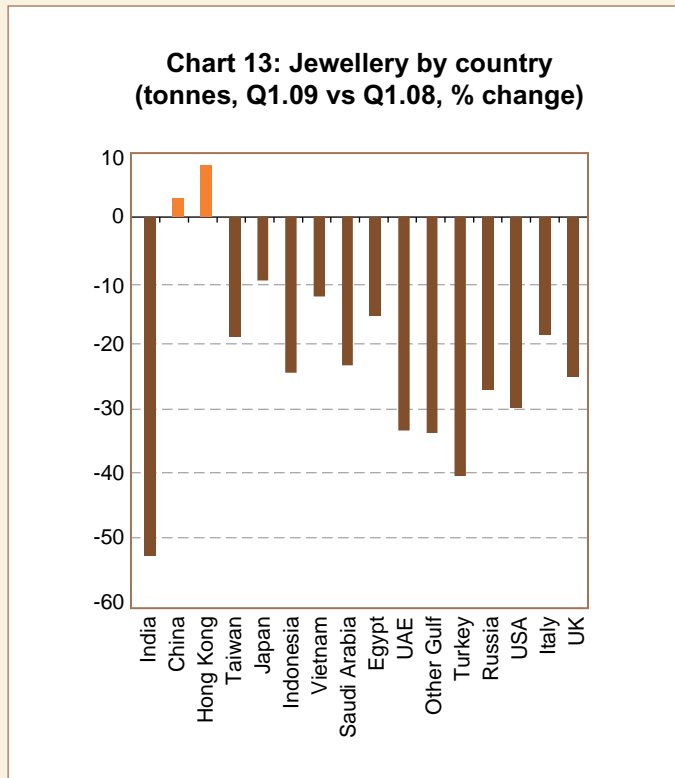
### Jewellery

Jewellery demand in the first quarter was hurt by the environment of high gold prices and deteriorating global economic conditions. The volume of gold jewellery demand was 24% below year-ago levels, equating to a 25% decline in US\$ value terms.

By far the greatest contribution to the decline in global jewellery demand came from India, where demand fell by 52% from Q1 2008, which itself had been a relatively weak quarter. Traditionally the largest market for jewellery, Indian demand was eclipsed by China as demand dried up, with consumers generally choosing to exchange or sell old gold rather than make fresh purchases. With the exception of China and Hong Kong, where demand rose by 3% and 8% respectively, all other markets in Asia experienced a drop in demand. Jewellery demand in the Middle East and Europe also suffered a marked decline.

However, there have been some encouraging signs in Q2 09 in India, possibly due to Akshaya Trithya and the April/May wedding season. Preliminary reports from China suggest demand remained relatively stable, whereas reports from Europe and the US, where consumers have been hardest hit by the financial crisis, have been mixed.

Please note that data on jewellery and industrial demand are released with a lag; the latest available data is for Q1 09. Data for the second quarter of 2009 will be released in mid-August 2009.

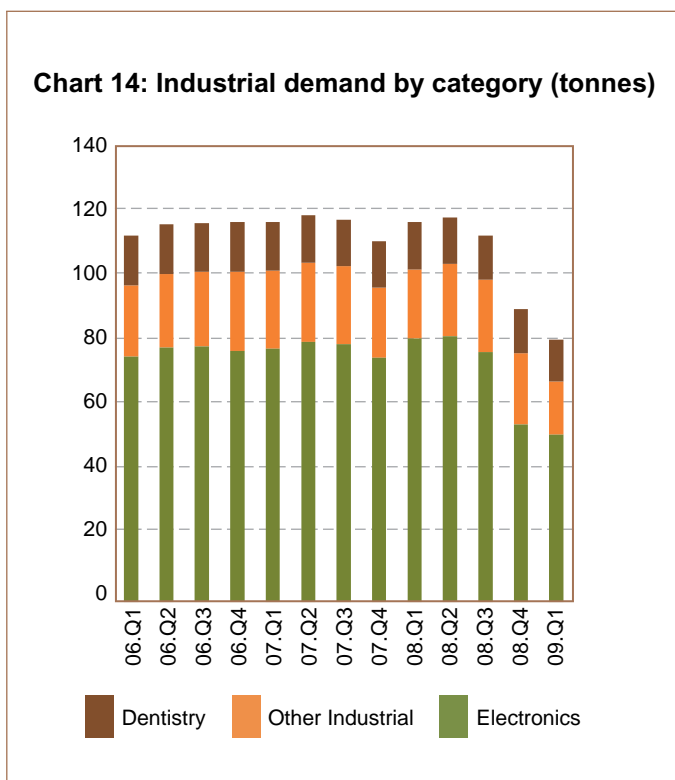


Source: GFMS

### Industrial and dental applications

Gold demand in industrial and dental applications slumped 31% in Q1 2009 to just 80.2 tonnes as the global economic crisis impacted severely on all segments of demand. Electronics off-take, the key component of industrial demand, plummeted by 36% as consumer demand evaporated, while gold used in the other industrial and decorative sector slipped 24%, chiefly as the result of a near 70% decline in Indian off-take. Elsewhere, dental demand declined by 10% as a higher gold price encouraged migration to more affordable alternatives.

Looking more closely at individual markets, fabrication in Japan continued to plummet, with electronics demand down a third relative to Q1 2008. Similar rates of decline were recorded in both the United States and South Korea. In addition, weaker consumption coupled with a sharp fall in export driven fabrication saw Chinese demand slip by 14%.



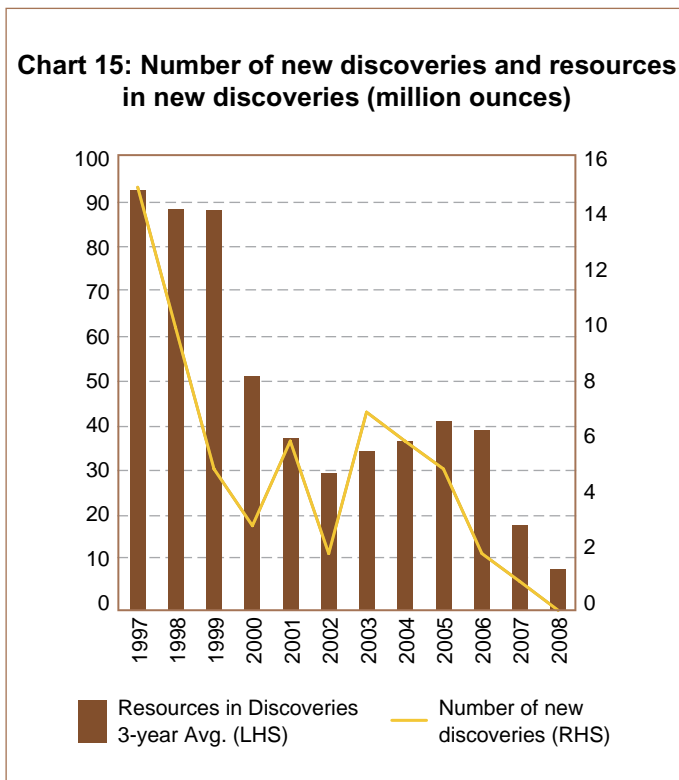
Source: GFMS

## SUPPLY

### Mine production

De-hedging by producers continued to abate in the first quarter and with it the dampening impact on supply. Producers shaved just 10 tonnes off the global hedge book, taking the outstanding hedge position down to negligible levels. Mine production was also relatively flat during the quarter, rising just 16 tonnes to 560 tonnes.

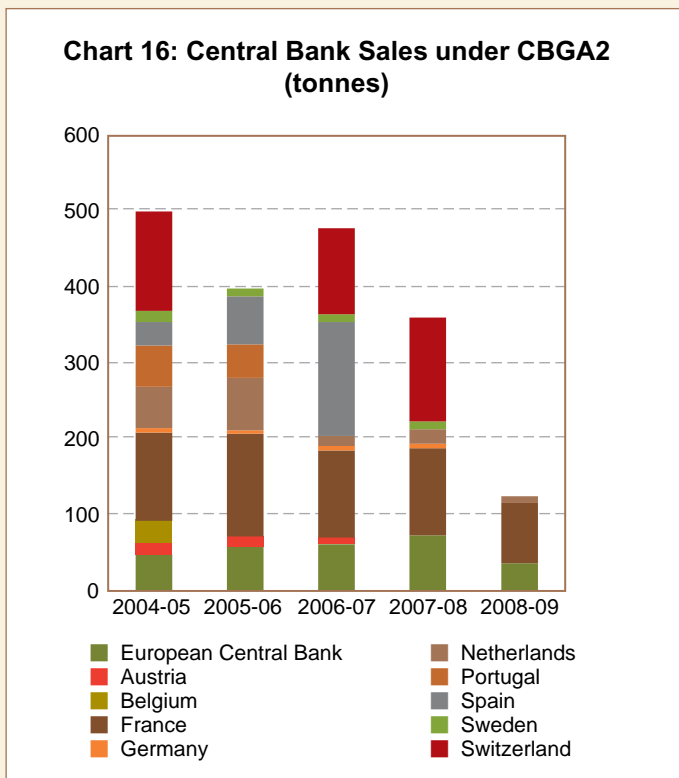
The major gold producers have been able to increase their reserves thanks to a combination of high gold prices (which increases the proportion of a resource that becomes economically viable, transferring it into a reserve) and acquisitions. However, the industry as a whole continues to suffer from a dearth of major new gold discoveries, despite a sharp pick up in exploration spending. Only 1 major new gold discovery (defined as >2.0 million ounces) was reported in 2007 and none in 2008, according to Metals Economics Groups, a far cry from the 15 discoveries a year being made ten years ago.



Source: Metals Economics Group, Strategies for Gold Reserve Replacement

### The official sector

China's State Administration for Foreign Exchange (SAFE) announced in April that the country's official gold reserves had risen from 600 tonnes in 2003 to 1,054 tonnes, making its gold holdings the fifth largest among the world's national central banks and ending years of speculation regarding likely gold purchases. Separately, the US Congress passed the Military Supplemental Bill in June thereby finalising the process allowing the IMF to sell 403.3 tonnes of gold. The IMF has clearly stated that the sales will be conducted in a manner that will not destabilise the broader gold market. One possibility would be via a third Central Bank Gold Agreement (CBGA). The current agreement expires on 26 September 2009. Although there has been no formal announcement as yet of a new agreement, European Central Bank Governing Council member Nout Wellink said in late April that the ECB plans to renew for a five-year period its commitment to the CBGA. With just 2 months to go until the current agreement expires, signatories have only sold 140 tonnes, making it very likely that they will significantly undersell the 500 tonne ceiling for the second consecutive year.



Source: WGC

## KEY DATA

### Gold price

	Q3 08	Q4 08	Q1 09	Q2 09
Gold price (London PM fix, \$ average)	870.88	798.11	907.80	920.90
(% qoq)	-3	-8	14	1
(% yoy)	28.1	1.3	-1.7	2.8

Source: Global Insight

### Volatility (%) to end-June 2009

	1-month	3-month	6-month	1-year
Gold (US\$)	13.9%	18.5%	25%	32.1%

Source: Global Insight, WGC calculations

### Market capitalisation

	Value (\$ bn)
Above-ground stocks of gold <sup>2</sup>	4,826
ETFs (as at 30 June 2009) <sup>3</sup>	50.8
Notional value of net long non-commercial and non-reportable positions reported by CFTC, gold futures (at 30 June 2009)	18

Source: Global Insight, WGC calculations

### Demand (Q2 08-Q1 09)

	Tonnes	% change <sup>1</sup>	% yoy	Value (\$ bn)	% yoy
Jewellery	2079	-5%	-9%	57.7	5%
Identifiable investment	1608	36%	129%	44.8	161%
of which ETFs and similar products	713	122%	146%	20.3	183%
Industrial and Dental	400	-8%	-13%	11.2	-1%

Source: GFMS, WGC calculations

### Supply (Q2 08-Q1 09)

	Tonnes	% change <sup>1</sup>	% yoy	Value (\$ bn)	% yoy
Mining output	2432	1%	0%	67.7	14%
Net producer hedging	-239	...	...	...	...
Total mine supply	2192	7%	12%	61.0	28%
Official sales	204	-17%	-58%	6	-50%
Recycled gold	1414	16%	32%	40	46%

Source: GFMS, WGC calculations

<sup>1</sup> The quarterly % change in rolling annual totals.

<sup>2</sup> Based on 2008 volume and Q2 2009 average gold price.

<sup>3</sup> Data: www.exchangetradedgold.com; www.ETFSecurities.com; www.ishares.com; Zurich Kantonalbank; Finans Portföy; www.Deutsche-Boerse.com; www.juliusbaer.com

## Performance

	S&P 500	MSCI World ex-US	Dow Jones Commodity Index	AIG GSCI	Gold (spot)	Bank of England Effect Exchange Rate – USD	Dow Jones/Wilshire REIT Index	Barclays Capital (LB) Global Treasury Index – USD
1 month	0.20%	-1.04%	-1.90%	0.57%	-4.20%	1.98%	-4.10%	0.15%
3 months	15.93%	25.86%	11.67%	19.24%	1.96%	-5.81%	29.35%	4.69%
6 months	3.16%	9.32%	4.62%	6.55%	7.44%	-1.24%	-16.24%	-2.91%
1 year	-26.21%	-31.62%	-47.08%	-59.69%	0.46%	6.85%	-49.02%	4.58%
Volatility (1 year)	45.28%	39.21%	31.32%	44.82%	32.08%	11.60%	96.54%	12.61%

## Correlations (3 years ending 26 June 2009, weekly returns)

	Gold	Silver	Oil	GSCI	CRB Index	DJ AIG Commodity Index	MSCI World excl. US	DJ Industrial Average	S&P 500	Wilshire 5000	BarCap/LB Global Treasuries Index	BarCap/LB High Yield Bond Index	BarCap/LB US Credit Index	Dow Jones/Wilshire REITS Index	3-month T-Bill Yields
Gold	1.00														
Silver	0.82	1.00													
Oil	0.37	0.44	1.00												
GSCI	0.41	0.41	0.85	1.00											
CRB Index	0.26	0.37	0.62	0.69	1.00										
DJ AIG Commodity Index	0.47	0.49	0.73	0.92	0.78	1.00									
MSCI World excl. US	0.09	0.24	0.46	0.53	0.61	0.59	1.00								
DJ Industrial Average	-0.15	-0.01	0.23	0.31	0.38	0.35	0.82	1.00							
S&P 500	-0.10	0.04	0.28	0.37	0.42	0.40	0.85	0.98	1.00						
Wilshire 5000	-0.08	0.06	0.29	0.38	0.43	0.41	0.86	0.97	1.00	1.00					
BarCap/LB Global Treasuries Index	0.36	0.37	0.16	0.09	0.10	0.14	0.13	-0.19	-0.14	-0.13	1.00				
BarCap/LB High Yield Bond Index	0.08	0.15	0.21	0.12	0.30	0.11	0.03	-0.03	-0.01	-0.01	0.03	1.00			
BarCap/LB US Credit Index	-0.07	0.05	0.10	0.05	0.27	0.09	0.22	0.05	0.08	0.08	0.40	0.38	1.00		
Dow Jones/Wilshire REITS Index	-0.03	-0.02	0.08	0.00	0.01	0.00	-0.03	-0.01	-0.05	-0.04	0.14	0.10	0.18	1.00	
3-Month T- Bill Yields	-0.22	-0.06	0.12	0.15	0.23	0.16	0.28	0.21	0.25	0.26	-0.08	0.14	0.01	-0.13	1.00

Data: Global Insight, Barclays Capital, WGC

## A WEALTH OF INFORMATION

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The World Gold Council invites you to explore the Market Intelligence section of its website, one of the most comprehensive sources of information about the gold market and gold's strategic investment properties. The information is housed in four sections of the site: Market Knowledge, Investing in Gold, Research & Statistics, and Gold as a Reserve Asset.

#### Market Knowledge

Investors new to gold are encouraged to read the overviews of how the gold market functions and the principal components of supply and demand: Central banks, derivatives markets, industrial users, investors, jewellery consumers, mining companies and recyclers of gold scrap.

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