

Weekly Gold Report
11th January 2010

BLACKROCK - Weekly Gold Report



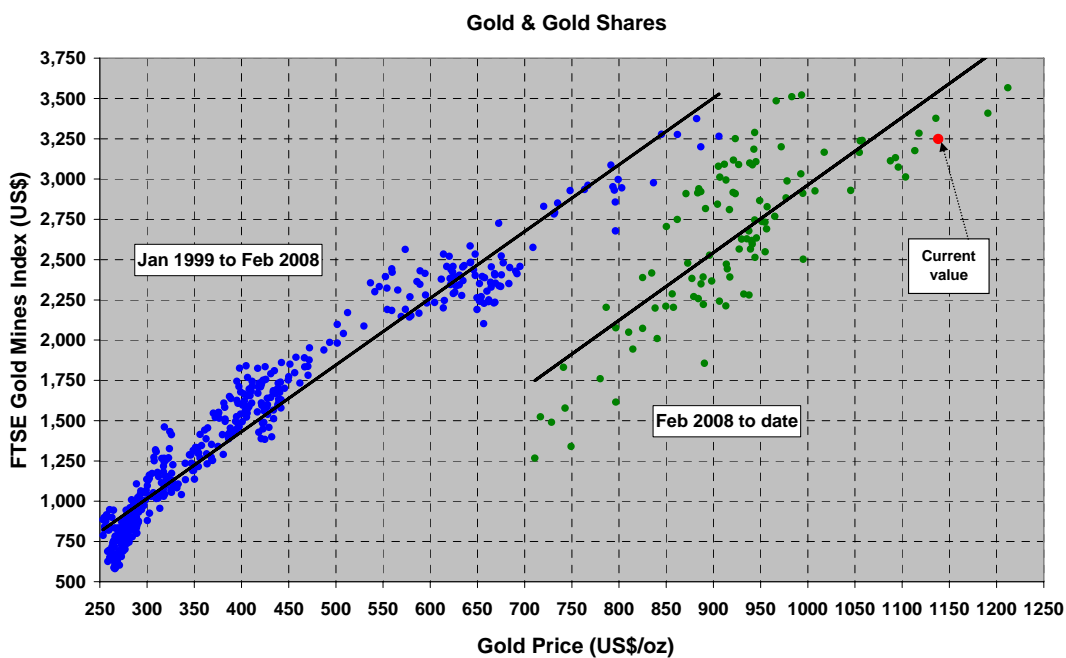
Performance Tables (all figures in US\$)

	07/01/10	1-week %	1-month %	3-month %	6-month %	Fall from 12-month high (%)	Rise from 12-month low (%)
Gold Bullion	1,138.3	3.9%	-2.0%	9.3%	23.1%	-6.1%	40.5%
FTGM - Africa	3,086.7	3.9%	-1.0%	0.2%	29.8%	-9.6%	85.5%
FTGM - Asia Pacific	14,797.7	7.4%	2.5%	8.7%	40.0%	-7.6%	88.3%
FTGM - America	2,733.2	5.9%	-2.1%	0.8%	26.7%	-12.2%	59.3%
FTSE Gold Mines	3,248.8	5.7%	-1.3%	1.6%	29.0%	-11.1%	60.5%

Source: Datastream. Data as of 7th January 2010.

Summary

The gold market had a strong opening week to the year. Bullion prices rose on US Dollar weakness, which encouraged investment flows into the commodities sector as a whole. Gold has also been helped by firmer crude prices. Oil rose to a 15-month high during last week on expectations that cold weather in the US will boost demand. Bullion closed the week up 3.9% at US\$1,138/oz. Gold equities also performed well, with the FTSE Gold Mines Index gaining 5.7%.





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Equity News

In equity markets, New Gold made a positive announcement. New Gold has exercised its first right of refusal over the sale of Xstrata's 70% interest in El Morro copper-gold deposit in Chile. New Gold is gazumping Barrick Gold's offer to buy the stake. The purchase will be funded by Goldcorp, who will become New Gold's partner to develop the mine. New Gold reacted positively to the announcement, closing the week up 21.3%.

Outlook

In 2009, gold prices rose 27%, making it the ninth consecutive calendar year of positive returns. That's the longest winning streak in the past 40 years. (The previous best sequence of positive returns in the past 40 years was a 5-year run in the early 1970s after the US government terminated the convertibility of the Dollar into gold.) Clearly, gold is in a bull market.

Will this continue into 2010? Statistically, a trend is more likely to continue than end - that's why it is called a trend. But do the fundamentals support further upside in the gold price? The answer to this question is yes. One of the key features of the market in recent years has been the emergence of the ETFs, which have partly facilitated the growth in investment demand. Investment demand is important because it is really the only factor that can drive a long-term bull market in gold - because it is not always price sensitive. Investment demand can grow as prices rise simply because investors like to own assets that increase in value. The factors that have encouraged investment demand remain in place - concerns about the value of the US Dollar or longer-term inflation are at the top of this list. We believe that these issues will not dissipate anytime soon.

Other positive long-term factors include falling mine supply and the potential for a reduction in net central bank sales will all be supportive of prices. Indeed, central banks may even become net buyers of gold! In terms of the gold equities, they now appear to be generating leverage to movements in the bullion price, a characteristic that had been conspicuously absent in recent years. We believe that earnings will expand as gold prices rise and investors will be attracted back into the sector.

We wish all our investors a prosperous 2010 - the Year of the Tiger.

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