Gold is rare. Today there are 165,000 metric tonnes of stocks in existence above ground. If every single ounce of this gold were placed next to each other, the resulting cube of pure gold would only measure 20 metres in any direction.

The demand for this precious and finite natural commodity occurs in many geographies and sectors. Around 60% of today’s gold becomes jewellery, where India and China with their expanding economic power are at the forefront of consumption. In East Asia, India and the Middle East, gold has powerful cultural meaning, accounting for approximately 70% of the world’s gold jewellery in 2009.

But jewellery creates just one source of demand; investment, central bank reserves and the technology sector are all significant. Each is driven by different dynamics, adding to gold’s strength and independence.

In creating supply, gold mining companies operate on every continent of the globe. This broad geographical dispersal means that issues, political or otherwise, in any single region are unlikely to impact the supply of gold. Beyond mine production, recycling accounts for around a third of all current supply. In addition, central banks can also contribute to supply should they sell part of their gold reserves. It is worth noting that after 18 years as net sellers, collectively central banks are now effectively net buyers, causing not only a significant decrease in supply but a corresponding, simultaneous increase in demand.

Taken from Gold.org