

PRESS RELEASE

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RESEARCH SHOWS GOLD AS A LEADING INDICATOR OF INFLATION

- **New research shows gold as the most effective indicator of rising inflation**
- **Research proves gold's role as effective protection against inflation shocks**

London: Research released today shows gold as the most accurate indicator of future inflation and, when used alongside other inflation shields, as an effective inflationary hedge. The new research, carried out by independent research firm, H.C. Wainwright & Co. Economics Inc. and sponsored by the World Gold Council, indicates that gold is a superior predictor of inflation when compared with other measures such as the Consumer Price Index (CPI) and oil. The research provides strong support for gold's long assumed role as a hedge against extreme events and economic shocks, including inflationary shocks.

David Ranson, President and Director of Research at H.C. Wainwright & Co. Economics, Inc said today:

"When it comes to inflation, Wall Street and the City of London tend to be late seeing it coming. That is because of the widespread obsession with the CPI as the gauge of choice, when it is clear from the research that gold is a more effective measure. The price of gold and other precious metals has been signalling a return to inflation for some time now and if, as we expect, inflation continues, portfolio managers will be scrambling to find investment instruments with which they can protect their portfolios from its pernicious effects."

The two pieces of research "*Inflation Protection: Why Gold Works Better Than "Linkers"*" and "*Why Gold, Not Oil, Is the Superior Predictor of Inflation*" indicate that:

- Gold is an effective way to gauge and combat the ravages of inflation on a portfolio
- Gold consistently moves earlier than official measures of inflation - using the Consumer Price Index to formulate a sound strategy for protecting investments against inflation is bound to fail
- Oil is a relatively poor performer as a leading indicator of inflation
- Because gold is an asset that goes up with inflation and actually increases at several times the rate of inflation, it is an excellent choice to be used alongside inflation indexed bonds
- Given the evidence that the US and other major economies have entered an inflationary period, investors should consider an exposure to gold in their portfolios

David Ranson continued:

"The implications of a change in the gold price are far-reaching. Gold serves as a dependable barometer of purchasing power – and therefore of pressures on inflation and bond markets. It is widely regarded as an effective hedge against inflation, just as it is a hedge against a broad number of economic 'shocks'. Combine this with its liquidity vis-à-vis inflation linked bonds, and gold, as many investors are currently discovering, has a vital role to play."

- Ends -

Both papers can be downloaded from www.gold.org/value
For further information, please contact:

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Notes to Editors:

About David Ranson

R. DAVID RANSON is the president of H.C. Wainwright & Co. Economics, Inc., an investment research firm near Boston, Massachusetts. Prior to becoming a general partner of Wainwright in 1977, Mr. Ranson taught economics at the University of Chicago Graduate School of Business. He has been an assistant to then Treasury Secretary William E. Simon, and a member of George P. Shultz's personal staff at the Office of Management and Budget. Prior to his service in Washington, he was a member of the Boston Consulting Group. David Ranson has addressed audiences and published articles on a wide range of economic and investment topics, and has provided testimony to a number of Congressional committees. His work has also appeared in *The Wall Street Journal*, *The New York Times*, *The Christian Science Monitor* and other publications. He holds M.A. and B.Sc. degrees from Queen's College, Oxford, and an M.B.A. in finance and a Ph.D. in business economics from the University of Chicago.

About H.C. Wainwright & Co. Economics, Inc.

Wainwright Economics conducts research on the performance of U.S. and international capital markets and their forecastability. It produces comprehensive quantitative analysis of top-down historical data. Comparable work is not available from any firm on Wall Street or in the City of London. Since it is not affiliated with any brokerage firm, it has no vested interest in how its forecasts affect the trading habits of its clients. Its work is disciplined, quantitative, rigorous – and totally impartial.

It is one of the oldest investment research firms in the world. Its current array of publications and services has evolved out of more than twenty years of pioneering work in the field of investment science.

About World Gold Council

The World Gold Council (WGC), a commercially-driven marketing organisation, is funded by the world's leading gold mining companies. A global advocate for gold, the WGC aims to promote the demand for gold in all its forms through marketing activities in major international markets. For further information visit www.gold.org.