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INTERNATIONAL MONETARY FUND

Treasurer's Department

Monthly Report of Gold Prices in World Markets

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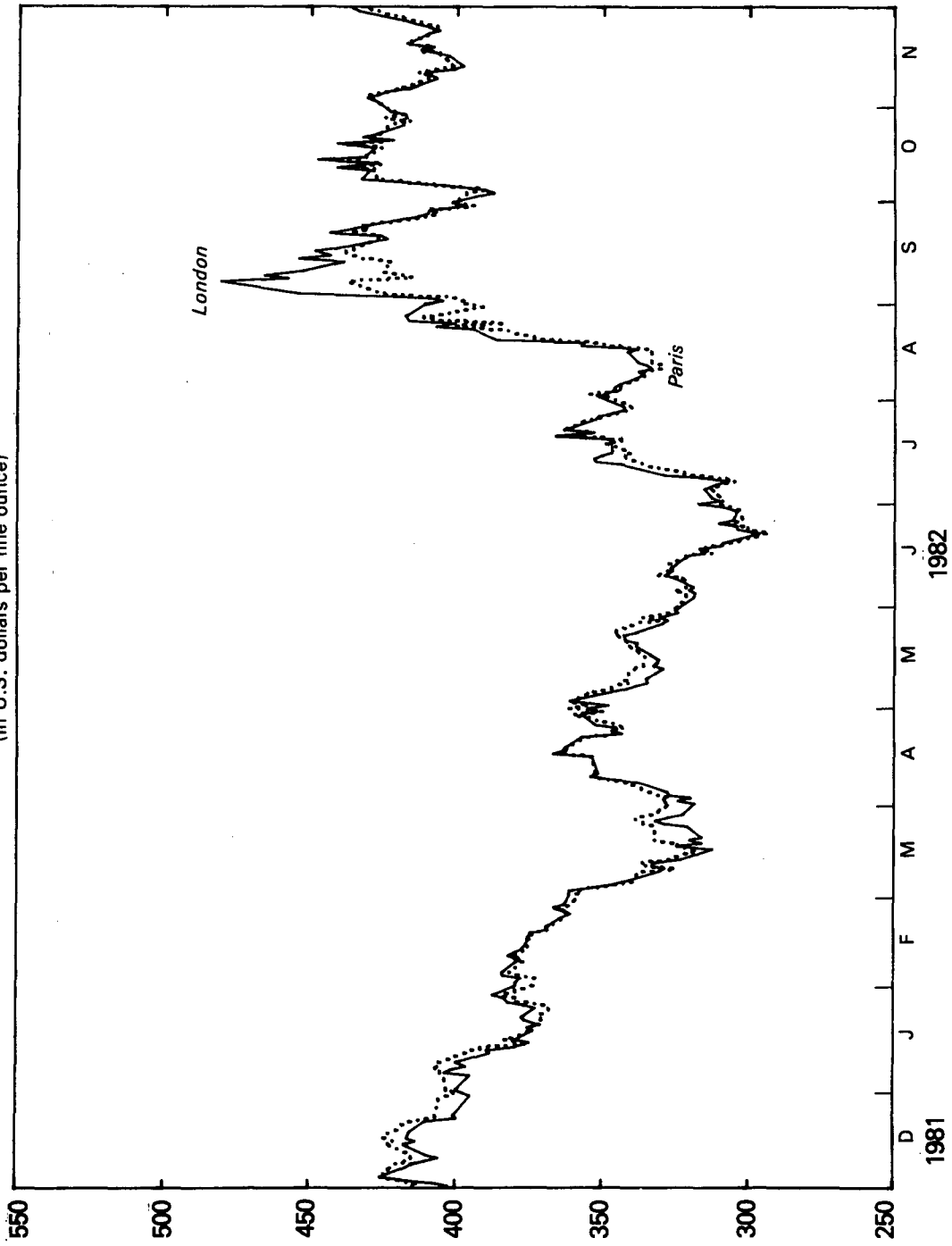
December 23, 1982

Gold prices continued to firm on leading international markets in November. Prices came under downward pressure, however, in the first two weeks of the month from uncertainty about the direction of U.S. interest rates, with the expected cut in the Fed's discount rate not materializing and the Fed's unwinding of repurchase operations resulting in firmer interest rates. In London, the price of gold declined by \$25.25 an ounce to the low of the month of \$398 per ounce on November 12. The trend was reversed thereafter on market perception of an imminent decline in U.S. interest rates which materialized with the Fed's cut of the discount rate followed by the reduction in the prime lending rate by the commercial banks. The depreciation of the U.S. dollar, which lost 2.5 percentage points in effective terms during this period, and speculations about a further cut in the U.S. discount rate also supported the metal. The closing price of \$436 an ounce, also the high of the month, was \$12.75 an ounce above its level a month ago. Trading conditions were generally quiet; the standard deviation of daily fixings in London dropped to \$10.23 from \$15.64 an ounce a month earlier.

Gold prices also rose on futures markets over the month, with increases comparable to those on spot markets. The premia of futures prices over spot quotations were, however, little changed from those in October. They continued to remain below interest costs but by smaller margins than in the preceding month, as a result of the decline in these costs.

The bullion price increased in November by 3.01 per cent in U.S. dollar, 5.93 per cent in pound sterling, and 1.38 per cent in SDR; in terms of the Japanese yen and the Deutsche mark, the price in November was below its level a month ago by 7.36 per cent and 0.80 per cent reflecting the sharp appreciations of these currencies against the U.S. dollar. Compared with the price level a year ago, the spot price was higher by 5.19 per cent in U.S. dollar, 15.05 per cent in SDR,

CHART 1
GOLD PRICES IN LONDON AND PARIS
DECEMBER 1981 - NOVEMBER 1982
(In U.S. dollars per fine ounce)



17.13 per cent in Deutsche mark, 23.35 per cent in Japanese yen, and 26.11 per cent in pound sterling (see Table 3).

South Africa's output of newly mined gold dropped to 1.82 million ounces in November from 1.87 million ounces produced in the previous month. With 0.02 million ounces drawn from official holdings, gold marketed in November was estimated at 1.84 million ounces, down from 1.93 million ounces sold in the month before. The Philippines disposed of 30,000 ounces from its gold holdings in November, but Canada continued to refrain from selling gold from its official reserves.

Sales of South African Krugerrands increased substantially to 262,462 ounces in November from 50,768 ounces in the preceding month. The largest increase was concentrated in the one-ounce coin whose sales rose by 205,696 ounces to 235,951 ounces. Sales of the one-tenth ounce coin declined by 3,235 ounces to 6,663 ounces, while those of other denominations were up by 9,233 ounces to 19,848 ounces.

According to press reports, a number of countries have concluded or are arranging gold swaps. Brazil was said to have swapped seven tons of gold (225,000 ounces) in October, and the Philippines pledged 130,000 ounces in September. Argentina, Chile, Mexico, Uruguay and Venezuela were also reported to have either concluded swaps recently or entered into negotiations for that purpose. A leading U.S. bank reportedly acknowledged that it had quoted swap prices at the end of 1981 to Argentina, Brazil, Chile and Uruguay.

I. London and Zurich Markets

The price of gold in London rose slightly in the first two days of the month before firming interest rates on U.S. dollar-denominated assets brought it down to reach \$398 an ounce on November 12 from \$431 per ounce on November 2. Market expectations of a cut in the Fed's discount rate raised it to \$417.60 an ounce on November 19. It declined slightly to \$409.25 per ounce on November 24, but rose thereafter to \$436 an ounce at end-November. The price increase in the second half of November was associated with a sharp depreciation of the U.S. dollar on foreign exchange markets. The closing price was \$12.75 per ounce higher than its level in the past month, and \$38 an ounce higher than the lowest price in the month. The daily average price (\$415 an ounce) was lower by \$7.48 per ounce than the corresponding price in October. In Zurich, gold prices continued to move with those in London.

Coin prices also firmed in November. The Krugerrand was up by \$11.50 to \$449 an ounce and its premium over the spot price in London was 2.98 per cent compared with 3.37 per cent in the preceding month. The premia of mini-Krugerrands dropped slightly to 6.42-11.81 per cent from 6.56-12.23 per cent. The New Sovereign gained the equivalent of

\$11.66 per ounce to reach \$438.05 an ounce. Its premium over the bullion price declined 0.27 percentage point to 0.47 per cent. The premium of the one-half New Sovereign also dropped modestly to 20.32 per cent from 20.43 per cent a month earlier.

II. Paris Market

Gold price movements in Paris broadly conformed with those in London. The price of the 12 1/2 kilo bar firmed slightly to F 99,000 a kilo (equivalent to \$424.09 per ounce) on November 2, dropped significantly to F 94,500 per kilo (\$401.83 an ounce) on November 12 before rising to F 96,700 a kilo (\$417.75 per ounce) on November 19. It then declined on November 24 only to rise to F 97,300 a kilo (\$431.07 per ounce) on November 30. This closing price was F 1,200 a kilo lower than its French franc level a month ago but higher by \$8.56 per ounce in U.S. dollar terms. The daily average price (F 96,009 a kilo equivalent to \$413.70 per ounce) was below the corresponding price in October by F 755 per kilo (\$7.54 an ounce); its discount from the spot price in London was almost unchanged at 0.31 per cent. The daily volume of trading in Paris dropped sharply to 4,738 ounces valued at F 14.15 million from 6,296 ounces valued at F 18.95 million traded in the preceding month.

The price of the Napoleon declined modestly by \$1.26 an ounce to the equivalent of \$509.43 per ounce, with its premium over the bullion price in London dropping by 3.82 percentage points to 16.84 per cent. Turnover in the coin fell to a daily average of 1,563 coins compared with 1,824 coins in October.

III. Other Spot Markets

Gold prices also rose on other spot markets. On the New York Commodity Exchange, the price increased by \$22.90 to \$442.60 an ounce, with its October discount from London's spot price of 0.96 per cent changing into a premium of 1.51 per cent. In both Singapore and Hong Kong, gold was traded at \$428.50 an ounce at end-November, \$8.75 an \$8.70 per ounce, respectively, above their levels a month earlier. Prices in these markets continued to be at a discount from the spot price in London which widened to 1.72 per cent from 0.83 per cent and 0.82 per cent, respectively in the previous month. In Bombay, the price firmed by Rs 30 per 10 grams to Rs 1,770 per 10 grams. In U.S. dollar terms, it rose by \$27.30 to \$577.44 an ounce, and its premium over London widened by 2.46 percentage points to 32.44 per cent.

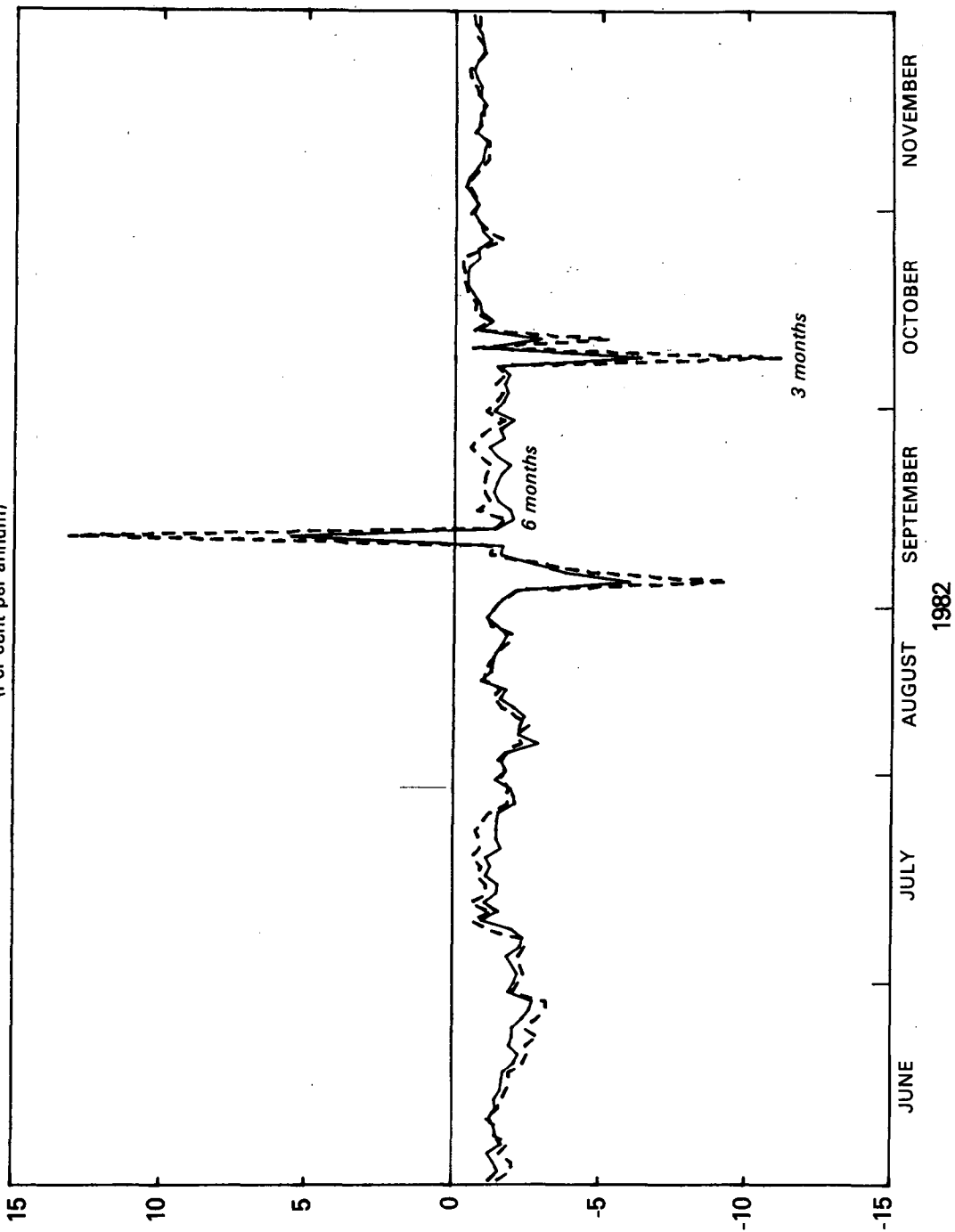
IV. Futures Markets

Gold prices rose on futures markets over the month by \$19.50-\$21.70 per ounce for contracts maturing between February 1983 and April 1984

(see Table 1). During the month, prices were little changed compared with those of the preceding month while interest costs declined by 0.66-0.77 percentage point. As a result, annualized premia of futures prices over spot quotations continued to be negative when adjusted for these costs. These interest cost adjusted discounts narrowed to 0.80 per cent and 0.79 per cent for the three- and six-month contracts, respectively, from 1.57 per cent and 1.34 per cent in October. Over the month, the discount widened for the three-month maturity to 0.80 per cent from 0.51 per cent, but narrowed marginally for the six-month contract to 0.60 per cent from 0.64 per cent.

The volume of trading increased on the New York Commodity Exchange (COMEX) to 5,617,800 ounces daily from 5,114,800 ounces in the preceding month, but dropped on the International Monetary Market (IMM) to 623,000 ounces from 717,400 ounces in the past month. Trading volume on the London Futures Market continued to rise in November to 102,709 ounces daily from 72,666 ounces in October. The number of contracts outstanding rose on the COMEX by 912,400 ounces to 12,187,700 ounces in November and on the IMM by 51,600 ounces to 849,900 ounces.

CHART 2
THREE AND SIX MONTH FUTURES PRICES¹
PREMIUM (+), OR DISCOUNT (-)
(Per cent per annum)



¹Annualized premium of three and six-month futures prices on the New York COMEX over spot prices minus euro-dollar interest rates.

CHART 3
WEEKLY AVERAGE FUTURES VOLUMES ON
THE NEW YORK AND CHICAGO IMM

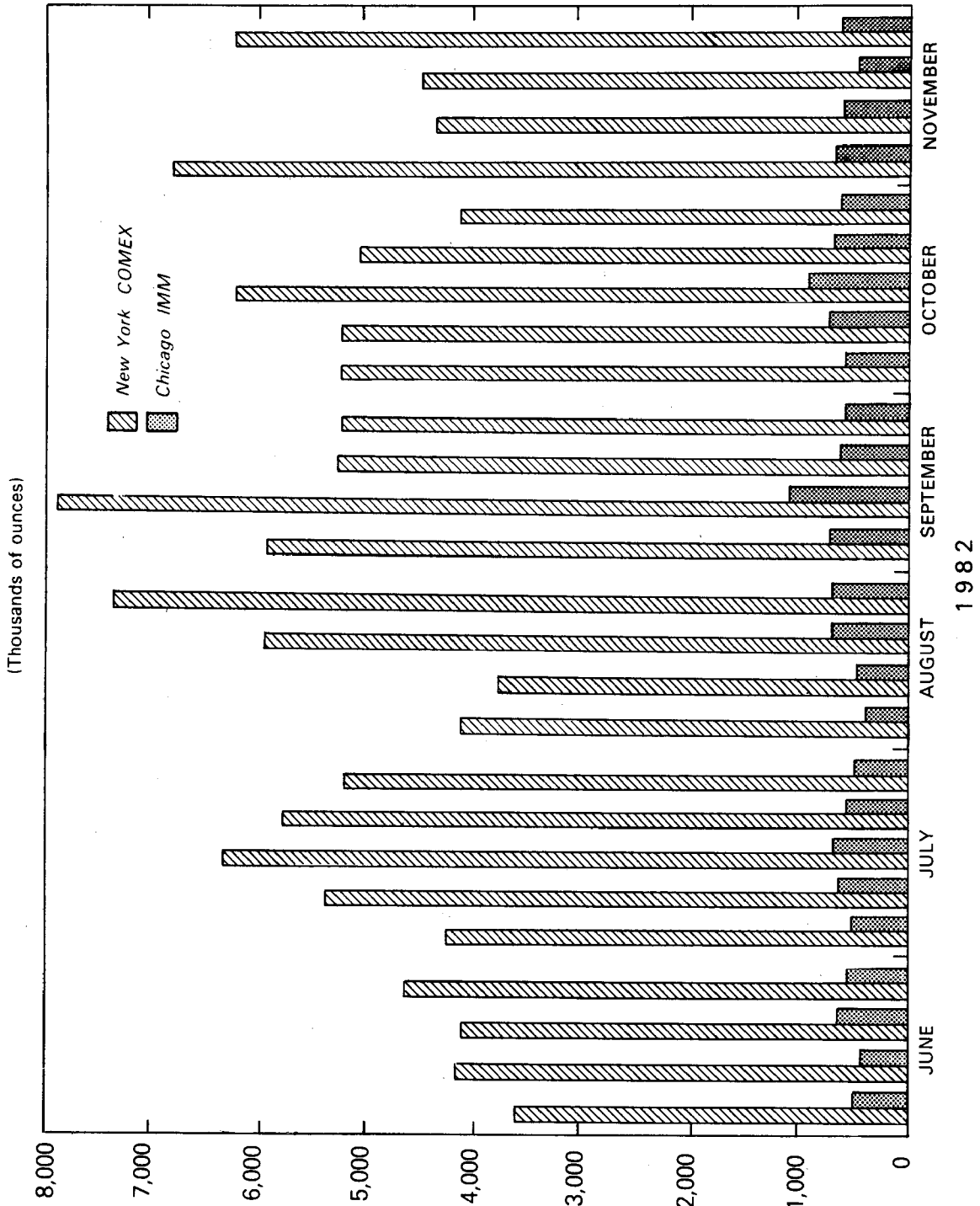


Table 1. Gold Prices, September-November 1982

(U.S. dollars per fine ounce)

	1982			Change from October
	September	October	November	to November
<u>London market</u>				
End of month	397.00	423.25	436.00	+12.75
High of month	488.50	448.00	436.00	-12.00
Low of month	394.75	387.25	398.00	+10.75
Average of month	437.73	422.48	415.00	-7.48
Krugerrand (end of month)	406.25	437.50	449.00	+11.50
% on London	+2.33	+3.37	+2.98	-0.39
New Sovereign (end of month)	401.41	426.39	438.05	+11.66
% on London	+1.11	+0.74	+0.47	-0.27
<u>Zurich market (middle quotations)</u>				
End of month	397.00	424.50	437.50	+13.00
High of month	497.50	451.00	437.50	-13.50
Low of month	393.50	386.50	398.00	+11.50
Average of month	437.09	422.85	415.09	-7.76
<u>Paris market</u>				
End of month	394.34	422.51	431.07	+8.56
High of month	469.39	441.92	431.50	-10.42
Low of month	394.34	389.55	397.98	+8.43
Average of month	425.05	421.24	413.70	-7.54
% on London	-2.90	-0.29	-0.31	-0.02
Napoleon (end of month)	472.88	510.69	509.43	-1.26
% on London	+19.11	+20.66	+16.84	-3.82
<u>Other markets (end of month)</u>				
New York	398.50	419.70	442.60	+22.90
% on London	+0.38	-0.96	+1.51	+2.47
Singapore	393.37	419.75	428.50	+8.75
% on London	-0.91	-0.83	-1.72	-0.89
Hong Kong	393.00	419.80	428.50	+8.70
% on London	-1.01	-0.82	-1.72	-0.90
Bombay	533.59	550.14	577.44	+27.30
% on London	+34.41	+29.98	+32.44	+2.46
<u>Futures Prices on the New York Commodity Exchange</u>				
Delivery: February 1983	411.70	429.50	449.00	+19.50
April 1983	418.90	436.20	456.20	+20.00
October 1983	441.30	457.50	478.70	+21.20
April 1984	465.60	480.60	502.30	+21.70

Table 2. Selected Statistics on South African Gold Production and Sales

(In millions of fine troy ounces)

Time period	Production	Changes in official gold holdings	Estimates of gold marketed	Krugerrand Sales	
				Physical amount	Per cent of gold marketed
<u>1980</u>	<u>21.67</u>	<u>+2.12</u>	<u>20.48</u> <u>1/</u>	<u>3.14</u>	<u>15.3</u>
January	1.81	+0.20 <u>2/</u>	1.81	0.29	16.0
February	1.84	+0.73 <u>2/</u>	1.84	0.01	0.5
March	1.79	+0.47	1.32	0.12	9.1
April	1.77	-0.19	1.96	0.26	13.3
May	1.82	+0.08	1.74	0.23	13.1
June	1.82	+0.02	1.80	0.23	12.8
July	1.91	+0.45	1.46	0.26	17.8
August	1.82	+0.04	1.78	0.27	15.2
September	1.80	+0.20	1.60	0.26 <u>3/</u>	16.3
October	1.83	+0.13	1.70	0.36	21.2
November	1.77	--	1.77	0.41	23.2
December	1.69	-0.01	1.70	0.44	25.9
<u>1981</u>	<u>21.13</u>	<u>-2.86</u>	<u>20.81</u> <u>4/</u>	<u>3.56</u>	<u>17.1</u>
January	1.73	+0.07	1.66	0.28	16.9
February	1.73	+0.06	1.67	0.32	19.2
March	1.78	-0.03	1.81	0.35	19.3
April	1.76	+0.03	1.73	0.12	6.9
May	1.74	-0.03	1.77	0.11	6.2
June	1.80	+0.03	1.77	0.21	11.9
July	1.79	-0.02	1.81	0.45	24.9
August	1.80	-0.02	1.82	0.41	22.5
September	1.77	+0.12	1.65	0.22	13.3
October	1.82	-2.64	1.82 <u>4/</u>	0.33	18.1
November	1.77	-0.54	1.77 <u>4/</u>	0.41	23.2
December	1.64	+0.11	1.53	0.36	23.5
<u>1982</u>					
January	1.68	-0.13	1.81	0.38	21.0
February	1.70	-0.08	1.78	0.31	17.4
March	1.72	--	1.72	0.66	38.4
April	1.76	-0.06	1.82	0.14	7.7
May	1.76	+0.04	1.72	0.14	8.1
June	1.85	-0.03	1.88	0.21	11.2
July	1.84	-1.34	1.84 <u>4/</u>	0.15	8.2
August	1.84	-0.06	1.90	0.06	3.2
September	1.82	+0.05	1.77	0.02	1.1
October	1.87	-0.06	1.93	0.05	2.6
November	1.82	-0.02	1.84	0.26	14.1

1/ Adjusted to take account of 0.93 million ounces of gold repurchased in January and February under swap arrangements.

2/ Rise in official holdings attributed mainly to the repurchase of a portion of the gold sold previously under swap arrangements.

3/ Effective September, sales of Krugerrand include the new 1/2-, 1/4-, and 1/10-ounce coins as well as the traditional 1-ounce coin.

4/ Estimate takes account of gold believed to have been sold under swap arrangements.

Table 3. The Movement of Gold Prices in Terms
of Various Currencies and the SDR

(Per cent change from the previous period)

End-of-period	U.S. dollar	Deutsche mark	Pound sterling	Japanese yen	SDR
<u>1979:</u> November	+8.81	+4.35	+2.65	+14.17	+6.95
December	+26.07	+25.76	+24.96	+21.36	+25.18
<u>1980:</u> January	+24.62	+25.92	+21.98	+24.15	+24.77
February	-2.45	-0.61	-2.70	+2.58	-1.56
March	-22.37	-14.73	-18.33	-22.89	-19.11
April	+4.75	-3.38	+0.19	+0.29	+1.23
May	+3.38	+2.13	-0.34	-3.72	+2.07
June	+22.04	+21.06	+21.38	+20.38	+20.83
July	-6.01	-5.14	-5.49	-2.79	-5.12
August	+2.77	+3.43	+0.47	-0.98	+2.51
September	+5.62	+6.86	+6.04	+1.65	+5.85
October	-5.66	-0.81	-7.60	-5.57	-4.02
November	-1.47	-0.38	+1.83	+1.11	-0.44
December	-4.88	-2.61	-6.15	-10.82	-4.78
<u>1981</u> January	-14.08	-7.18	-13.23	-12.56	-11.92
February	-3.46	-3.50	+3.64	-2.03	-1.81
March	+5.06	+4.07	+3.71	+5.83	+4.62
April	-6.03	-1.58	-1.94	-4.01	-3.69
May	-0.73	+4.64	+2.61	+3.01	+1.69
June	-11.11	-8.66	-4.67	-9.94	-9.60
July	-4.69	-1.45	+0.15	+1.06	-2.72
August	+4.68	+3.49	+4.25	+0.31	+4.18
September	+0.88	-4.17	+3.16	+1.66	-0.17
October	-0.41	-3.92	-3.55	-0.18	-0.98
November	-2.93	-4.19	-7.54	-10.68	-5.35
December	-3.50	-2.49	-1.51	-1.02	-2.10
<u>1982</u> January	-3.25	+0.19	-1.37	+0.54	-1.89
February	-6.30	-3.41	-3.27	-2.64	-4.56
March	-11.75	-10.66	-9.82	-7.66	-10.65
April	+12.89	+8.85	+12.04	+7.25	+11.23
May	-9.97	-9.34	-9.80	-7.13	-9.52
June	-2.38	+2.29	+0.75	+2.33	+0.47
July	+8.00	+8.26	+7.85	+9.27	+8.02
August	+20.01	+21.54	+21.19	+21.43	+21.00
September	-3.52	-2.32	-2.02	-0.79	-2.56
October	+6.61	+7.94	+7.74	+10.03	+7.61
November	+3.01	-0.80	+5.93	-7.36	+1.38
November 1982 to November 1981	+5.19	+17.13	+26.11	+23.35	+15.05

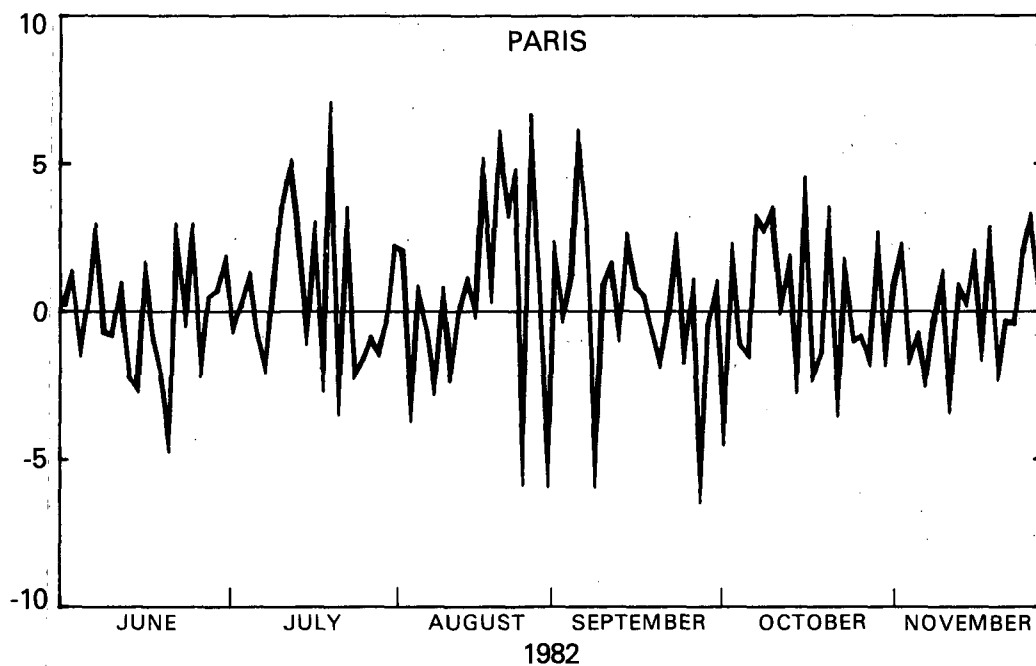
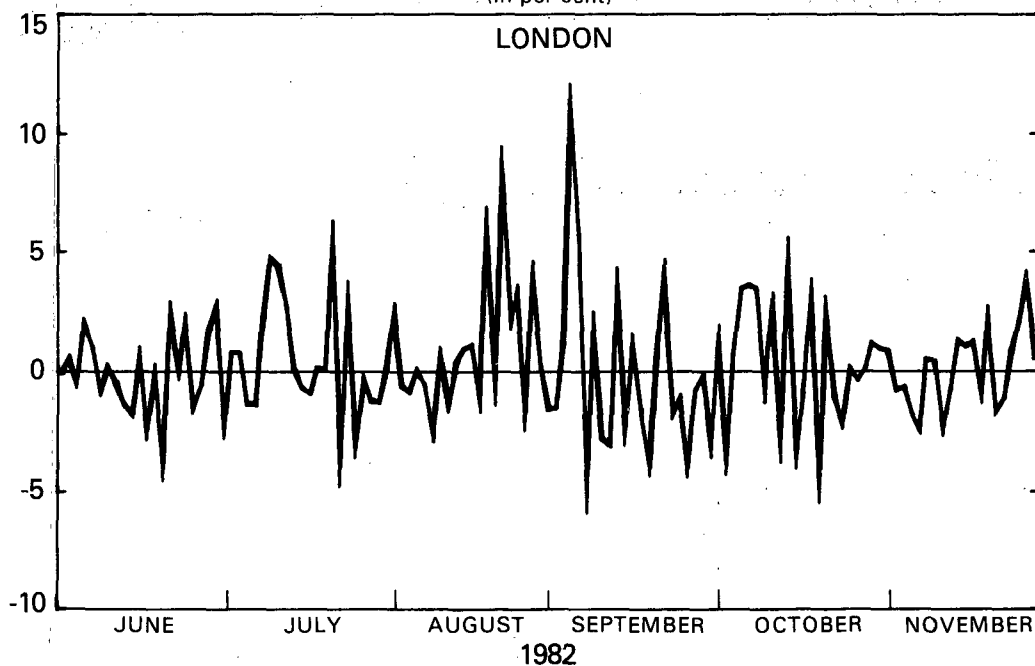
Table 4. Daily Prices in the Major Gold Markets

(U.S. dollars per fine ounce)

Date	London		Zurich		Paris		New York
	A.M. fixing	P.M. fixing	Opening (middle quotations)	Closing	Midday fixing	P.M. fixing	Closing
<u>1982</u>							
Nov. 1	426.75	427.25	424.25	427.25	n.a.	n.a.	429.40
2	431.50	431.00	432.50	430.50	n.a.	n.a.	n.a.
3	433.50	427.50	434.50	431.50	431.50	431.14	423.20
4	426.00	424.75	424.75	423.00	425.15	424.09	426.70
5	423.00	417.50	423.25	420.50	422.13	420.59	416.70
8	411.00	407.25	410.00	408.50	411.29	410.93	405.50
9	410.00	409.25	409.00	409.50	410.93	409.54	412.00
10	412.00	411.00	411.25	411.50	412.17	413.95	403.30
11	408.00	401.25	409.25	400.75	n.a.	n.a.	404.40
12	400.00	398.00	405.50	398.00	397.98	401.83	409.00
15	404.50	403.25	402.75	404.50	405.06	405.13	405.10
16	404.00	407.50	401.50	408.75	405.74	406.25	410.20
17	412.60	412.50	410.50	413.75	414.20	413.50	407.50
18	409.25	408.50	409.75	408.00	407.34	408.36	412.30
19	417.00	417.60	418.50	417.75	404.78	417.75	413.90
22	413.40	410.50	412.50	410.75	409.64	409.49	405.20
23	404.75	406.00	404.00	405.75	405.29	407.98	404.80
24	404.50	409.25	403.50	405.75	403.42	406.28	411.20
25	410.25	410.00	411.50	411.25	410.11	412.31	n.a.
26	413.75	417.75	413.75	417.50	416.54	414.39	427.30
29	428.50	434.00	431.25	429.50	427.17	427.17	434.30
30	428.25	436.00	428.25	437.50	428.52	431.07	442.60

CHART 4
DAILY CHANGES IN GOLD PRICES¹

(In per cent)



¹Calculated from afternoon fixing prices expressed in terms of U.S. dollars per fine ounce.