

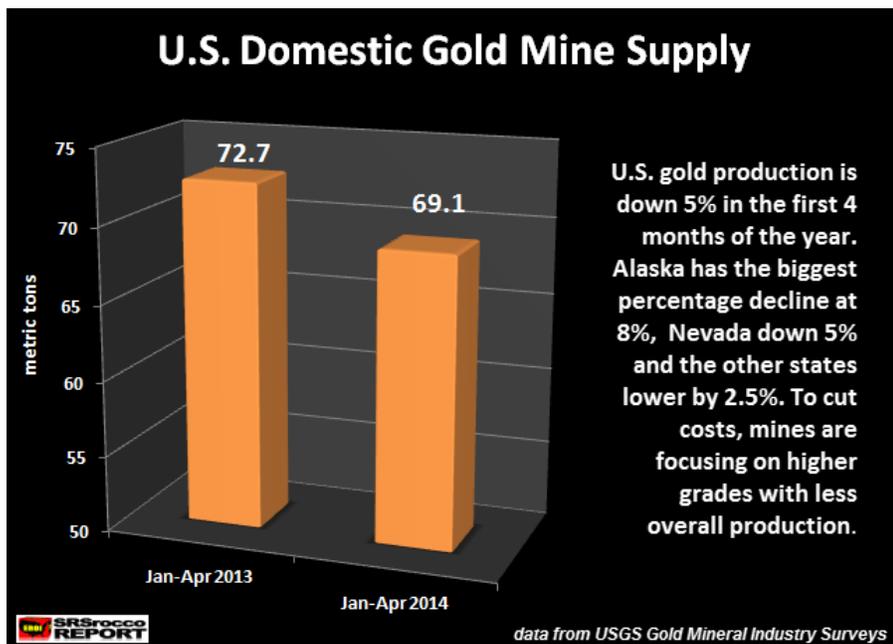
US GOLD EXPORTS v1

U.S. Exports More Gold To Hong Kong Than It Produces From Its Mines

July 13, 2014

In the first four months of the year, the U.S. exported more gold to Hong Kong than it produced from its domestic mining industry. Actually, gold shipments to Hong Kong were 29% higher than total mine supply from Jan-Apr. That's a pretty big deal when we consider U.S. gold production ranks third in the world.

In order to cut costs, many gold producers resorted to ["high-grading"](#) their mines. This has a benefit of increased profit margins at the expense of lower production. If we look at the chart below, we can see that U.S. gold production declined 5% in the first four months of the year from 72.7 metric tons (mt) in 2013, to 69.1 mt this year.

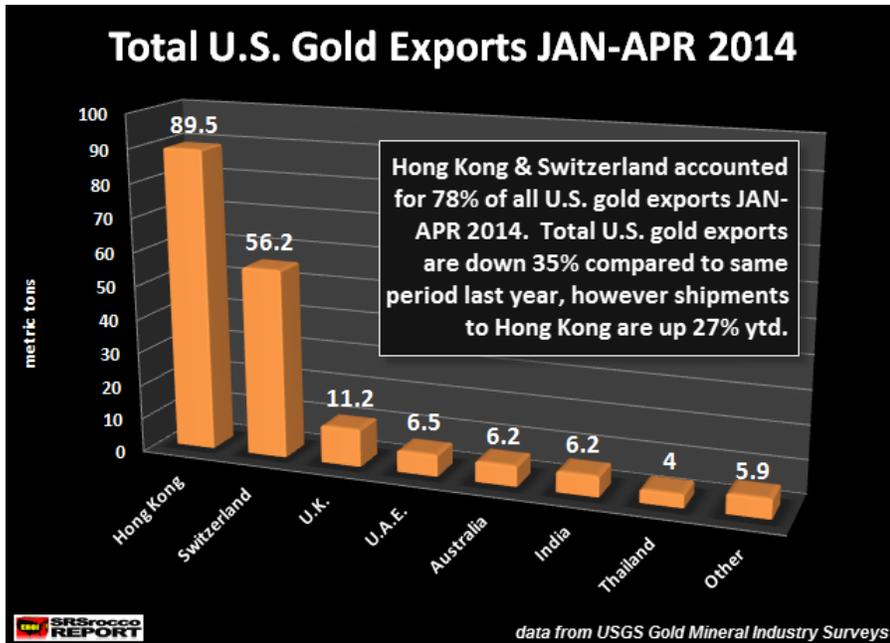


Year to date production declined the most in percentage terms from Alaska at 9%, followed by Nevada at 5% and the other states at 2.5%. Even though Alaska stated the highest percentage decline, Nevada suffered the largest drop in overall production.

Nevada's gold production fell 2.5 mt from 53.3 mt Jan-Apr 2013, to 50.8 mt this year. Total U.S. gold production declined 3.6 mt during the first four months of the year.

Compare that to the total U.S. gold exports to Hong Kong. From Jan-Apr, the U.S. exported 89.5 mt of gold to Hong Kong and 56.2 mt to Switzerland:

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Even though total U.S. gold exports are down 35% compared to last year (due to the orchestrated take-down), shipments to Hong Kong are up 27% or 20 mt compared to the same period last year.

Furthermore, the U.S. exported 20.4 mt more gold to Hong Kong (89.5 mt) than its domestic mine supply of 69.1 mt.

The next table details the break-down in U.S. gold exports:

Countries	Jan	Feb	Mar	Apr	Total
Hong Kong	56.7	8.3	12.7	11.8	89.5
Switzerland	12	27.8	11	5.4	56.2
U.K.	0	1	2.9	7.3	11.2
U.A.E.	1.8	2	1.5	1.2	6.5
Australia	3.1	3.1	0	0	6.2
India	2.8	2.9	0.5	0	6.2
Thailand	2	1	0	1	4
Other	2.3	1.1	1.4	1.1	5.9
Total	80.7	47.2	30	27.8	185.7

data from USGS Gold Mineral Industry Surveys

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Here we can see that Hong Kong received more U.S. gold than Switzerland in three of the four months. The United Kingdom came in at third with a total of 11.2 mt, followed by the U.A.E – 6.2 mt, Australia and India at 6.2 mt, Thailand at 4 mt, and other countries with a total of 5.9 mt.

Again, even though overall U.S. gold shipments are down 35% compared to the same period last year, exports are still quite strong. I would imagine as the global financial markets continue to disintegrate, we will see and increase in these gold exports.