

Mineral Industry Surveys

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GOLD IN JUNE 2014

Production of gold by U.S. mines was 17,700 kilograms (kg) in June, a slight increase compared with May production and a 10% decrease compared with that of June 2013 (table 1). Based on unrounded data, the average daily gold production for U.S. mines was 588 kg in June 2014, 556 kg in May 2014, and 625 kg for all of 2013. Domestic gold production in the first half of 2014 was 8% less than that of the same period in 2013 owing to lower production from Barrick Gold Corp.'s (Toronto, Ontario, Canada) Cortez Mine and Newmont Mining Corp.'s (Denver, CO) Nevada operations. The Cortez Mine produced 13,800 kg during the first half of 2014, 42% less than the first 6 months of 2013, owing to a drastic decline in grade in ore from the Cortez Hill open pit. However, the company expected the ore grade to increase in the second half of 2014 and expected to produce about 29,000 kg of gold for the full year (Barrick Gold Corp., 2014, p. 5, 10). In the first half of 2014, Newmont's Phoenix operations produced less gold owing to lower mill throughput and lower ore grade. The Twin Creek Autoclave processed less tonnage, partially owing to the sale of the Midas Mine in the first quarter of 2014 (Newmont Mining Corp., 2014, p. 56).

According to the China Gold Association, China produced 211 metric tons (t) of gold in the first half of 2014, 9.5% greater than that of the same period in 2013. Much of the production was from primary gold mines, which produced 169 t, while the remaining 42 t was as a byproduct from nonferrous metal mines (Yee, 2014). According to the World Gold Council (WGC) (2014, p. 10, 21–24), China's consumption in the first 6 months of 2014 was 569 t, 19% less than that of the same period in 2013. The decline in gold prices beginning in April 2013 was accompanied by a gold bar and coin buying frenzy in China, boosting consumption in the last 9 months of 2013. The consumption of gold bars in the first half of 2014 decreased to 106 t, a 62% decrease compared with consumption in the first half of 2013, while consumption in coins and other uses decreased by 44% to 11 t. The WGC reported that the decline in gold consumption in China was also influenced by the Government's crackdown on corruption (gold was often used as a bribe). As part of the Government crackdown on corruption, the China Securities Regulatory Commission was investigating

the 200 metals exchanges, of which 116 involved precious metals, and planned to reduce the number of precious metals exchanges by 20 (Yang, 2014). However, gold consumption for the jewelry and industrial sectors in the first 6 months of 2014 increased to 426 t and 27 t, respectively, both an 11% increase compared with consumption in the first half of 2013.

The WGC (2014, p. 13, 19) estimated that the global mine production of gold in the first half of 2014 was 1,479 t, 4% greater than that of the same period in 2013. However, the WGC predicted that 2015 mine production was going to be less than that in 2014, as many gold producers have implemented cost saving and optimization programs owing to the declining gold prices in 2013 and increasing operating costs. These programs will limit the production from existing mines and may slow down the development of new projects.

U.S. Trade

Total imports for consumption of gold (table 3) for the first 6 months of 2014 was 5% less than that of the same period in 2013. Imports of ores and concentrates increased by 48%, imports dore and precipitates decreased by 14%, and imports of refined bullion increased by 15%. Canada was the leading shipper of gold to the United States, supplying 27% of total U.S. imports in the first 6 months of the year, followed by Mexico, which supplied 22%; Colombia, which supplied 13%; and Bolivia, which supplied 12%. Canada accounted for 73% of refined bullion and 97% of ores and concentrates. The leading sources for imports of dore and precipitates for the first 6 months of 2014 were Mexico (25%), Colombia (20%), Bolivia (18%), and Ecuador (12%).

Total exports of gold (table 3) for the first half of 2014 decreased by 41% compared with those for the first 6 months of 2013. Exports of ores and concentrates decreased by 29%, exports of dore and precipitates decreased by 45%, and exports of refined bullion decreased by 40%. Hong Kong and Switzerland were the leading destination for gold materials from the United States accounting for 42% and 34%, respectively, of the gold exports in the first half of 2014 and 58% and 20%, respectively, of bullion exports during the same period. The

leading recipients of U.S. exports of gold dore and precipitates for the first 6 months of 2014 were: Switzerland (74%), United Arab Emirates (15%), and India (10%). Coeur Mining, Inc.'s (Chicago, IL) Kensington Mine in Alaska exported about 1,670 kg of gold ore and concentrates to China and Japan for further processing (Coeur Mining, Inc., 2014, p. 6).

Waste and scrap imports for the first half of 2014 were 89% less than those of the same period in 2013. Canada and Mexico were the leading shippers of waste and scrap gold to the United States, accounting for 18% and 35%, respectively, of waste and scrap imports in the first half of 2014. Exports of waste and scrap for the first 6 months of 2014 were 87% less than those of the same period in 2013. Canada and the United Kingdom accounted for 59% and 32%, respectively, of gold waste and scrap exports.

Prices

The average Engelhard gold price was \$1,282.71 per troy ounce for June, a \$9.76 per troy ounce decrease compared with the average gold price in May (table 2). The gold price started the month at \$1,280.82 per troy ounce and, after it decreased to the monthly low of \$1,247.77 per troy ounce on June 3, the price increased to the monthly high of \$1,324.60 per troy ounce on June 24. The price decreased slightly to \$1,316.38 per troy ounce at monthend.

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TABLE 1
MINE PRODUCTION OF RECOVERABLE GOLD IN THE UNITED
STATES, BY STATE¹

(Kilograms)

	Alaska	Nevada	Other States ²	Total
2013: ^P				
June	2,950	14,500	2,170	19,600
July	3,180	14,300	2,190	19,600
August	2,940	15,400	2,300	20,700
September	2,990	14,500	2,240	19,700
October	2,460	14,000	2,420	18,900
November	2,310	14,200	2,410	18,900
December	2,600	15,400	2,370	20,300
January–December	32,200	170,000	27,800	230,000
2014:				
January	2,030	13,300 ^r	2,510	17,800 ^r
February	1,960	12,400 ^r	2,070	16,400
March	2,350 ^r	12,800 ^r	2,380	17,500 ^r
April ^f	2,870	11,400	2,250	16,500
May ^f	2,900	11,900	2,470	17,200
June	2,940	12,400	2,310	17,700
January–June	15,100	74,100	14,000	103,000

^PPreliminary. ^rRevised.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes Arizona, California, Colorado, Idaho, Montana, New Mexico, South Dakota, Utah, and Washington.

TABLE 2
GOLD PRICES

(Dollars per troy ounce)

	Price	Date
Engelhard:		
2013:		
Low	1,189.17	Dec. 31
High	1,697.28	Jan. 2
Average	1,414.80	XX
2014:		
May:		
Low	1,256.78	May 29
High	1,316.38	May 5
Average	1,292.47	XX
June:		
Low	1,247.77	Jun. 3
High	1,324.60	Jun. 24
Average	1,282.71	XX
Year to date:		
Low/date	1,225.53	Jan. 8
High/date	1,387.00	Mar. 14
Average	1,295.76	XX
Handy and Harman:		
2013, Average	1,409.73	XX
2014:		
May	1,288.74	XX
June	1,279.10	XX
Year to Date	1,293.36	XX
London Final:		
2013, Average	1,411.23	XX
2014:		
May	1,287.52	XX
June	1,279.10	XX
Year to Date	1,293.14	XX

XX Not applicable.

Source: Platts Metals Week.

TABLE 3
U.S. IMPORTS AND EXPORTS OF GOLD¹

(Kilograms, gold content unless otherwise specified)

Period and country	Ores and concentrates ²	Doré and precipitates	Refined bullion ³	Total ⁴	Waste and scrap (gross weight)	Metal powder (gross weight)	Gold compounds (gross weight)
Imports for consumption:							
2013	368	215,000	98,300	313,000	286,000	4,050	17,100
2014:							
May	11	13,800	9,820	23,700	5,180	72	151
June:							
Bolivia	--	3,230	--	3,230	112	--	--
Brazil	--	138	62	200	--	--	--
Canada	--	435	3,510	3,950	437	--	--
Chile	--	355	--	355	--	--	--
China	--	--	1	1	313	--	--
Colombia	--	2,620	--	2,620	20	--	--
Costa Rica	--	12	--	12	113	--	--
Curacao	--	134	--	134	1	--	--
Dominican Republic	--	163	--	163	339	--	--
Ecuador	--	2,100	6	2,100	(⁵)	--	--
El Salvador	--	--	--	--	139	--	--
Germany	--	--	(⁵)	(⁵)	160	27	--
Guatemala	--	426	--	426	84	--	--
Guyana	--	829	144	973	4	--	--
Honduras	--	94	220	314	111	(⁵)	--
Mexico	--	3,620	2,080	5,710	958	7	--
Nicaragua	--	228	4	232	52	--	--
Panama	--	27	32	59	55	--	--
Peru	--	1,690	--	1,690	--	--	--
United Kingdom	--	--	11	11	459	3	20
Venezuela	--	293	--	293	--	--	--
Other	--	104	132	236	303	1	5
Total	--	16,500	6,210	22,700	3,660	38	25
January–June	186	94,700	52,000	147,000	27,000	320	710
Exports:							
2013	7,630	197,000	488,000	692,000	128,000	269	1,170,000
2014:							
May	353	11,700	14,200	26,200	2,290	35	1,310
June:							
Canada	(⁵)	--	289	289	1,150	33	24
China	151	--	--	151	--	2	111
Germany	--	--	106	106	99	1	1
Hong Kong	--	--	5,030	5,030	--	2	8
Japan	129	--	508	637	33	2	5
Singapore	--	--	1,140	1,140	--	--	379
Switzerland	(⁵)	8,350	2,940	11,300	--	--	--
United Arab Emirates	--	1,920	36	1,960	--	--	--
United Kingdom	--	--	6,280	6,280	483	8	7
Other	40	74	213	320	30	27	279
Total	320	10,400	16,500	27,200	1,790	75	814
January–June	2,080	62,100	175,000	239,000	14,300	973	6,310

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes gold content of base metal ores, concentrates, and matte imported for refining.

³Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

⁴"Waste and scrap," "Metal powder," and "Gold compounds" not included in "Total."

⁵Less than ½ unit.

Source: U.S. Census Bureau.