

## GOLD

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

**Domestic Production and Use:** Gold was produced at about 50 lode mines, a few large placer mines (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 operations yielded more than 99% of the gold produced in the United States. In 2010, the value of mine production was about \$8.9 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, 69%; electrical and electronics, 9%; dental and other, 22%.

<b>Salient Statistics—United States:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>e</sup></b>
Production:					
Mine	252	238	233	223	230
Refinery:					
Primary	181	176	168	170	180
Secondary (new and old scrap)	89	135	181	189	205
Imports for consumption <sup>2</sup>	263	170	231	320	540
Exports <sup>2</sup>	389	519	567	381	380
Consumption, reported	185	180	176	150	150
Stocks, yearend, Treasury <sup>3</sup>	8,140	8,140	8,140	8,140	8,140
Price, dollars per ounce <sup>4</sup>	606	699	874	975	1,200
Employment, mine and mill, number <sup>5</sup>	8,350	9,130	9,560	9,630	9,700
Net import reliance <sup>6</sup> as a percentage of apparent consumption	E	E	E	E	33

**Recycling:** In 2010, 205 tons of new and old scrap was recycled, more than the reported consumption.

**Import Sources (2006–09):**<sup>2</sup> Canada, 31%; Mexico, 30%; Peru, 13%; Chile, 8%; and other, 18%.

**Tariff:** Most imports of unwrought gold, including bullion and doré, enter the United States duty free.

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

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

**Events, Trends, and Issues:** Domestic gold mine production in 2010 was estimated to be 3% more than the level of 2009. This marks the first increase in domestic production since 2000. Increased production from new mines in Alaska and Nevada, and from existing mines in Nevada, accounted for much of the increase. These increases were partially offset by decreases in production from mines in Montana and Utah. Because of the large increase in imports of gold products, the United States was not a net exporter of gold in 2010. The increases were mostly from imported ore and concentrates from Mexico, which were processed and refined in the United States.

Continued power generation problems, coupled with continuing labor problems and increase in costs in South Africa, caused several mines to continue to produce at reduced production levels. Australian gold producers have increased production because of new operations and additional production from several older mines. China increased gold production again and remained the leading gold-producing nation, followed by Australia, the United States, Russia, and South Africa.

Jewelry consumption continued to drop as the price of gold continued to increase. The estimated price in 2010 was 23% higher than the price in 2009. In 2010, Engelhard Corp.'s daily price of gold ranged from a low of \$1,060.45 per troy ounce on February 5 to an alltime high of \$1,424.07 per troy ounce in mid-November.

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With the increase in price of gold and the worldwide economic slowdown, investment in gold has increased, as investors seek safe-haven investments. Gold Exchange-Traded Funds (ETFs) have gained popularity with investors. According to some industry analysts, investing in gold in the traditional manner is not as accessible and carries higher costs owing to insurance, storage, and higher markups. 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. Demand for physical gold was also very high. There were local shortages of gold coins weighing 1 ounce or less.

**World Mine Production and Reserves:** Reserves estimates for Australia, Chile, and Peru were revised based on new information from government reports.

	Mine production		Reserves <sup>7</sup>
	<u>2009</u>	<u>2010<sup>e</sup></u>	
United States	223	230	3,000
Australia	222	255	7,300
Brazil	60	65	2,400
Canada	97	90	990
Chile	41	40	3,400
China	320	345	1,900
Ghana	86	100	1,400
Indonesia	130	120	3,000
Mexico	51	60	1,400
Papua New Guinea	66	60	1,200
Peru	182	170	2,000
Russia	191	190	5,000
South Africa	198	190	6,000
Uzbekistan	90	90	1,700
Other countries	<u>490</u>	<u>500</u>	<u>10,000</u>
World total (rounded)	2,450	2,500	51,000

**World Resources:** An assessment of U.S. gold resources indicated 33,000 tons of gold in identified (15,000 tons) and undiscovered (18,000 tons) resources.<sup>8</sup> 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.

**Substitutes:** Base metals clad with gold alloys are widely used in electrical and electronic products, and in 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.

<sup>e</sup>Estimated. E Net exporter.

<sup>1</sup>One metric ton (1,000 kilograms) = 32,150.7 troy ounces.

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

Excludes:

- a. Waste and scrap.
- b. Official monetary gold.
- c. Gold in fabricated items.
- d. Gold in coins.
- e. Net bullion flow (in tons) to market from foreign stocks at the New York Federal Reserve Bank: 0 (2006), 189 (2007), 220 (2008), 0 (2009), and 0 (2010 estimate).

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

<sup>4</sup>Engelhard's average gold price quotation for the year. In 2010, price was estimated by the USGS based on the first 9 months of data.

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

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

<sup>7</sup>See Appendix C for resource/reserve definitions and information concerning data sources.

<sup>8</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.