



## Gold marches on

The World Gold Council has released its Gold Investment Digest – an analysis of the economic and financial drivers of the global market. The 2011 second quarter report shows gold outperformed most major assets throughout the quarter.

In addition, gold's low average volatility of 13.4 per cent for the quarter is well below its long-term 20-year average of 15.8 per cent.

The gold price broke new record highs during the quarter, finishing 4.6 per cent higher than the previous quarter.

The average gold price during the quarter was US\$1,506.13 an ounce - 8.6 per cent higher than corresponding period in 2010.

Unsurprisingly, China was behind much of the demand for the precious metal. Physical gold delivery at the Shanghai Gold Exchange surpassed 205 tonnes between April and June, around 26 tonnes higher than the same period last year.

This 14.6 per cent increase in year-on-year tonnage, was even more impressive considering the second quarter is not the traditional peak season for buying in China.

WGC investment research manager, Juan Carlos Artigas, said despite some ups and downs, the gold price was stable when compared to other commodities.

“While commodities exhibited heightened levels of volatility and sharp falls in price during the month of May, gold's volatility was modest and its price remained stable,” he said.

“Gold's attributes make it a valuable strategic asset that investors can use to manage risk

during periods of economic uncertainty.”

The WGC said while inflation has picked up in many countries, there is a strong debate as to whether countries will face high inflation or deflation in years to come and gold has an important role to play as an additional source of protection.