

# Weekly Gold Report

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## Price View: Range US\$409 – 423/oz

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Gold continues to take direction from interest rate developments in the US (USD up 5% versus EUR whilst Gold down 5% versus USD YTD). Uncertainty around IMF gold sales to fund developing world debt relief is likely to limit the exuberance of upside advances until greater clarity is available to the market. Key risks are to the downside as a result.

**Support: US\$412, US\$409**

**Resistance: US\$423**

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## Latest News

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- Alcaston Mining has reached preliminary agreement with Emperor Mines to buy 100% of the Tuvatu gold project in Fiji for A\$9.7 million.
- 100% ownership of the Prominent Hill copper-gold project has transferred to Oxiana Limited following transaction approval from Minotaur Resources shareholders and the Supreme Court.
- The COTR for 01 Feb revealed a 140,000 ounce reduction in the net long position over the past fortnight to 2.8 million ounces.

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## Gold Holding of the International Monetary Fund

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The IMF was conceived in 1945 after adverse economic policies contributed to the worldwide Great Depression of the 1930's. Fund objectives were to promote international monetary co-operation, orderly exchange arrangements and stability, to also foster economic growth, high levels of employment and provide temporary financial assistance to countries suffering balance of payments disequilibria.

IMF membership now totals 184 countries from a start base of 45.

Under the original Articles of Agreement the IMF acquired its gold holding via 4 main transactions:

- 1) 25% of initial and subsequent member quota subscriptions were payable in gold;
- 2) interest charges against IMF borrowings were payable in gold;
- 3) member country currency exchanges could be facilitated via a gold sale through the IMF;
- 4) IMF borrowings could be repaid in gold.

Gold's use as a monetary tool within the IMF became restricted in 1978 following a Second Amendment to the Articles of Agreement. As a result of these changes the IMF does not have authority to engage in the use of gold loans, leases, swaps, use the metal as collateral or buy gold on the open market without prior member approval.

The IMF holds 103.4 million ounces of gold at designated depositories around the world. On their balance sheet the holding is valued at US\$8.5 billion (US\$82.20/oz historic cost basis) but is actually worth US\$43 billion basis current market prices.

Gold reserve alternatives to help finance debt relief for the world's poorest nations will be considered at the next IMF meeting in April.

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## Market Data

### Last Week's Price Action

Range	US\$ Gold	A\$ Gold	A\$/US\$
Close	414.70	538.20	0.7703
High	426.60	551.55	0.7789
Low	414.25	536.35	0.7666
Wk Change	-12.30	-12.70	-0.0047
12 mth High	456.90	588.00	0.8005
12 mth Low	371.65	508.50	0.6449

### Implied ATM Mid Rate Option Volatility

Expiry	US\$ Gold	A\$ Gold
1 mth	13.40%	9.05%
3 mths	14.80%	10.10%
1 yr	14.75%	11.30%
3 yrs	14.40%	12.50%
5 yrs	14.00%	12.75%
10 yrs	13.50%	12.95%

### US\$ Gold Forward

Period	Contango act/360	Fixed Fwd	Floating Fwd 0%
1 yr	3.00%	427.32	427.41
3 yrs	3.29%	456.17	459.45
5 yrs	3.28%	483.71	494.64
10 yrs	3.44%	559.25	596.25

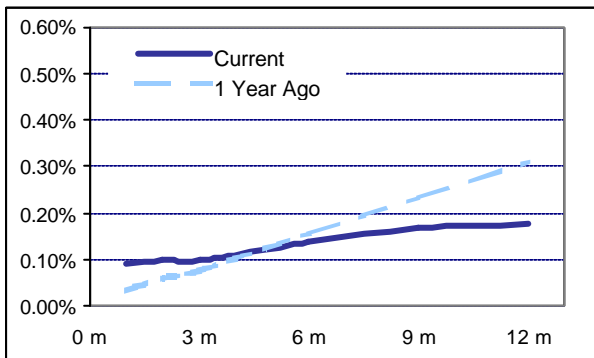
### US\$/Gold Price Correlation

	3 mth	12 mth
Euro/US\$	0.49	0.85
Yen/US\$	-0.14	-0.83
A\$/US\$	0.51	0.72
US\$/Silver	0.79	0.74
Oil WTI	-0.19	0.48
LME Metals Index	-0.01	0.81
CRB Index	0.54	0.78
Dow Jones Index	0.08	0.43
Gold Bugs Index	0.75	0.71
Net Spec Pos'n	0.81	0.66
12m Libor	-0.47	0.56
12m GOFO	-0.59	0.55
12m Lease	0.84	-0.14

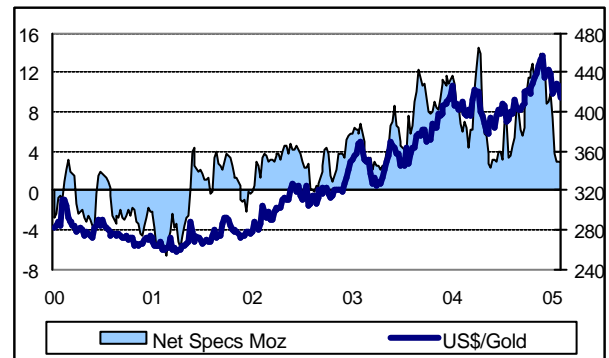
### A\$ Gold Forward

Period	Contango act/365	Fixed Fwd	Floating Fwd 0%
1 yr	5.36%	567.04	567.48
3 yrs	5.38%	625.00	628.99
5 yrs	5.29%	680.58	696.05
10 yrs	5.38%	827.75	880.82

### Gold Interest Rate Pay Curve (Simple)



### Net Specs vs US\$/Gold Price



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