

Gold production in World 2010

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Historically, gold is rare because of the poverty of precious yellow metal in gold mines. Despite all the difficulties, the world gold production managed to grow for centuries; it is multiplied by 4 in 100 years. But since 2001, the miraculous growth of world gold production appears to have peaked. The hierarchy of global gold producers are upset by the decline in South Africa production and the

I. Peak of world gold production.

Since 2003, [I draw your attention to peak production of gold in the world](#) in 2001. In 2009, despite a small increase, gold production has not reached its peak in 2001: 2600 tons of gold. Gold production rose from 2260 in 2008 to 2350 tonnes in 2009 according to estimates by the USGS, an increase of 3.9% of world gold production. In 2009 gold production has increased, but it does not reverse the trend of declining gold production in the world. The year 2009 is outstanding with high prices per ounce of gold, a stabilization of production costs caused on crisis and increased production of industrial metals caused on increased Chinese demand. Gold production for 2009 is 9.6% below its peak of 2001. Since 2001, in annual average, the price of an ounce of gold rose from 271 dollars to 871 dollars, an increase of 221%. Gold price has more than tripled and production fell by 9.6%. The most optimistic think that there is a lag between rising prices and increased gold production, it is possible, but the earlier great waves of lower production were shorter and had major

II. Major gold producing countries.

For the third consecutive year, **China** is the world's largest producer of gold. It beat its previous record, the Chinese gold production rose from 285 to 300 tons of gold from 2008 to 2009. Gold production in China increased by 62% since 2001 while world output fell by 9.6% during the same period. China needed both as a consumer, and as a producer of gold also (we often forget).

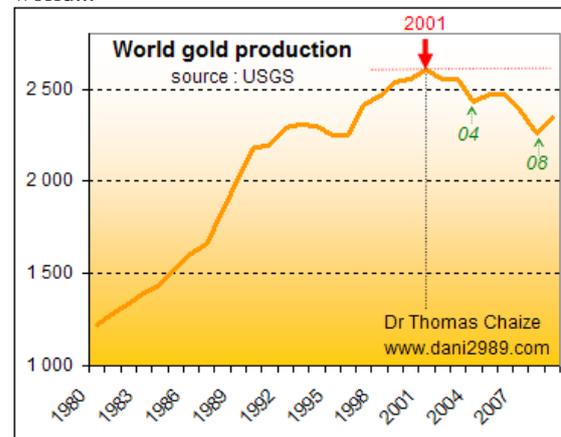
Australia is the second largest gold producer in the world with 215 tonnes. Production is down 2.3% compared to 2008. Australia moves from fourth to second its production declined more slowly than that of South Africa and USA. Australian gold production declines steadily since its peak in 1998.

South Africa has lost its place of No. 1 gold production in 2007. It is now the third largest in the world with the USA. Gold production in South Africa is below that of 2008 (213t) with 210 tonnes of gold produced. Gold production in South Africa has almost halved since 2001 (402 tonnes of gold). The decline of gold production in South Africa in

continued rise in China gold production in that began decades ago.

In 2009, price of a gold ounce was averaged 871 dollars per ounce, 872 dollars an ounce in 2008. Thus 2008 and 2009 are the two best years for the price of gold for 150 years. After 9 years of rising gold prices and two record years, the result is a small increase in gold production in 2009, change of trend or simply a pause in decline?

causes conjecturally: Wars Global and end of gold standard (massive sales of gold by central banks). First World War lowers gold production for 6 years, the second for 5 years and the end of the Gold Standard for 5 years. Today, from 7 to 8 years gold production is down without official reasons. I will offer one: The peak of gold production in the world...



2009, like 2008, can be attributed in part to problems of electricity production. But for 39 years, production of gold in South African decreases because of depletion of its best deposits. Gold deposits of Witwatersrand are to gold production that Ghawar is to producing oil. Its maximum output of gold was achieved for almost 40 years. No gold-producing countries can ever produce as much gold as the Witwatersrand in the 1960s.

The **U.S.** is third with a production of 215 tonnes of gold, the same output as South Africa. Gold production in U.S. have declined since peak (record year) of 1998. State of Nevada produces 3/4 of gold production in the USA.

Russia gold mines produced 185 tonnes of gold in 2009, an increase of 5.1% over 2008 and 21% over 2001. The record year of gold production in Soviet Union is 1989 with 304 tonnes. For Russia, 2009 with 185 tonnes of gold was a record year. The three largest producers of gold produced each year

third of Russian gold. Russia guards, such as China, growth potential of its gold production.

Peru produced 180 tonnes of gold in 2009, a good half comes from the two provinces of northern Peru: Libertad and Cajamarca.

Gold production in Peru grew by 30.4% since 2001 and 0% since 2008. But gold production in Peru is still 15.5% below its 2005 record with 208 tons of gold.

Canada is The country of mining, not only for these abundant resources but also because half mines in the world are listed in Canada. It is important to note that the country contains geologists and mining engineers among the best in the world. Nevertheless, the Canadian gold production fell by 43% since 1991, 30% since 2001 and increased by 5.2% since 2008. Canada produced 95 tonnes of gold last year. Two main provinces of Canada for gold production are Ontario and Quebec. Gold production from these two provinces represents for more than three-quarters of gold production in Canada.

Indonesia is also an important producer of gold, 100 tonnes of gold were produced in 2009, an

III. Smaller countries gold producers.

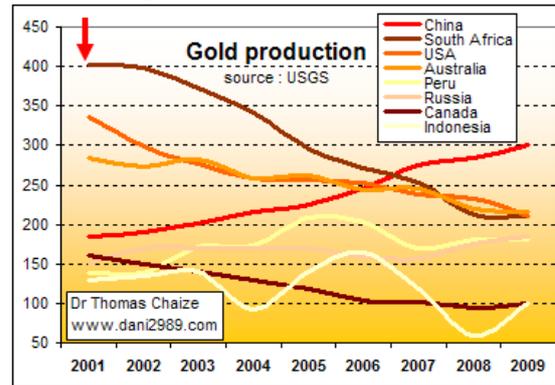
Smaller countries gold producers are those who do not belong to the group of eight leading world producers of gold. Their production is below 100 tons of gold: 3.2 million ounces of gold.

Production of these small gold producing country is unchanged since 2001, unlike the major producing countries is declining. The year 2009 is the first year of significant increase, 6.5% compared to 2008 while the major producing countries have a production rose only 2.5%. The same thing happened in 2004. At the end of 2003 and early 2004, this is period of the rush for gold exploration companies and gold mines. Everyone wanted to invest in a gold mine, the influx of capital has led to a small temporary resumption of world gold production in 2005.

Gold is well distributed on the Earth surface (everywhere in small amount), fortunately the small

increase of 66% over 2008 and down 23% compared to 2001.

In **the first 8 top gold producers** in the world, 6 are below their level of gold production up while in 2008 and 2009 were exceptional years as regards price of gold. These countries have seen their gold production fall by 16% since 2001, falling faster than overall world gold production (-9.6%). These eight countries produce nearly 2/3 of the gold in the world, that's problem...



gold-producing countries are numerous to compensate for their low production, this is the most important: Argentina, Bolivia, Brazil, Chile, Colombia, Ghana Kazakhstan, Mali, Morocco, Mexico, Papua, Philippines, Tanzania...

The list of small gold-producing countries includes 90 countries. These countries have at least one mine that produces gold, but together (the 90 countries) they produce just over half of the production of the first 8 gold producing countries. Their gold mines are poorer in gold, smaller and more scattered than those of large countries, they are naturally less profitable. Their production can only temporarily offset the decline in major gold producing countries. The rising price of one ounce of gold has more influence on production of small gold producing country than on major producing countries.

In 2009, gold production has increased slightly but it remains below its peak of 2,600 tonnes in 2001. The increase in production in 2009 caused on several favourable factors, 1° two record years for the price of one ounce of gold, 2° with the crisis production costs are stabilizing and 3° record production of industrial metals. Polymetallic gold mines produce several metals: gold, copper, gold and molybdenum and gold, silver, [zinc](#), copper and lead. Copper, lead and silver have record production in 2009. Zinc and molybdenum are near their production peak in 2008. There are also mines gold and uranium or gold, copper, silver and uranium. Uranium production was at record levels in 2009. The record production of its metal has increased the mechanical part of the world gold production.

First major gold producing countries in the world had their [first gold fever there is more than a century](#) 1838 in Siberia (Russia), 1848, California (USA), 1851 New South Wales (Australia), 1886 the Witwatersrand (South Africa), 1896 the Klondike (Canada), the gold vein is exhausted. The time for nuggets of gold and several kilograms of alluvial gold dust is gone, now is the time a ton of ore or rock for a few grams of gold. Historical gold producers have gold production, which weakens more and more each year. A small-time increase their gold production is possible but in any case a reversal is possible.

Two countries have a special position vis-à-vis gold production, Russia and China, both are at their gold production peak in 2009. Russia is at its highest level since Berlin Wall fall, but it is below the record of the Soviet Union between 1955 and 1984. Deficit is created between the production of gold mines and gold demand in the world (jewellery, electronics, dentists, currencies and gold medals, investments) of over 1000 tons of gold per year

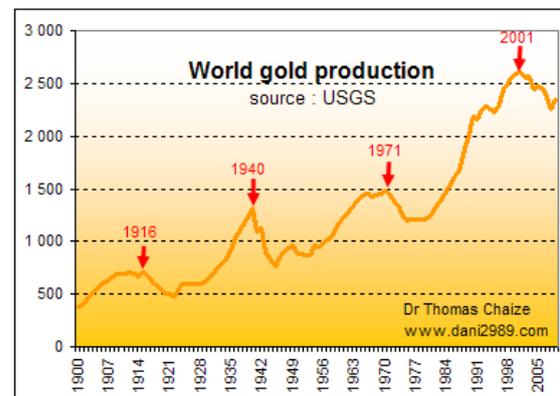
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over 20. It is filled by recycling and sales of central banks (stocks). In this situation of chronic deficit, we easily imagine the consequences of the inevitable decline in production of gold mines on the price of bullion. We lived for 9 years a slow decline in gold production to meet a sharp rise in the price of an ounce of gold. World gold production needs high gold price to maintain its production level.

In 2009, thanks to high prices of gold, but also stagnant costs and increased production of polymetallic gold, world gold production has increased. From 1 to 3 years, it is possible that production stagnates or increases slightly if these three points stay favourable.



In the longer term, 5, 10 or even 15 years, it seems very likely that gold production continues to decline because the origins of this decline are structural, [endogenous to the world gold production, while the causes of the three previous large waves of declining gold production in the world were conjectural and exogenous.](#)