

SM/10/102

STRICTLY CONFIDENTIAL

April 27, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Monthly Report on Sales of Gold on the Market—March/April 2010**

Attached for the **information** of the Executive Directors is the monthly report on sales of gold on the market—March/April 2010.

It is not intended to publish this paper on the Fund's external website owing to market sensitivity considerations.

Questions may be referred to Mr. Beaumont, FIN (ext. 37411).

This document will shortly be posted on the secure page of the extranet, a website for Executive Directors and member country authorities.

Att: (1)

INTERNATIONAL MONETARY FUND

Monthly Report on Sales of Gold on the Market: March/April 2010

Prepared by the Finance Department

(In consultation with the Legal Department)

Approved by Andrew Tweedie

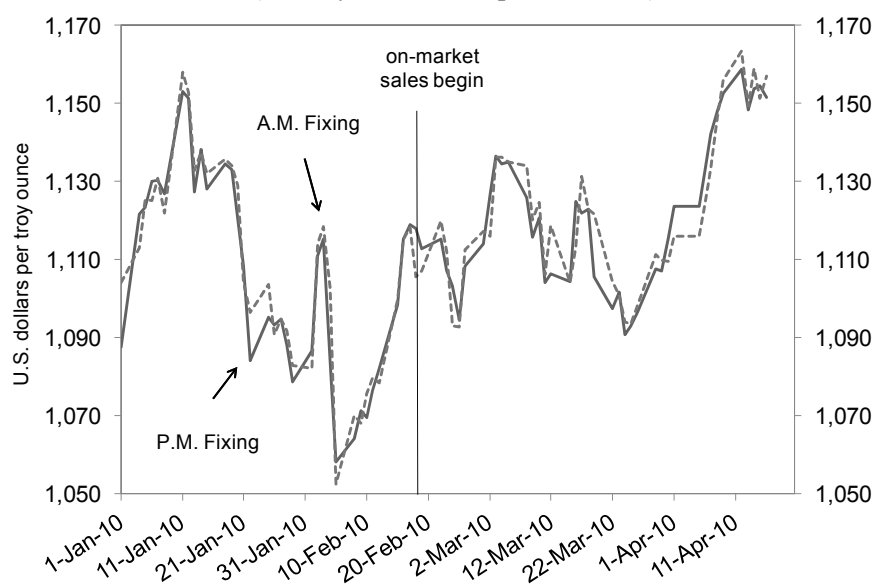
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1. In accordance with the Executive Board decision authorizing limited sales of gold, this report summarizes developments in the second month of the on-market sales, covering market developments, quantities sold and average prices realized, and a comparison with widely used benchmarks, i.e., the average of London gold market fixings.^{1 2}

2. **Market Developments:** In the month ending April 16, gold prices fluctuated in a wider range than in the previous month, with the average London gold fixing rising to US\$1,125.59 per troy ounce from US\$1,116.58 in the previous month (Figure 1).

Figure 1. London Market Gold Prices

(January 1, 2010 – April 16, 2010)



Source: Finance Department

¹ *Modalities for Limited Sales of Gold by the Fund* (SM/09/243, 9/4/09) and DEC/14425-(09/97), 9/18/09.

² For information on the first month of sales see *Monthly Report on Sales of Gold on the Market February/March 2010* (SM/10/69, 3/25/2010).

3. **Sales Volume and Proceeds:** A total of 516,010.977 troy ounces (16.05 metric tons) of gold was sold during the period March 18 to April 16. These sales generated proceeds of SDR 381.75 million (US\$580.51 million), based on the Fund's representative exchange rates prevailing on the day of each sale transaction (Table 1, top panel).

Table 1. Summary of On-Market Sales
(Transactions between March 18 and April 16, 2010)

Total gold volume sold			
In fine troy ounces	516,010.977		
In metric tons	16.05		
Total proceeds		In SDR	In USD Equivalent
Valued at IMF official exchange rates 1/		381,746,073	580,513,968
Valued at market exchange rates 2/			580,820,381
Average sale price		SDR per troy ounce	USD per troy ounce
Valued at IMF official exchange rates 1/		739.80	1,125.00
Valued at market exchange rates 2/			1,125.60
Average London gold fixing price		740.19	1,125.59
Currencies Used in Payments	In Currency	SDR Equivalent	Share (percent)
USD	261,494,658.23	172,063,974.00	45.1
EUR	215,365,366.07	190,862,829.00	50.0
GBP	0.00	0.00	0.0
JPY	2,648,136,046.00	18,819,270.00	4.9

Source: Finance Department

1/ Official exchange rates in effect on the day of each sale, as used to value proceeds in Fund accounts.

2/ Best market exchange rates obtained for each sale at the time of London gold fixings.

4. **Sales Prices compared with Benchmarks:** The sales were implemented as specified in the agreement with the agent. Sales were conducted at prices incorporating a premium paid by the agent over the London gold fixing, and for sales settled in currencies other than the U.S. dollar, the sales price also reflects market exchange rates at the time of the London gold fixings (10:30 am and 3:00 pm GMT), net of a cost margin. On this basis, the average sales price was \$1,125.60 per fine troy ounce, 1 cent per troy ounce above the average London fixing, as the premium over the London gold fixing on average slightly exceeded the cost margin. In practice, there is also a timing difference between the market exchange rates used to price each sales transaction and the Fund's representative exchange rates used to value the proceeds on the IMF's

accounts, which can have a positive or negative effect on the value of daily proceeds.³ In the second month of sales, this timing difference lowered the average price to US\$1,125.00 per troy ounce, 59 cents per troy ounce below the average London gold fixing (Table 1, middle panel).

5. **Currency Composition of Proceeds:** Sales were conducted in three of the four currencies included in the SDR valuation basket (Table 1, lowest panel), with the intention of broadly reflecting the relative quota shares of these currencies over the course of the sales program.

6. **Cumulative Sales:** In total, since the Executive Board decision authorizing the sale of gold on September 18, 2009, the Fund has sold 7.8 million troy ounces (244 metric tons) of gold, or 60.5 percent of the total authorized sale of 12,965,649 troy ounces. Total cumulative proceeds of SDR 5.3 billion have been generated, equivalent to US\$8.3 billion, at an average sale price of US\$1,061.18 per troy ounce (Table 2).

Table 2. Summary of Total Sales

(Off-market sales to Official Holders and On-market sales through April 16, 2010)

	In SDRs (millions)	In USD (millions)
Total proceeds	5,266.34	8,328.09
Sales off-market to official sector	4,508.46	7,171.53
Sales on-market	757.87	1,156.56
Volume (troy ounces)	7,847,937.649	7,847,937.649
Sales off-market to official sector	6,815,950.034	6,815,950.034
Sales on-market	1,031,987.615	1,031,987.615
Effective average price (per troy ounce)	671.05	1,061.18
Sales off-market to official sector	661.46	1,052.17
Sales on-market	734.38	1,120.71

Source: Finance Department

³ Representative exchange rates are reported to the Fund by the issuing central bank based on the procedures established under Rule O-2.