## **GOLD**

(Data in metric tons<sup>1</sup> of gold content unless otherwise noted)

<u>Domestic Production and Use</u>: Gold was produced at about 50 lode mines, a dozen or more large placer mines (nearly all in Alaska), and numerous smaller placer mines (mostly in Alaska and in the Western States). In addition, a small amount of domestic gold was recovered as a byproduct of processing base metals, chiefly copper. Thirty mines yielded more than 99% of the gold produced in the United States. In 2006, the value of mine production was about \$5.1 billion. Commercial-grade refined gold came from about 2 dozen producers. A few dozen companies, out of several thousand companies and artisans, dominated the fabrication of gold into commercial products. U.S. jewelry manufacturing was heavily concentrated in New York, NY, and Providence, RI; areas with lesser concentrations include California, Florida, and Texas. Estimated uses were jewelry and arts, 84%; electrical and electronics, 6%; dental and other. 10%.

Salient Statistics—United States:	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u> 2005</u>	2006 <sup>e</sup>
Production:			<del></del>		·
Mine	298	277	258	256	260
Refinery:					
Primary	196	194	222	163	180
Secondary (new and old scrap)	78	89	92	76	80
Imports <sup>2</sup>	217	249	283	341	285
Exports <sup>2</sup>	257	352	257	324	340
Consumption, reported	163	183	185	183	185
Stocks, yearend, Treasury <sup>3</sup>	8,140	8,140	8,140	8,140	8,140
Price, dollars per ounce <sup>4</sup>	311	365	411	446	610
Employment, mine and mill, number <sup>5</sup>	7,600	7,300	7,550	7,910	7,900
Net import reliance <sup>6</sup> as a percentage of					
apparent consumption	Е	E	8	4	Е

Recycling: 80 tons of new and old scrap, equal to about 43% of reported consumption, was recycled in 2006.

Import Sources (2002-05): Canada, 41%; Peru, 29%; Colombia, 8%; Brazil, 7%; and other, 15%.

<u>Tariff</u>: Most imports of unwrought gold, including bullion and doré, enter the United States duty free.

Depletion Allowance: 15% (Domestic), 14% (Foreign).

<u>Government Stockpile</u>: The U.S. Department of the Treasury maintains stocks of gold (see salient statistics above), and the U.S. Department of Defense administers a Government wide secondary precious-metals recovery program.

Events, Trends, and Issues: Domestic gold mine production in 2006 was estimated to be 2% more than the level of 2005, which elevated United States into a tie with Australia as the second leading gold-producing nation, after South Africa. An increase in gold production from newly opened mines in Alaska and Nevada was partially offset by the closure of one mine and reduced output from other mines. Domestic mine output continued to be dominated by Nevada, where production accounted for about 82% of the U.S. total. The United States returned to being a net exporter of gold in 2006 after 2 years of being a net importer.

The continued rise in costs at South African gold mines, owing to the strengthening of the rand, caused several mines to curtail expansion operations and reduce gold production. Gold mining in China has steadily increased, and China is now the fourth leading producer of gold worldwide.

Gold Exchange-Traded Funds (ETFs) have gained popularity with investors. According to some industry analysts, traditional gold investments have difficulties in access, insurance, high markups, and storage. The claimed advantage of the ETF is that the investor can purchase gold ETF shares through a stockbroker without being concerned about these problems. Each share represents one-tenth of an ounce of allocated gold.

During the first 9 months of 2006, the Engelhard Corporation's daily price of gold ranged from a low of about \$526 per troy ounce in January to a high of about \$726 per troy ounce in mid-May.

## **GOLD**

World Mine Production, Reserves, and Reserve Base:

	Mine pro	Mine production		Reserve base <sup>7</sup>
	<u>2005</u>	<u>2006<sup>e</sup></u>		
United States	256	260	2,700	3,700
Australia	262	260	5,000	6,000
Canada	119	120	1,300	3,500
China	225	240	1,200	4,100
Indonesia	140	145	1,800	2,800
Peru	208	210	3,500	4,100
Russia	169	162	3,000	3,500
South Africa	295	270	6,000	36,000
Other countries	<u>793</u>	<u>840</u>	<sup>8</sup> 17,000	<sup>8</sup> 26,000
World total (rounded)	2,470	2,500	42,000	90,000

<u>World Resources</u>: An assessment of U.S. gold resources indicated 33,000 tons of gold in identified (15,000 tons) and undiscovered resources (18,000 tons). Nearly one-quarter of the gold in undiscovered resources was estimated to be contained in porphyry copper deposits. The gold resources in the United States, however, are only a small portion of global gold resources.

<u>Substitutes</u>: Base metals clad with gold alloys are widely used in electrical/electronic products and jewelry to economize on gold; many of these products are continually redesigned to maintain high-utility standards with lower gold content. Generally, palladium, platinum, and silver may substitute for gold.

## Excludes:

- a. Waste and scrap.
- b. Official monetary gold.
- c. Gold in fabricated items.
- d. Gold in coins. In 1991, the last year for which estimates are available, net imports amounted to 3.5 tons.
- e. Net bullion flow (in tons) to market from foreign stocks at the New York Federal Reserve Bank: 39.6 (2002), 29.9 (2003), 3.0 (2004), 0.0 (2005), and 0.0 (2006 estimate).

<sup>&</sup>lt;sup>e</sup>Estimated. E Net exporter.

<sup>&</sup>lt;sup>1</sup>Metric ton (1,000 kilograms) = 32,150.7 troy ounces.

<sup>&</sup>lt;sup>2</sup>Refined bullion, doré, ores, concentrates, and precipitates.

<sup>&</sup>lt;sup>3</sup>Includes gold in Exchange Stabilization Fund. Stocks were valued at the official price of \$42.22 per troy ounce.

<sup>&</sup>lt;sup>4</sup>Engelhard Corporation's average gold price quotation for the year.

<sup>&</sup>lt;sup>5</sup>Data from Mine Safety and Health Administration.

<sup>&</sup>lt;sup>6</sup>Defined as imports – exports + adjustments for Government and industry stock changes.

<sup>&</sup>lt;sup>7</sup>See Appendix C for definitions.

<sup>&</sup>lt;sup>8</sup>Reserves and reserve base for the "Other countries" category does not include some countries for which reliable data were not available.

<sup>&</sup>lt;sup>9</sup>U.S. Geological Survey National Mineral Resource Assessment Team, 2000, 1998 assessment of undiscovered deposits of gold, silver, copper, lead, and zinc in the United States: U.S. Geological Survey Circular 1178, 21 p.