

Mineral Industry Surveys

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GOLD IN JANUARY 2004

U.S. mines produced 22,100 kilograms (kg) of gold in January 2004, according to the U.S. Geological Survey, a 3% decrease compared with that of December 2003. Production of gold was down 13% in California over the same period.

Domestic.—Newmont Mining Corp. (Denver) started development of its Phoenix gold project in Nevada. The mine will start in 2006, one year earlier than previously planned, and is expected to produce annually more than 12,000 kg (400,000 troy ounces) of gold during its 15-year life span. Newmont also completed a joint-venture agreement with Placer Dome Inc. (Toronto, Canada), in which Newmont acquired 25% of the Turquoise Ridge and Getchell gold deposits, also in Nevada. Newmont will process up to 730,000 metric tons per year of the ore from these deposits at its nearby Twin Creeks mill (American Metal Market, 2004b).

Metalor USA Refining Corp. (North Attleboro, MA) pleaded guilty to engaging in money laundering. The plea is part of an agreement with the U.S. Attorney's office, subject to court approval, which followed a Government investigation into transactions conducted by Metalor. Several years ago, the company began doing a lucrative business with some South American companies that sent gold to Metalor for refining and/or purchased gold from Metalor. Information confirming that gold was being purchased, sold, and refined for a fee by Metalor represented illegal activity in that gold had been imported to, and exported from the United States in violation of U.S. Customs laws and regulations (American Metal Market,

2004a).

International.—China's gold prices have risen 32% since the Shanghai Gold Exchange opened on October 30, 2002. Prices were reported to be driven by a rise in world gold prices, growing Chinese demand for gold, and an uncertain global political and economic outlook. In addition, China's gold jewelry, which represents 90% of China's gold consumption, has been selling at an annual price increase of 15%. The value of jewelry trade in China is expected to grow 10-fold in the next 10 years. At this rate, China would become a major manufacturer of gold jewelry by 2010. Currently, China consumes about 200,000 kg of gold per year and produces 180,000 kg. China has about 800 gold mines, but 80% are small, backward in technology and management, and inefficient, which makes the mines uncompetitive and costly (Platts Metals Week, 2004a).

Peru could become the world's fifth-leading gold producer in 2005, overtaking Indonesia and Russia. The increase in gold output would result from the 2005 start-up of the Alto Chicama and La Zanja projects, and the expansion of the Aruntani Mine. Gold production in 2004 is expected to be relatively small as expansions of the Yanacocha Mine and other small gold mines in southern Peru are offset by an anticipated 30% decline in output at the Pierina Mine. Pierina's gold output decline is a result of an expected decline in reserves (American Metal Market, 2004c).

The London Bullion Market Association (LBMA) report of

Notice

Beginning in January 2004, the monthly data published in the Mineral Industry Surveys (MIS) for "precious metals" will be published as three separate MIS. The new monthly MIS will be "gold," "silver," and "platinum-group metals"; this change conforms monthly reporting with annual reporting. The 2003 monthly MIS for "precious metals" will remain on the USGS minerals information Web site until the January 2005 MIS for "gold," "silver," and "platinum-group metals" are published.

gold ounces transferred rose 4.5% in December in comparison with those of November, rising to 445,000 kg (14.3 million ounces). In comparison with those of December 2002, ounces transferred were 19% lower. The number of gold transfers fell 4% in December compared with those of November, but the number of gold transfers increased 2% over the number of transfers in December 2002 (Platts Metals Week, 2004e).

GoldFields Mineral Services Ltd. (GFMS) reported that an increase of about 20,000 kg (640,000 troy ounces) in Australian gold production, the first increase in 5 years, was primarily responsible for a 9,000-kg (290,000-ounce) growth in 2003 global gold output. GFMS also noted an 8% increase in Peru's gold output, attributed to higher output at the Yanacocha Mine. China was also reported to have increased its gold output for the tenth successive year. GFMS estimated that world jewelry fabrication demand fell by 7.1% to its lowest level since 1991. The decline was concentrated in Italy and East Asia, with noticeably lower fabrication in the Arab Middle East and the United States. Net gold sales from official sources, largely central banks, rose 5% to the highest level since 1992. Most of the rise came from non-Central Bank Gold Agreement countries. Recycling of gold scrap rose 13%, with India, Indonesia, and Thailand providing the greatest volumes (Platts Metals Week, 2004b).

Despite the rally in gold prices denominated in U.S. dollars, gold bullion denominated in most other currencies fell. Only in 2 currencies, the U.S. dollar and Japanese yen, did the gold price rise in 2003. Due to the strengthening of local currencies, the

gold price actually declined in Australian dollars (down 10.8%), Canadian dollars (down 1.7%), the South African rand (down 6.7%), and the euro (down 0.4%) (Platts Metals Week, 2004d).

Gold Bullion Securities (GBS) reported that it held 35,066 kg (1,127,411 ounces) of gold on behalf of security holders for both United Kingdom and Australian products. The average daily trading volume for GBS since it listed was 573,000 securities per day. GBS was first listed in Australia in March 2003. In December 2003, the gold bullion-backed securities were listed on the London Stock Exchange (Platts Metals Week, 2004c).

References Cited

- American Metal Market, 2004a, Metalor unit agrees to plead guilty to role in money laundering ring: American Metal Market, v. 112, no. 2-2, January 13, p. 4.
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- Platts Metals Week, 2004a, China gold prices firm, demand up on jewelry demand: Platts Metals Week, v. 75, no. 2, January 12, p. 9.
- Platts Metals Week, 2004b, GFMS pegs average gold price at \$437 per ounce in H1 2004: Platts Metals Week, v. 75, no. 3, January 19, p. 3.
- Platts Metals Week, 2004c, Gold Bullion Securities holds 1.1-mil oz: Platts Metals Week, v. 75, no. 4, January 26, p. 15.
- Platts Metals Week, 2004d, Gold price in Rand fell 6.7% in 2003: Platts Metals Week, v. 75, no. 3, January 19, p. 4.
- Platts Metals Week, 2004e, LBMA to monitor gold, silver Good Delivery list: Platts Metals Week, v. 75, no. 3, January 19, p. 4.

TABLE 1
MINE PRODUCTION OF RECOVERABLE GOLD IN THE UNITED STATES, BY STATE¹

(Kilograms)

	California	Nevada	Other States ²	Total
2003^P:				
January	507	19,000	3,620	23,100
February	476	16,800	3,210	20,500
March	445	17,800	3,950	22,200
April	425	15,700	3,850	20,000
May	396	17,600	3,650	21,600
June	381	21,200	4,120	25,700
July	301	20,600	3,770	24,700
August	306	19,200	3,990	23,500
September	341	18,900 ^r	4,040	23,300 ^r
October	240	20,600 ^r	4,050 ^r	24,900 ^r
November	274	18,900	3,770	22,900
December	264 ^r	18,600 ^r	3,840	22,700 ^r
January-December	4,360	225,000 ^r	45,900	275,000 ^r
2004:				
January	229	18,600	3,150	22,100

^PPreliminary. ^rRevised.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes Alaska, Arizona, Colorado, Idaho, Montana, South Dakota, Utah, and Washington.

TABLE 2
GOLD PRICES

(Dollars per troy ounce)

Engelhard Industries:	
2003:	
Low/date	321.09 April 7
High/date	417.76 December 31
Average	364.80
2004:	
January:	
Low/date	401.08/30
High/date	426.87/13
Average	415.07
Handy and Harman:	
2003, Average	363.51
2004:	
January	414.09
London Final:	
2003, Average	363.51
2004:	
January	413.79

Source: Platts Metals Week.

TABLE 3
U.S. IMPORTS AND EXPORTS OF GOLD¹

(Kilograms of gold content, unless otherwise specified)

Period and country	Ores and concentrates ²	Doré and precipitates	Refined bullion ³	Total ⁴	Waste and scrap (gross weight)	Metal powder (gross weight)	Gold compounds (gross weight)
Imports for consumption:							
2002	2,720	42,200	172,000	217,000	11,900	10,700	18,100
2003:							
October	149	7,390	19,600	27,100	1,400	395	2,640
November	122 ^r	13,200	13,400	26,700	1,230	17 ^r	356
December:							
Aruba	--	--	133	133	--	--	--
Brazil	--	--	1,370	1,370	--	--	--
Canada	3	--	6,440	6,440	173	3	--
Chile	--	--	650	650	--	--	--
Colombia	--	4,290	612	4,900	58	--	--
Dominican Republic	--	--	1	1	747	7	--
Germany	--	--	1	1	--	1	540 ⁵
Honduras	--	378	--	378	17	326	--
Japan	--	--	--	--	--	--	665 ⁵
Mexico	--	248	749	997	124	--	--
Nicaragua	--	435	--	435	--	--	--
Peru	--	6,020	--	6,020	--	--	--
Venezuela	--	--	140	140	--	--	--
Other	--	35	48	83	118	--	--
Total	3	11,400	10,100	21,600	1,240	337	1,210
Year to date	1,960	95,200	152,000	249,000	15,000	4,080	31,800
Exports:							
2002	556	71,700	185,000	257,000	85,800	10,900	417,000
2003:							
October	36	15,000	12,000	27,000	17,500	57	37,100
November	83	12,300	11,600	24,000	14,400	88 ^r	99,400
December:							
Belgium	--	--	--	--	1,020	--	--
Bolivia	--	--	--	--	--	--	1,040 ⁵
Canada	--	--	--	--	6,270	--	30,600 ⁵
China	--	--	--	--	--	2	--
Dominican Republic	99	--	--	99	--	--	530 ⁵
France	1	--	--	1	--	--	--
Germany	--	--	--	--	--	--	308
Hong Kong	--	--	--	--	--	2	2,240 ⁵
Israel	--	--	--	--	--	--	2,710 ⁵
Italy	4	--	--	4	--	--	--
Japan	--	--	--	--	42	4	--
Mexico	39	--	741	780	--	--	--
Peru	--	--	--	--	--	--	338 ⁵
Singapore	--	--	--	--	--	--	25,700 ⁵
Switzerland	--	9,500	1,090	10,600	--	--	--
Taiwan	--	--	--	--	--	1	--
United Kingdom	--	22	12,300	12,300	6,820	4	1,810 ⁵
Other	--	--	54	54	71	--	--
Total	143	9,530	14,200	23,800	14,200	13	65,300
Year to date	826	131,000	220,000	352,000	159,000	874	565,000

^rRevised. -- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes gold content of base metal ores, concentrates, and matte imported for refining.

³Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

⁴"Waste and scrap," "Metal powder," and "Gold compounds" not included in "Total."

⁵All or part of these data have been referred to the U.S. Census Bureau for verification.

Source: U.S. Census Bureau.