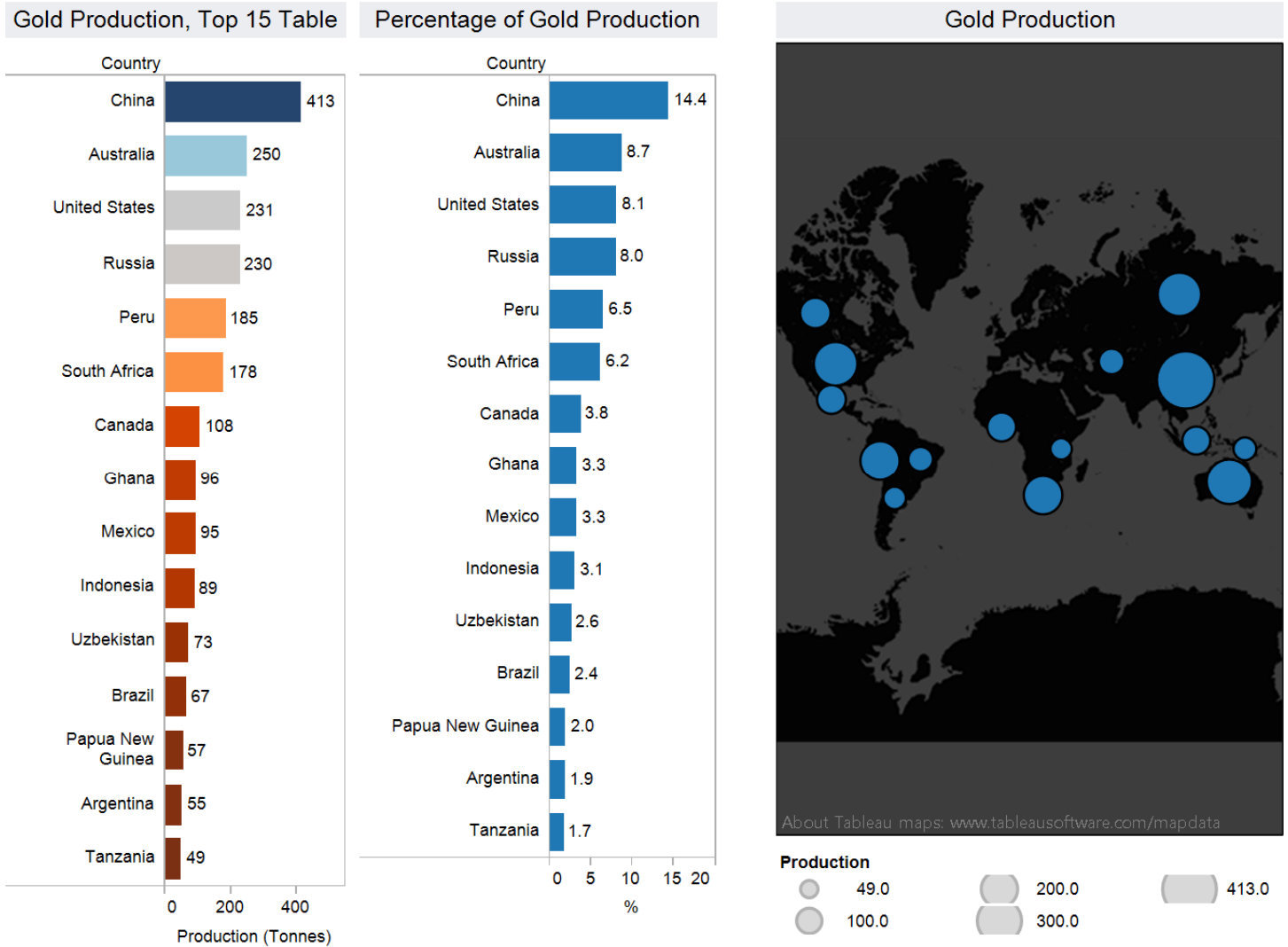


A recent report by [Price Waterhouse Coopers and the World Gold Council](#) details their global view of the importance of gold in the world economy.

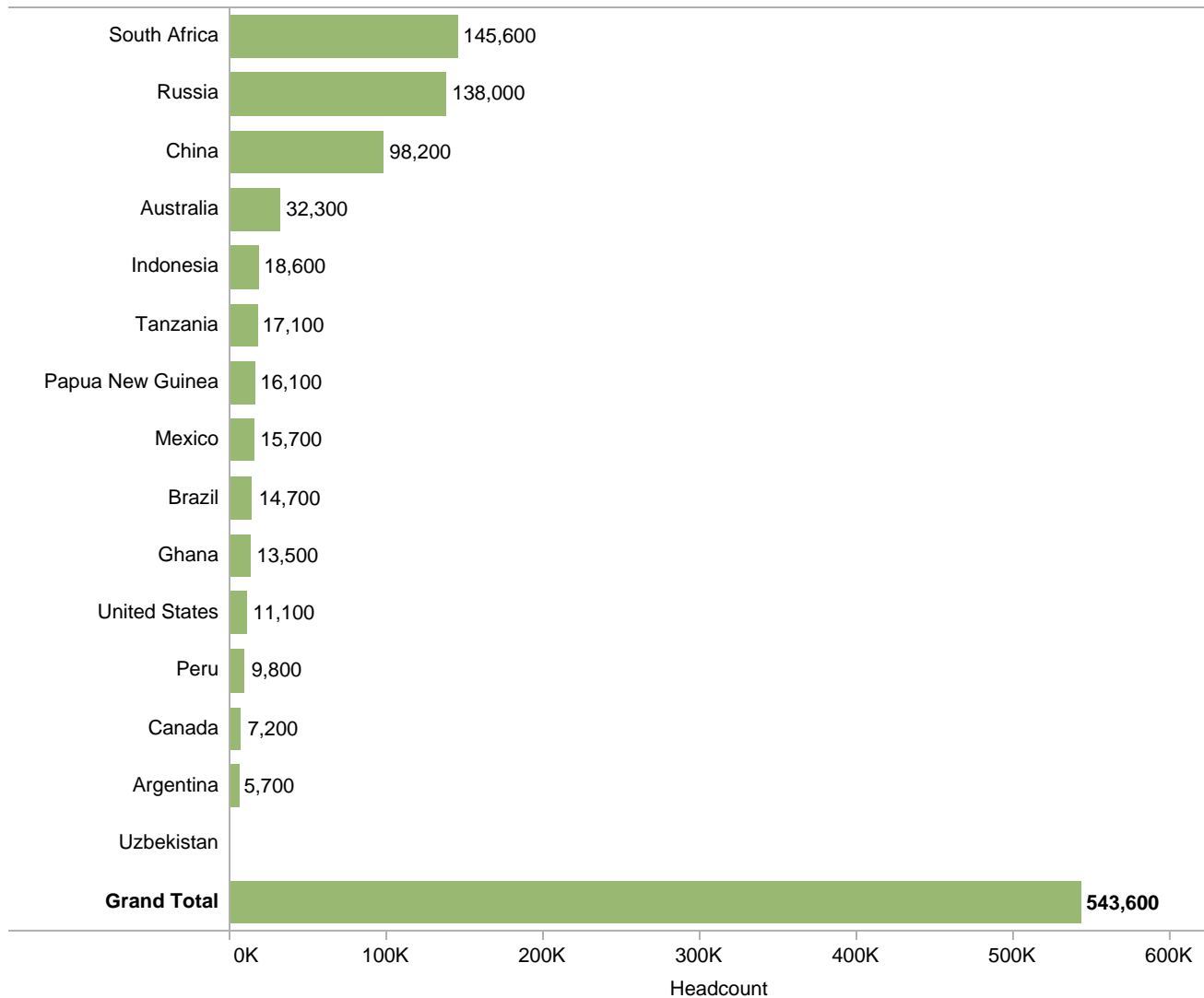
Which countries would you guess have the most gold production? Here is the data according to production tonnes in 2012.

At the top of the list is China at 413 tonnes, followed by Australia at 250, the United States at 231, Russia at 230, and Peru at 185. In terms of global share, China accounts for about 14, while Australia captures about 9 percent, the United States and Russia each have about 8 percent, and Peru captures about 7 percent.



Production is, of course, not the whole story when it comes to the importance of gold. Gold mining also represents an important employment source, as is shown in the following figure. Which country would you guess has the most gold-related employment? The direct employment figures show South Africa with the largest employment base at about 146K, followed by Russia at 138K, China at about 98K, Australia at 32K, and Indonesia at 19K.

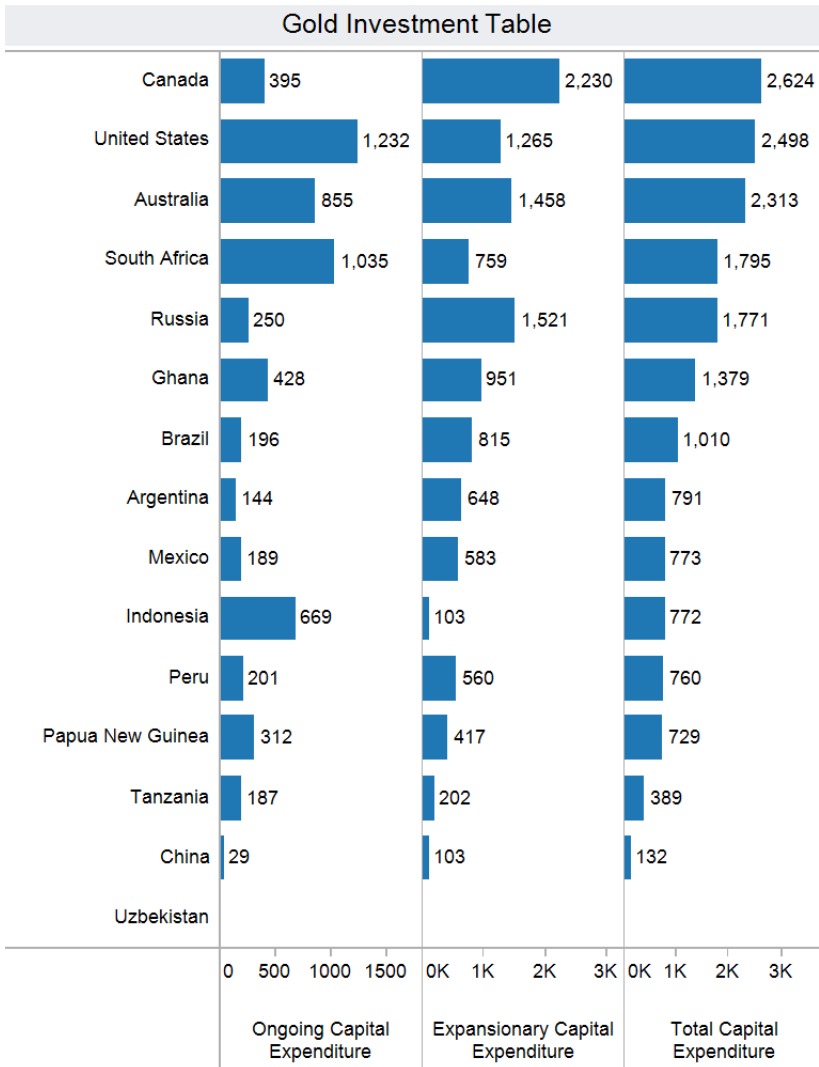
Employment in Gold Production



In addition to production and employment, gold production is also associated with investment capital, as is represented graphically in the following figure.

Overall, Canada saw the largest amount of financial capital expended for gold production at about \$2.6 billion, followed by the United States at about \$2.5 billion, Australia at about \$2.3 billion, South Africa at about \$1.8 billion, and Russia at a little less than \$1.8 billion.

Interestingly, the relationship between commitment of ongoing investment capital and one-time expansionary investment capital is not that strong. For instance, Canada saw businesses spend \$2.2 billion on one-time expansionary projects while only \$395 million on ongoing capital costs. In contrast, businesses in South Africa spent about \$1 billion on ongoing capital need, while only investing \$759 million in one-time capital expenditures. The difference between ongoing and one-time investment capital is even more pronounced with such countries as Russia and Australia.

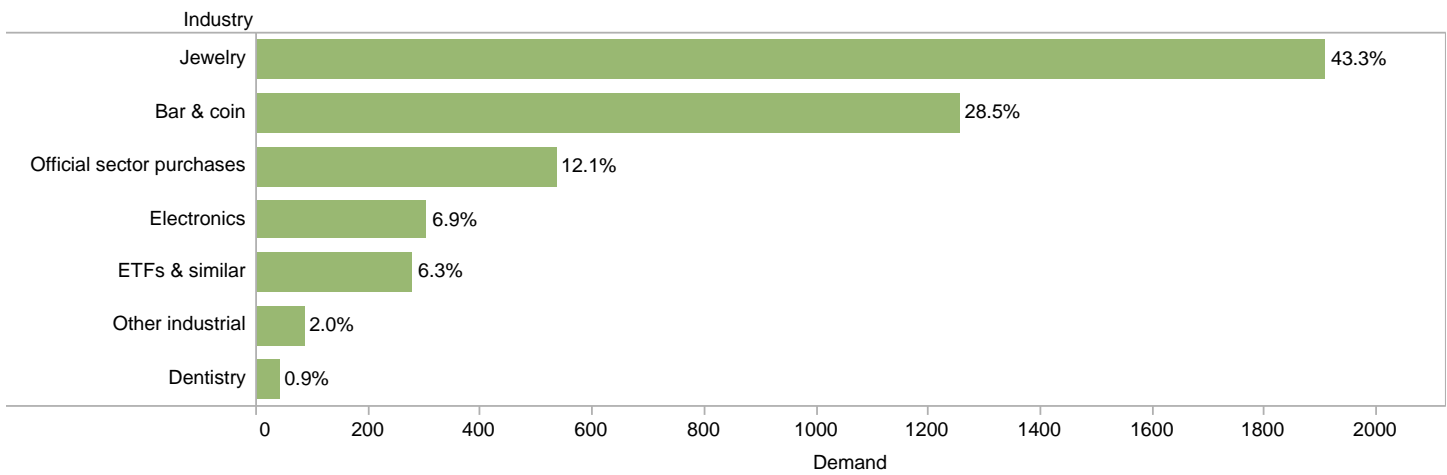


The importance of gold also shows up in recycling and export industries, to name just a few. With some of the supply side and employment effects addressed, the last two charts address the demand side of the gold equation.

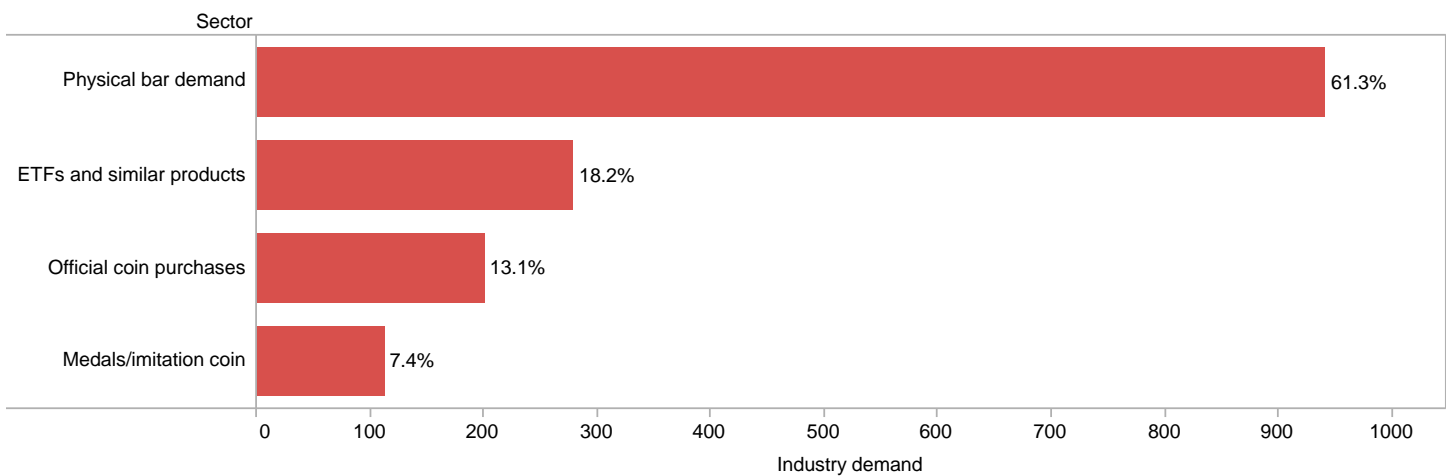
The left figure shows global demand for gold according to industry or expenditure type. Overall, jewelry accounts for about 43% of total global demand. Jewelry demand is followed by bar and coin demand (investment) at 29%, official banking sector purchases at 12%, electronics at 7%, exchange traded funds and similar investment vehicles at 6%, industrial demand at 2%, and dentistry demand at about 1%.

The figure on the right captures investment demand by type of investment. Overall, physical bar demand represents the largest demand component at 61%, followed by exchange traded funds (ETFs) and similar products at 18%, official (central banks) purchases at 13%, and metals/imitation coins at 8%.

Gold Demand



Gold Investment Sector Demand



Overall, gold matters, and, judging by the performance of the price of gold through the first 13 years of the 21st Century, that importance is likely to increase relative to many (probably the vast majority) other competing asset classes.