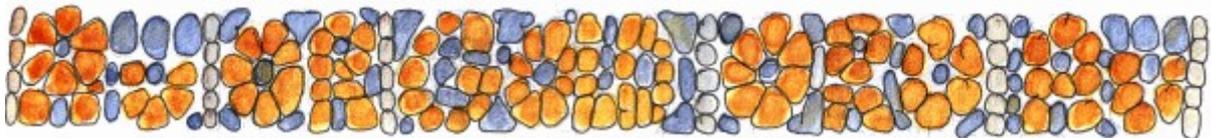


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# Production of gold in the world

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The subject will not be here the gold currency, the money supply, inflation or the gold standard, but the situation of the production of gold in the world. That made today almost 6 years that the world production of gold stagnates, and even drops, however the rise in the prices of the ounce of gold would have to support an increase in the world production of gold. It has a few years the large Gurus of finance had however predicted us that the rise that they considered impossible “barbarian relic” would make climb the production of gold and would be fatal at the price of the ounce of gold. Today, the price of the ounce of gold has almost triplet and the production of gold succeeds in with difficulty being maintained on the same level....

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### **Fall of the world production of gold?**

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This subject, I already approached it in 2004 in threedistinct articles on the production from gold, they are however always of topicality (the world production of gold : [1. cycles](#), [2. analyzes technical](#), [3. History](#)).

#### **A. Preceding waves of depression.**

There were at the XX<sup>ème</sup> century three large waves of depression of the production of gold :

-- 1914-1918 (First World War)

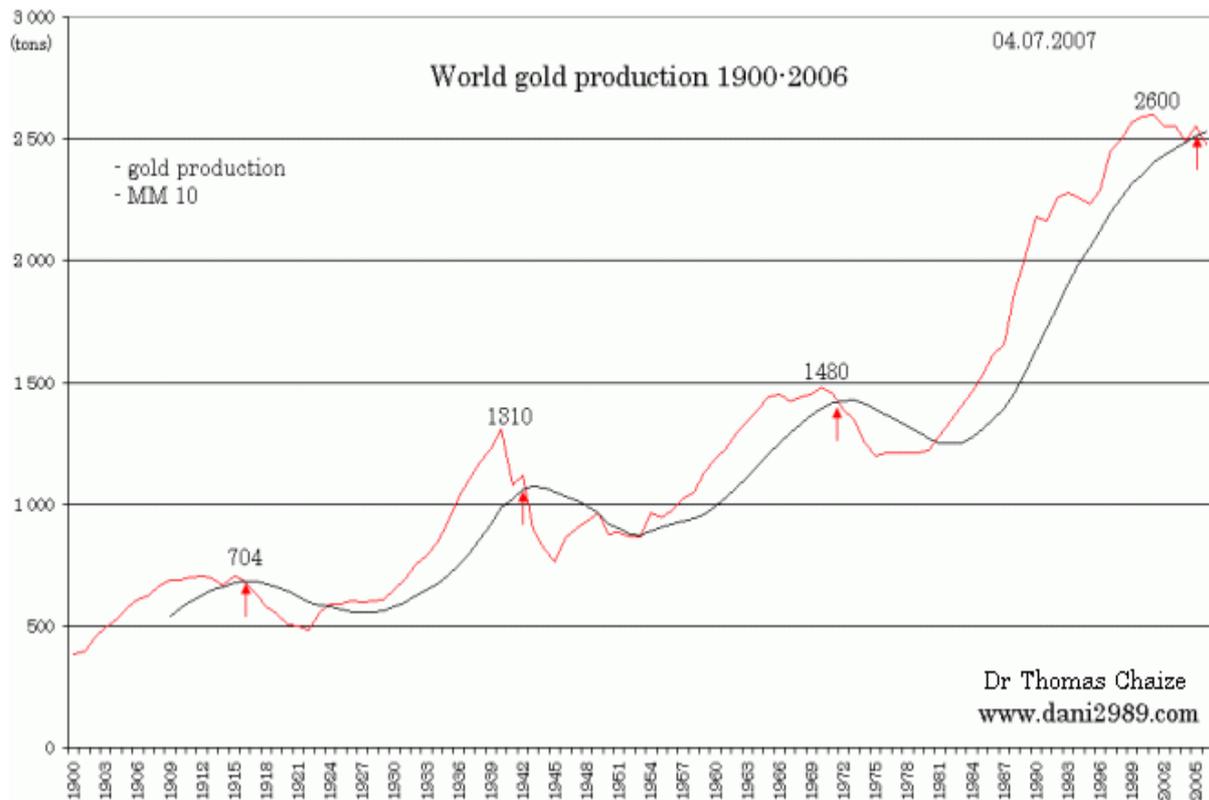
-- 1939-1945 (Second World War)

-- 1970 (End of the standard gold of the dollar “*Gold Bullion Standard*” and massive sales of the Central Banks) It should be noted that after each wave of depression of the production of gold, it is necessary then between 15 and 20 years with gold to exceed its precede top.

#### **B. Stagnation/lowers production of gold since 2001.**

The maximum of the world production of gold took place in 2001 with 2600 tons of gold produces in one year in the world. Since this date, the world production of gold lowers every year slightly whereas the yellow ransom price increases with force and constancy. The rise record of the ransom prices of 255\$ with more than

700 dollars was not enough to maintain the production of gold on its level of 2001.



[pdf](#)

## **Reasons of the fall of the world production of noble metal**

### **A. Too weak mining investments.**

- The principal reason is the obvious lack of investment in mining exploration in the years 1990 because of the price of the ounce of ridiculously low gold. The fall continues ransom prices since the years 1980 obliged the gold bearing mines to reduce their investments of exploration to the minimum. In spite of a restarting of mining exploration since 2001, it is necessary to wait between 5 to 10 years between the discovery of a layer and the cast iron of the first gold ingot.

- The rise in the price of the ounce of gold in dollar left the mining companies their long gold bearing hibernation, that had many positive effects on the production of gold, sufficiently to prevent that the production does not decline brutally, but not enough to find new Klondike or Eldorado. In spite of the alarm clock of the investment in exploration the production stagnates fault of discovered of layer of world class. The large gold producers are not mistaken there, they prefer to repurchase their competitors rather than to seek new gold bearing nuggets.

## **B. The peak of production.**

The rise in the price of the ounce of gold had a stimulating effect on the world production of gold, it prevented that the production of gold does not drop brutally. It seems to me that this beginning (to be confirmed) of wave of depression of the production of gold has origins different that the preceding waves of depression from the XX<sup>ème</sup> century, which had exogenic origins (firts and 2nd World Wars, monetary policy). Admittedly, there is a great inertia between the resumption of exploration and the production, but I am not sure that that is enough to explain this stagnation/lowers production of gold. In spite of this inertia, the production of gold should already give the first signs of recovery, nevertheless it is not the case. This stagnation/lowers production of gold seems me to have endogenous origins with the production of gold, it is not the world which cause a drop in the production of gold, it is the production which deprives the world of gold, which is very different.

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## **Future of the production of gold?**

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### **A. Increasingly weak gold concentration.**

It still remains of gold to extract a little everywhere in the world (gold has a great geographical distribution), but with contents and concentrations increasingly low. Sometimes in South Africa (first world producer), it is necessary to go to seek gold in seams with 4000 meters of depth under appalling human conditions, with complex techniques and a very high energy cost. For a ton of ore, one collects only 3 or 4 grams of gold. The gold contents in the ore changed much since the time of the gold rush and the minor with his “jamb” on the edges of a river which exploits an alluvial layer, in the USA, in Canada or in Australia at the XIX<sup>ème</sup> century. Finished the discovery of gold nuggets of several kilograms on the edge of a river by a lucky prospector. As example, a gold mine in a quartz layer of California in the middle of the XIX<sup>ème</sup> century with contents considered as very low at the time, contained between 15 and 35 grams of gold per ton! Seek a little to see today a gold layer with a content of one ounce gold per ton (31.103 grams)! Even in Europe, there was gold, but the exploitation is so old (Antiquity), the contents are so weak today that very few mines are still profitable. It in the world but with which cost of exploitation remains gold? If I say to you that I have a fabulous gold layer, but that it is on the moon, you will easily include/understand that one cannot really regard it as a viable economic reserve, it is a little the situation of gold in the world today...

### **B. Raise inescapable production costs.**

Each year which master key sees the average cost of the production but to increase, and this tendency is final. In spite of increasingly effective techniques of

exploration, the layers discovered are smaller and with lower contents, i.e. less and less profitable. That one discovers new layers, no doubt, but they will be further, smaller and more expensive, under these conditions it is difficult for the ounce of gold to fall down one day at the cost of 2001.

It is still necessary to wait a few years to know if the rise in the price of the ounce of gold can allow the exponential curve production of gold to continue its insane growth. It is however already possible to doubt it today, even if it is necessary, because of inertia between exploration and production, to still wait a few years to speak about final or temporary decline and peak of production of the production of gold in the world.

Here the quotation of an economist whom the journalist Tymothy Green reports in 1968: *“Say to me when the man changes and me I will say to you when the importance of gold will cease”*.

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