

The Private Demand For Gold, 1931-53

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THE PRIVATE DEMAND FOR GOLD, 1931-53¹

During the past decade the magnitude of the private demand for gold throughout the world was unprecedented. Recently this demand subsided, and it seems appropriate to assemble the available information and statistical data that contribute to an assessment of the amount of metal involved and the direction of its movements. This article analyzes the supplies and uses of gold during the period from the end of 1930 to the end of 1953, thus bringing up to date a review published in the Federal Reserve BULLETIN for 1937.²

During the years 1944-53, approximately 4.5 billion dollars of gold flowed into private channels throughout the world; this followed a liquidation from private holdings of some 1.5 billion during the years 1931-43. There was very little net change over the period as a whole in privately held gold in Middle and Far Eastern countries, as their acquisitions since the war reconstituted holdings that had been reduced during the thirties. Of the net flow during the entire period (around 3 billion dollars), about one-third was accounted for by uses in industry and the arts in the United States, and the remainder represented largely additions to private gold holdings in all forms in a few countries of Western Europe.

The aggregate amount of gold absorbed in the years 1931-53 by private demand throughout the world (excluding the U.S.S.R.) represents about one-seventh of gold production totaling an estimated 600 million ounces (21 billion dollars, at \$35 per ounce). About the

same quantity of gold had been produced in the period 1900-1930, while some 300 million ounces were produced during the nineteenth century, and only about 100 million ounces throughout the preceding three centuries. It may be surmised, therefore, that gold production over the past four and a half centuries aggregated perhaps 1.6 billion ounces (56 billion dollars), of which more than 1 billion ounces (37 billion dollars) are presently held as official reserves by central banks and governments. On this basis, the total absorption of gold since the discovery of America into private holdings, industrial or artistic uses, and waste and losses may be placed at about a half billion ounces (19 billion dollars).

The many and varying factors that contributed to the large private demand for gold in the past decade are related to monetary disorders, political fears, and dangers of war. The first appears to have been the most pervasive, as countries where there was a high preference for gold were generally among those which suffered from monetary inflation and loss of public confidence in their currencies. On the other hand, traditional, psychological, and institutional factors seem to have conditioned nations differently; in many cases the reaction to monetary disorders was flight of capital into foreign assets, speculative investments, and consumer goods, rather than into gold.

Growth of private demand for gold during the postwar period, under conditions of restrictions on trade and exchanges, led to the formation in many countries of so-called "free" gold markets, whose operations were circumscribed by government controls. As gold movements and exchange settlements

¹ This article was prepared by Frank M. Tamagna, Chief, and Margaret Garber, of the Financial Operations and Policy Section of the Board's Division of International Finance.

² BULLETIN for August 1937, pp. 703-708.

between such markets in different countries were generally restricted, their activities involved varying degrees of evasion of governmental regulations, particularly with respect to import and export of gold and related foreign exchange operations.

Prices of gold varied greatly among these markets and they fluctuated widely from time to time. The prevalence until recently of premium prices—that is, prices higher than the official dollar value of gold—was a phenomenon that arose from attempts of governments to insulate their respective gold markets through the imposition of direct controls. Premium prices seem to have resulted mainly from effective depreciation of the various currencies involved, but such prices also reflected, in varying degrees, both the risks involved in the illegal nature of many transactions and a speculative preference for gold.

Abatement of private demand and decline in prices for gold in most markets to official valuations over the past year have accompanied achievement of financial stability and relaxation of exchange and trade restrictions in Western Europe and the Sterling Area. In any system of general currency convertibility and free gold movements, such as prevailed before the war, changes in private demand for gold would be reflected in fluctuations in exchange rates and would result in compensatory gold movements. Under such conditions, there would be no room for wide disparities between the price of gold and the corresponding foreign exchange rates.

MEASUREMENT OF GOLD FLOWS

In general terms, estimates of the flow of gold into or out of private channels for any time period may be derived by taking the difference between the amount of gold produced and the accretion to official gold re-

serves during the period; this difference represents the gold used for industrial or artistic purposes as well as changes in private gold holdings irrespective of their forms.

This article is based in part on regularly reported figures and in part on incomplete data and estimates. Statistics on gold production and official gold reserves are believed to be reasonably reliable. All major producing countries, except the U.S.S.R., provide information on gold production. Thus, the annual supply of gold may be measured by the world production outside the U.S.S.R. plus any reported transfers from the U.S.S.R. to other countries. Apart from these reported transfers, it may be noted, there have been indications of recent sales of Russian gold in free markets but the volume of these cannot be accurately gauged.

The figures for the changes in gold held in official reserves are based on reported gold holdings of central banks and governments and international institutions, unpublished data on holdings of various central banks and governments, and estimated official holdings of certain countries from which no current reports are made available—again with the exception of the U.S.S.R.

The difference between gold supplies, as defined above, and changes in official gold reserves (outside the U.S.S.R.) represents industrial or artistic uses of gold, changes in private gold holdings, and errors and omissions. From this difference may be deducted the net use of gold in industry and the arts in the United States since estimates of such uses and of the return of gold coin and scrap are available for the United States for the entire period covered by the article.

Residual figures derived on this basis represent the net flow of gold into and out of private hands in the rest of the world, that is, outside the United States and the U.S.S.R.

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While prewar estimates indicated that approximately the same amount of gold was normally used in the arts and industry in the rest of the world as in the United States, there is no basis for distinguishing between various forms of private use of gold or holding in other countries during the postwar years. In view of the limitless interchangeability between artistic and other forms in which gold may be privately held, the aggregate residual for the rest of the world appears to be the only reliable yardstick of the private demand outside the United States and the U.S.S.R.

A distribution of this residual between changes in Eastern countries and in other areas has been estimated on the basis of available information on local gold production and sales by monetary authorities within individual countries, as well as on movements of gold to and from countries and areas. A number of countries publish figures on gold movements, but their value is limited by the incompleteness of the statistics and the variety of definitions of the items covered. Furthermore, government restrictions in most countries on the import and export of gold have given rise to illegal movements. Any analysis of the statistics, therefore, depends largely on supplementary information which may be available from official or unofficial sources. Owing to the inadequacy of the reported data and information, it is impossible to estimate the quantity of gold moving from one country to another. An estimated distribution between broad geographic areas, which is used for some of the analysis in this article, is subject to a much wider margin of error than the over-all residual estimate of changes in private holdings.

FLUCTUATIONS IN PRIVATE GOLD HOLDINGS

The table on the following page indicates that the aggregate supply of gold for the 23-

year period 1931-53 may be estimated at 21.6 billion dollars, of which 21.1 billion was obtained from new production and the rest from the U.S.S.R. Monetary reserves increased an estimated 18.6 billion dollars (from 18.1 billion at the end of 1930 to 36.7 billion at the end of 1953). The difference of 3 billion dollars between supplies of gold and additions to official reserves may be taken to represent the amount absorbed by private uses throughout the world.

The gross demand from industry and the arts in the United States during the entire period took 1.8 billion dollars. About half of it was covered by the return of coin and scrap, which was particularly large in the thirties. The net private requirements of this country (840 million dollars) were covered by domestic production which for 1931-53 totaled 2.4 billion dollars.

After deducting the net private use in the United States, there is left 2.1 billion dollars, representing gold used in arts and industries or added to private holdings in the rest of the world (outside the U.S.S.R.), as well as errors and omissions. This residual may understate the absorption of gold into private channels to the extent of any gold sales by the U.S.S.R. in free markets, which may perhaps have reached a few hundred million dollars over recent years.

The period under discussion may be divided into two phases. The first phase, 1931-43, was characterized by large sales from private holdings in Middle and Far Eastern countries, moderate accretions to private holdings in other areas, and, on balance, a net liquidation of some 1.5 billion dollars from private holdings. In the second phase, 1944-53, substantial growth of private demand in both the East and the West resulted in the addition of around 3.7 billion dollars of gold to private holdings. On bal-

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ESTIMATES OF SUPPLIES AND USES OF GOLD, 1931-53

[In millions of dollars at \$35 per fine ounce]

Year	Supplies of gold			Uses of gold					
	New production (excluding U.S.S.R.) ¹	Reported receipts from U.S.S.R. ²	Total	Changes in official gold reserves (excluding U.S.S.R.)	Flow into private channels				
					Total	United States industry and arts (net) ³	Residual: Changes in private holdings outside United States and U.S.S.R., etc. ⁴		
							Total	Eastern countries	Other areas
1931	720	100	820	510	310	10	300	-200	500
1932	775	80	855	1,150	-295	-10	-285	-475	190
1933	795	70	865	460	405	-110	515	-300	815
1934	825	85	910	1,465	-555	-110	-445	-250	-195
1935	885	25	910	975	-65	-35	-30	-200	170
1936	970	10	980	1,595	-615	-5	-610	-125	-485
1937	1,040	210	1,250	1,715	-465	5	-470	-75	-395
1938	1,140	-400	740	295	445		445	-75	520
1939	1,220	55	1,275	1,925	-650	10	-660	-175	-485
1940	1,310	55	1,365	1,710	-345	15	-360	-50	-310
1941	1,265	45	1,310	1,210	100	35	65	25	40
1942	1,125	30	1,155	980	175	45	130	25	105
1943	870		870	905	-35	85	-120	150	-270
Total, 1931-43	12,940	365	13,305	14,895	-1,590	-65	-1,525	-1,725	200
1944	775		775	385	390	95	295	175	120
1945	740		740	390	350	110	240	125	115
1946	755	45	800	350	450	155	295	125	170
1947	765	30	795	420	375	50	325	50	275
1948	805		805	385	420	45	375	225	150
1949	840		840	475	365	110	255	175	80
1950	865		865	410	455	100	355	150	205
1951	840		840	150	690	70	620	200	420
1952	865		865	310	555	95	460	150	310
1953	860	75	935	430	505	75	430	125	305
Total, 1944-53	8,110	150	8,260	3,705	4,555	905	3,650	1,500	2,150
Grand total, 1931-53	21,050	515	21,565	18,600	2,965	840	2,125	-225	2,350

¹1931-37, estimates of U. S. Bureau of the Mint; 1938-52, estimates of U. S. Bureau of Mines; 1953, estimate of Board of Governors of the Federal Reserve System.

²Incomplete data. Includes imports by the United States and other countries until 1939 and since then receipts by monetary authorities. Does not include any other sales by U.S.S.R. in gold markets. Data for 1938 have been adjusted to include outflow to U.S.S.R. of 520 million dollars of gold stated by Bank of Spain to have been sent to the U.S.S.R.

³Estimates of U. S. Bureau of the Mint for net amount of gold issued for use in industry and the arts; i. e., gold issued by United States mints and assay offices and private refiners and dealers less return of old jewelry and scrap. In addition, includes return of gold coin as follows: 1933, 100 million dollars; and 1934, 50 million.

⁴Includes also gold used in industry and arts and errors and omissions in over-all set of estimates.

ance, for the 23-year period as a whole there appears to have occurred a moderate decline in private Eastern holdings, and the net flow of gold into private channels presumably related to a few countries of Western Europe.

The net liquidation of gold during the first phase went through three stages. In the years 1931-35, the decline in world prices affected especially raw material-producing countries and depreciation of sterling provided a profitable opportunity to holders in India and other countries to shift from gold

to different types of investments. Under such conditions Eastern holders may have liquidated during these years about 1.5 billion dollars of gold, while private holders in other areas may have acquired nearly the same amount.

Subsequently, during the period 1936-40, liquidation of private gold holdings became important in Western countries—exceeding 1 billion dollars—while such liquidation in the East was perhaps only .5 billion dollars. Many private holders in Europe ap-

parently preferred to dispose of their gold in order to shift into overseas assets that seemed to afford greater security from governmental controls and from the effects of war. In addition, in the later years various governments required the surrender of gold held by their nationals, and the German forces requisitioned gold in occupied countries.

In the years 1941-43, which mark the transition between the two phases, there was revival of private demand in the East and some further liquidation in the West. The Allied and Japanese Governments sold gold during these years in the Middle Eastern, Indian, and Chinese markets as a means for raising local currency to finance military operations.

The second phase, 1944-53, was characterized by a succession of political disturbances. Strong inflationary pressures prevailed in the early postwar years and it was not until 1952 that most countries made decisive progress toward financial stability. During this period an estimated 3.7 billion dollars of gold went into private uses outside the United States, representing about half of foreign gold production of the period. The peak of private demand abroad appears to have been reached in 1951, when the equivalent of 80 per cent of that year's foreign production went into industrial uses or private holdings, or was otherwise unaccounted for.

FACTORS INFLUENCING POSTWAR DEMAND AND SUPPLY

A number of specific developments have affected the supply and demand in gold markets in the postwar years. In a statement of June 1947 regarding transactions in gold at premium prices, the International Monetary Fund recommended that all its members take effective action to prevent international transactions in gold at premium

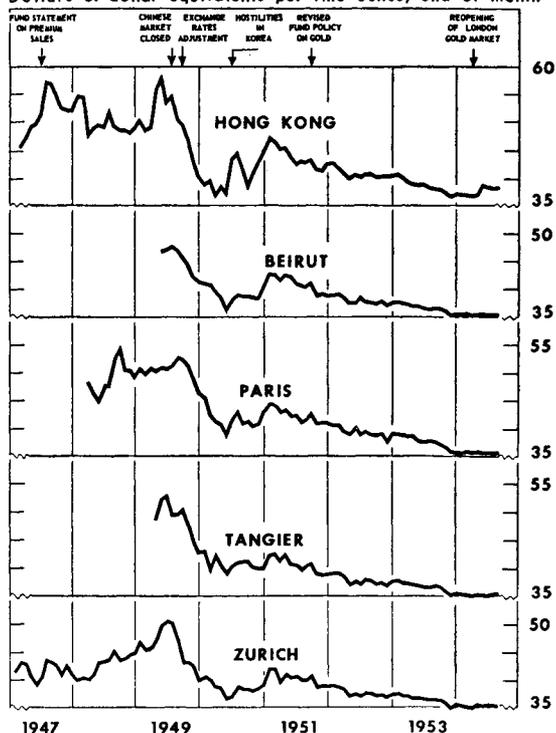
prices with other countries or with the nationals of other countries. In compliance with the Fund's recommendations, member as well as certain nonmember countries generally tightened their controls over private gold transactions.

Despite these measures, the amount of gold flowing into private channels in 1948 was the largest in many years, and in the first half of 1949 the flow continued at about the same level. Increased demand was reflected in a rising price until mid-1949, when prices in most markets, as indicated in the chart, were at or above \$50 per ounce.

A decline in these prices followed, as supplies increased and demand showed a tend-

BAR GOLD PRICES

Dollars or dollar equivalents per fine ounce, end of month



NOTE.—International Monetary Fund data. The quotations for gold bars have been expressed directly in dollars in Tangier (since 1950) and in Zurich (since 1951). The Zurich quotation prior to 1951 reflected the price at which gold was traded for dollars in various markets. In other markets (such as Hong Kong, Beirut, and Paris) the quotations for gold, expressed in local currency, have been converted into dollar equivalents at "free" market exchange rates. Latest figures shown are for August 1954.

ency to fall. The supply of gold was augmented as a result of the decision in early 1949 by the Union of South Africa to permit the export of fabricated and semi-processed gold for private sale. At about the same time Chinese sources ceased to be net buyers of gold. For several years China had absorbed large quantities of gold but in mid-1949, following the establishment of Communist control, the Chinese liquidated part of their holdings.

The world-wide currency adjustments of September 1949 took place at the time when prices of gold in most markets had declined to below \$50 per ounce. These adjustments contributed further to the diminishing private interest in gold, accentuating sharply the decline in prices which by May 1950 reached a level between \$36.50 and \$39.50 per ounce.

With the outbreak of hostilities in Korea in mid-1950, there was an immediate and widespread renewal of private demand for gold. The amount of gold flowing into private hands in the second half of 1950 reached an estimated 275 million dollars, compared with around 75 million in the first half. Correspondingly, prices in the various markets rose until January 1951, when they were at or above \$42 per ounce.

In 1951 the amount of gold entering private channels reached a new high and gold prices fell, the sharpest drop taking place after September. At that time the International Monetary Fund announced that it would leave to member countries decisions pertaining to the regulation of gold transactions. Following this announcement, the gold producers of Canada, Australia, Southern Rhodesia, and West Africa were given permission by their respective governments to sell gold in processed form on free markets. No limit was placed on the amount

of sales by Canadian and Australian producers. In Southern Rhodesia and West Africa, free market sales were limited to 40 per cent of output, but this restriction was removed in 1952. Furthermore, the provision that gold had to be in processed form was removed in Australia, Southern Rhodesia, and West Africa in 1952 and in South Africa and Canada in 1953, thus leaving producers free to sell gold in fine bar form.

The amount of gold entering private channels in 1952 was substantially less than in the preceding year. Demand declined throughout the East, particularly in India. Apparently there was also less demand for gold in France until the latter part of the year. In fact, net sales of 34 tons (38 million dollars) from private holdings occurred in the latter country in connection with the Pinay gold loan. Reflecting the decreased demand, prices of gold in various markets declined to about pre-Korean levels.

In 1953 the flow of gold into private hands appears to have been about the same as in the preceding year. In 1952, however, the rate of absorption was about the same throughout the year, while in 1953 it was higher in the first than in the second half. As demand contracted, the dollar price of gold in Zurich and Tangier fell in November below the official parity of \$35 per ounce, and prices in other markets fell to close to parity. At this point South Africa producers ceased selling in free markets, and by the end of the year prices showed again a tendency to rise slightly in most markets.

GEOGRAPHIC PATTERN OF GOLD FLOWS

From available information it appears that private demand for gold in the West was largely concentrated in a few countries. In Western Europe, the greatest demand for gold apparently originated in France, and

there was evidence of persistent demand from Italy. For some years, there was an active demand for gold coin by the Greek public. In London, gold has been customarily held for the account of nonresidents. Zurich and Tangier have been important international gold centers. There is no statistical evidence of any significant demand for gold in other Western European or in Latin American countries.

Private holdings in Middle and Far Eastern countries have been subject to few effective restrictions and appear to be more widespread than elsewhere. Until the imposition of restrictions in 1952, Egypt appeared as an importer of gold. In Saudi Arabia and a few other countries in the Middle East, gold coins were used as a medium of exchange. Until mid-1949 most of the gold entering Asia reportedly was destined for China and India; afterward the main flow was directed toward India.

Gold entering private channels either for use in industry and arts or as addition to holdings comes from two sources—new production or sales by monetary authorities from official reserves. Between 1950 and 1953, the Union of South Africa reportedly was selling in gold markets about 40 per cent of its annual production of more than 400 million dollars. More than half of the gold produced in other sterling area countries (estimated at around 100 million dollars a year) also went into private uses or holdings. In 1952 Canadian producers sold approximately 30 per cent of their current gold output (157 million dollars) through foreign private channels, but such sales appear to have declined in 1953. Newly mined gold from Latin America and Asia, after being refined in the United States and Europe, was also sold in gold markets, largely in the Middle and Far East; over the past years

these sales accounted for more than half of the combined production in these areas, totaling some 100 million dollars a year.

There were reports of intervention in local gold markets by monetary authorities. In France the Exchange Stabilization Fund intervened from time to time in the market, principally as a buyer of bars and a seller of coins in view of the higher demand and prices for gold pieces. The Bank of Greece sold gold sovereigns to the public for a number of years, such sales amounting to around 65 million dollars in the period 1946-52. Some 350 million dollars of gold, mainly in coins, was sold before 1948 by the Swiss National Bank and until 1950 the Bank of Mexico also sold gold coins. Between 1948 and 1950 the Government of Saudi Arabia acquired about 80 million dollars of gold sovereigns in payment for oil royalties and in later years it issued Saudi Arabian gold coins; most of these gold pieces were exported for sale at a premium, while some became part of the local currency in circulation.

The flow of gold from producing countries to the various markets of the world and its distribution between major areas can be analyzed broadly, despite the limitations of underlying data described on page 3.

Movement of gold to Western Europe. During the past decade Western Europe was the final destination for part of the gold received from producing countries and a transit area for gold shipped to Middle and Far Eastern markets.

Semi-processed gold from South Africa, the principal source of supply for gold markets, moved largely to a few European gold-processing countries. It appears that France, Switzerland, and the Netherlands were the immediate recipients and principal transit countries, from which processed gold was moved to other countries and areas. In some

cases the United Kingdom was the country to which gold was consigned. Gold imported into the United Kingdom for refining and processing can be held there by banks and dealers for the account of nonresidents or exported, subject to license, to any country outside the Sterling Area, provided the country permits the import. Although there are no figures available, it would appear that the amount of gold located in London vaults for the account of foreigners may be considerable.

A free gold market has existed in France since early 1948, but legally the market is restricted to domestic transactions; the import and export of gold require permission of the Bank of France. A considerable amount of gold and gold alloys moved through France in recent years, including reported imports and exports under license as well as unreported movements between France and neighboring countries.

Italy has a free internal gold market. The import of gold coins into Italy is free but the import of gold in other forms and the export of any type of gold are subject to license. According to Italian statistics, a considerable quantity of gold coins was imported into Italy from the Netherlands, France, and Belgium in the years 1950-52. According to statistics of other countries, semi-processed gold has also moved into Italy. It is impossible to trace the movement of gold from Italy.

The gold market in Switzerland has been completely free since mid-1952 when the last of the wartime controls on gold transactions and the import and export of gold was removed. Switzerland has been one of the principal transit centers in the movement of gold in all forms. Statistics indicate that Switzerland imported gold in semi-processed

forms, and exported it to the other Western European countries.

The Tangier market is closely related to Europe. The exchange and gold markets in Tangier have remained completely free for local and foreign residents alike. During the postwar years an active gold market developed with facilities for storage, international transfer, and settlement of gold transactions. From 1948 to 1953, according to Tangier statistics, net imports for storage were about 53,000 kilograms (60 million dollars). Gold came almost entirely from European countries.

Movements to Middle and Far East. Since early 1949 Beirut has become a primary transit center in the movement of gold from West to East. At that time the Government of Lebanon liberalized the transit of gold, permitting traders to keep gold for a period up to four months, and to export the gold to any destination. In 1952 the period was extended to six months to aid Beirut gold traders who were having difficulty in moving their stocks, owing to falling Indian demand. According to Lebanese statistics, an average of 75,000 kilograms of gold (84 million dollars) has passed through that country each year since 1950. The principal countries of origin have been the Netherlands, France, United Kingdom, and Switzerland, and it is indicated that most of the exports have been destined for Kuwait.

In the Far East, Macao has served as a distribution center and a point at which gold coming from Europe and the Western Hemisphere is converted into bars and shapes acceptable to local traders. Closely associated with the Macao market, Hong Kong has traditionally provided the facilities for arranging and financing international gold transactions. Gold can be shipped to and from Macao with little restriction. Until

recently imports of gold into, and exports from, Hong Kong were restricted, but gold may now be imported into this colony for re-export to any destination in the world with the exception of Kuwait.

Prior to the middle of 1949, China was a principal market for gold passing through Hong Kong and Macao. With the exodus of refugees, following the establishment of Communist control in China, this flow was reversed for a time and there was less activity in these two markets. At the middle of 1950, however, with the outbreak of hostilities in Korea, gold trading in these markets began to flourish again, reflecting a renewed demand in the area. According to estimates of local bullion dealers published in Hong Kong, gold imports into Macao during the period 1948-51 totaled almost 300,000 kilograms (338 million dollars) of which about one-third were imported in 1951. Imports declined somewhat in 1952, and in 1953 were said to be only about 30,000 kilograms (34 million dollars), but recently this flow has again shown signs of increasing. The same sources indicate that Hong Kong imported gold from Macao and the Philippines, and exported it, until November 1952 principally to Bangkok and Singapore and since then to Singapore, Burma, Indonesia, Indochina, and Japan.

Bangkok serves as a transit point in the movement of gold and also as a center for gold redirected to India. Until 1952 the import and export of gold were illegal. In October of that year, a syndicate of Thai banks was granted permission to import a limited amount of gold each month; this gold apparently originated in Europe. Imports by private merchants continued to be officially forbidden.

In March 1947 the Reserve Bank of India suspended the issuance of gold import li-

censes, but an internal free market continued. Since then this market has been supplied by newly mined domestic output (around 8 million dollars annually) and by clandestine imports. From all indications, it appears that sizable amounts of gold reached India illegally by two principal routes—through Beirut and Kuwait from the West, and through Hong Kong and Bangkok from the East. However, this gold traffic apparently began to decrease in March 1952. At that time a slump in commodity prices was accompanied by a decline of around 15 per cent in the rupee price of gold, leading to a settlement crisis in the local bullion exchange. Forward trading was suspended for two months, and after the reopening of the exchange the price continued to decline through December. In early 1953 the price recovered somewhat and remained relatively constant. This development coincided with the tapering off of inflationary pressures since 1952.

DEVELOPMENTS IN 1954

In the first half of 1954 the price of gold in the various markets remained around \$35 per ounce. Only a small amount of gold appears to have moved into private channels, probably only that required to meet the normal demand for industrial uses.

The most important development in this period was the reopening of the London gold market on March 22. The market had been closed since 1939, but authorized gold dealers had been permitted for some time to act as agents in arranging transactions between nonresidents. The London bullion market consists of the same six firms as before the war, and banks in the United Kingdom are also authorized to deal in gold. Residents of the Sterling Area may freely sell gold only for resident (that is, incon-

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vertible) sterling; they may purchase gold only with a special license from the Bank of England. Residents of all other countries may buy or sell gold freely, provided payment is made in American account or Canadian account sterling, or in registered sterling. The latter category of sterling was established when the gold market was reopened and may be held only by residents outside the dollar and sterling areas. Registered sterling accounts may be acquired by selling gold or dollars in London.

South African gold production remains the most important source of supply for gold markets. With the reopening of the London market, past arrangements whereby South African gold producers were permitted to sell part of their production in free

markets were discontinued. Sales of gold are now handled by the South African Reserve Bank which is committed to sell a minimum of 4 million ounces (140 million dollars) a year to the United Kingdom and as a rule effects any additional gold sales through the London market.

Private demand for gold is the smallest in many years. According to press reports, some gold has moved out of private holdings in France, as the Exchange Stabilization Fund has made net purchases in the market. Reports from India indicate that activity in the local bullion market continues at a low ebb. There appears to be some return flow of gold from Tangier to Europe. These trends reflect the abatement of private interest in gold in most markets of the world.