

Glossary of Terms

A

Acid Test: A method to determine the fineness of gold by subjecting it to various acids. Nitric acid is used for testing up to 10-karat gold. Gold finer than 10-karat will only react with aqua regia.

Alkaline: Containing salts of alkali or alkaline earth metals (sodium, magnesium, calcium). Often used to mean basic.

Allocated Account: A depository account in which the client's metal is individually identified as his, and physically segregated from all the other gold in the vault; in the event of a default by the holding bank, the investor becomes a secured creditor. See Unallocated Account.

Alloy: A substance that is a mixture, as by fusion, of two or more metals, or of a metal and some other material.

Alluvial Gold: Small particles or nuggets of gold formed by the weathering and erosion of gold-bearing rocks and often deposited downstream by flowing water. Also known as "placer" gold, it is often mined by panning or dredging river edges and beds.

Amalgam: An alloy of mercury with another metal, such as silver or gold.

American Eagle: Beginning in 1986, the United States Mint issued a series of one-ounce, half-ounce, quarter-ounce, and tenth-ounce gold bullion coins as well as a one-ounce silver bullion coin. The Gold Eagle coins are 22-karat or 0.9167 fine and carry nominal face values of \$50, \$20, \$10, and \$5, respectively. The Silver Eagle coin is 0.999 fine and has a \$1 face value. In 2007, the United States also began issuing a 24-karat gold coin called the Buffalo.

Aqua Regia: A mixture of hydrochloric acid and nitric acid (usually in a 3:1 ratio) that can be used to dissolve gold and platinum. From the Latin translation of "royal water".

Arbitrage: Simultaneously buying and selling a financial asset or commodity in different markets to take advantage of price differentials.

Ask or Asking Price: The price at which a dealer offers to sell.

Assay: To test a metal for purity to ascertain the fineness and weight of a precious metal.

Au: The chemical symbol for gold, originating from the Latin word "aurum" meaning "shining dawn" after Aurora, the goddess of dawn.

Australian Nugget: See Nugget.

Austrian 100 Corona: Restrike bullion gold coin containing 0.9802 ounce of gold.

Avoirdupois: A system of weights for commodities except precious metals, stones, and drugs. One avoirdupois ounce equals 28.35 grams or 437.50 grains.

B

Backwardation: The difference between a forward price and a nearby price when the latter exceeds the former. See Inverted Market.

Ball Mill: A piece of milling equipment used to grind ore into small particles. Steel balls are used as the grinding medium, rotating within a large cylindrical drum.

Bar: Typical gold product, either for trading or for accumulation. Bars come in a variety of shapes, weights, and purities, and different bars are favored in different parts of the world. See Bullion, Tola, Tael, Kilo-bar.

Base: Chemical opposite of an acid, capable of reacting with an acid to form a neutral salt. Can be used to neutralize acidic solutions.

Base Metal: Metals other than gold, silver, and the platinum group. Includes copper, lead, iron, and zinc. While useful, base metals are not considered precious.

Bear: Someone expecting prices to fall.

Bear Market: A market in which the primary trend is down.

Bid: The price at which a dealer or other prospective buyer is willing to buy. See Spread.

Black Sand: A mixture of heavy, dark minerals and metals.

BU: Brilliant uncirculated, used to describe a coin in new condition.

Bull: Someone expecting prices to rise.

Bull Market: A market in which the primary trend is up.

Bullion: Precious metals in the form of ingots, bars, or wafers that are usually at least 99.5% pure. Originally meaning 'melting place' or 'mint', probably from the French 'bouillon', boiling.

Bullion Coin: A legal-tender coin, with or without a symbolic face value, whose market price reflects the market price of its gold content, rather than its rarity or face value.

C

Call: An option granting the right, but not the obligation, to buy a commodity or a financial security at a predetermined price (the strike price) on a specified date in the future.

Canadian Maple Leafs: Modern bullion coins minted by the Royal Canadian Mint. See Maple Leaf.

Carat: A unit of weight for precious stones, including diamonds.

Cash Market: See Spot Market.

Cash Production Cost: The cost of mining an ounce of gold, generally including milling, refining, and other direct production costs, but usually excluding taxes, depreciation, financing, marketing, and other indirect expenses. The exact definition may vary from one mining company to the next.

Centenario: See Mexican 50 Peso.

Certificates: Gold certificates are a method of holding gold without taking delivery. Issued by individual banks or bullion dealers, they confirm an individual's ownership while the bank holds metal on the client's behalf. The client thus saves on storage and personal security issues, and gains liquidity in terms of being able to sell portions of the total holdings without assay.

CFTC: Commodity Futures Trading Commission, the regulatory body in the United States responsible for the U.S. futures market.

Chuk Kam: The Chinese phrase for pure gold, this refers to the 0.990 fine investment grade jewelry popular among the Chinese people of the Mainland and Chinese communities around the world. Chuk Kam jewelry typically trades at a 10 to 15% premium over its gold content value.

Cinnabar: Mercury sulfide, unprocessed mercury ore.

Coin Gold: Gold used in coins is generally alloyed with small amounts of other metals (usually silver and copper) for durability.

Coin of the Realm: A legal-tender coin issued by a government, meant for general circulation.

COMEX: One of the world's major commodities futures exchanges where gold and silver are traded. The COMEX is in New York City and is a division of the New York Mercantile Exchange (NYMEX). COMEX gold contracts represent 100 ounces each, and the actively traded contracts are the even months of the year.

Commemoratives: Legal-tender coins or medallions usually minted of gold or silver and sometimes platinum or palladium to commemorate themes, events, places, or people.

Commodity Pool: A venture, usually a limited partnership, in which investors contribute funds for the purpose of buying commodities.

Consignment Stocks: A bullion dealer may hold gold on consignment at a client's premises. It is the dealer's property until the client withdraws it and pays the prevailing price. Alternatively, consignments may be held by the dealer at local banks convenient to the client until the client comes forward to purchase and take delivery.

Contango Market: A normal futures market in which prices are higher in the succeeding delivery months than in the nearest delivery month. This is the usual situation with gold. The contango will usually reflect prevailing interest rates and storage charges. Opposite of Backwardation.

Correction: A decline in prices following a rise in a market.

Cover: To offset a short futures or options position.

Cradle Rocker: An early device used to recover gold.

Cyanidation or Cyanide Process: The process of extracting precious metals from mine ore and scrap metal using an oxygen-rich cyanide solution.

D

Deferred Settlement: A situation in which the settlement of a bullion market contract is deferred by mutual agreement on a daily basis.

Delivery: The transfer of the asset from seller to buyer. This does not necessarily involve physical shipment, but can be done on paper with the bullion remaining in the vaults of a specified bank.

Delta: The proportion by which the price of an option changes in response to a change in the price of the underlying asset. The delta measures the sensitivity of the option's price to changes in the asset's price.

Density: The weight of a material per unit volume.

Deoxidizer: Substance added to a metal to produce as-cast brightness. Zinc is a common deoxidizer in jewelry and dental alloys.

Derivative: A financial instrument derived from a cash market commodity, futures contract, or other financial instrument. Derivatives can be traded on regulated exchanges

or over-the-counter. Futures contracts, for example, are derivatives of physical commodities, and options on futures are derivatives of futures contracts.

Diamond Drilling: One type of exploratory drilling by mining companies and prospectors to obtain ore samples using a hollow diamond-studded drill bit that cuts out a rock core for metallurgical examination and assaying.

Disseminated Ore: Ore in which small particles of gold or other valuable minerals are spread more or less uniformly throughout the deposit, in contrast to “Massive Ore” in which the gold or other minerals are concentrated in almost solid form.

Doré: A gold-silver alloy, an intermediate product from some gold mines.

Double Eagles: U.S. \$20 gold coins used as legal tender from 1850 to 1933. Double Eagles contain 0.9675 ounce of gold and come in two designs, the St. Gaudens (Walking Liberty) and the Liberty.

Ductility: The property of a metal that allows it to be drawn or stretched into thin wire; gold is the most ductile of all metals.

Dust: Finely ground, powdery gold.

E

Eagle: See American Eagle.

Electrolytic Refining: The most efficient method of separating gold from ore or other metals. Using this method, it is possible to produce gold that is 0.9999 pure.

Element: A substance that cannot be chemically separated into separate components. For example, gold itself is an element, while gold alloy is not.

Elixir: Called the philosopher’s stone, a hypothetical substance sought for by medieval alchemists to change base metals into gold.

Epithermal Deposits: Gold deposits found at or near the earth’s surface mainly in veins. These deposits were formed when hydrothermal fluids passed through the heated rocks of a volcanic system, depositing gold-containing minerals as the fluids cooled near the surface.

Eureka: Term used by early miners to mean “I have found it”. Term used by Archimedes in legend.

Exchange for Physical: A mechanism that allows a client to open or close a futures contract through the physical market when the futures market on which the contract is traded is closed. A dealer will deal for the client in the over-the-counter market and then

replace the position with a futures market position when the exchange opens. The differential in the price between the spot and futures contract is often itself referred to as the EFP.

Exchange-Traded Fund (ETF): See Gold-Exchange Traded Fund.

F

Face Value: The legal monetary value stamped on a coin. For example, a 1-ounce Gold American Eagle coin has a face value of \$50, but is bought and sold at a price close to the market price of one ounce of gold.

Ferrous: Containing or derived from iron. Non-ferrous is a standard term used for other metals or minerals.

Fiat Money: Paper money made legal tender by law, although not backed by gold or silver.

Field: The open area or background on a coin.

Filigree: A form of delicate, lace-like ornamental work of intertwined wire of gold, silver, etc. twisted and soldered into intricate patterns

Fine Weight: The metallic weight of a coin, ingot, or bar, as opposed to the item's gross weight which includes the weight of the alloying metal. A 1-ounce Gold Eagle, for example, has a fine weight of one troy ounce but a gross weight of 1.0909 troy ounce.

Fineness: Gold purity, usually expressed in parts per thousand; thus 995 or two nines five is 995/1000 or 99.5% pure. The American Gold Eagle is .9167 fine, which means it is 91.67% gold. A Canadian Maple Leaf has a fineness of .999, which means it is 99.9% pure. Historically, 995 was the highest purity to which gold could be manufactured when good delivery was determined, but today for very high technology applications it is now possible to produce metal of up to 99.9999% purity.

Fix: The London gold fixing takes place twice daily over the telephone and sets a price at which all known orders to buy and sell gold on a spot basis at the time of the fix can be settled. The fix is widely used as the benchmark for spot transactions throughout the world gold market.

Fool's Gold: Iron pyrite, a mineral which looks to some like the real thing, fooling and disappointing many prospectors who believed they had struck it rich. Unlike gold, pyrite is hard and brittle.

Four Nines: Gold of the highest purity containing 99.99% real gold. Four nines gold is equivalent to 24-karat gold.

Forward Transaction or Contract: The purchase or sale for delivery and payment at an agreed upon date in the future; similar to a futures contract, except that forward transactions are not subject to the standardized procedures and regulations of a commodities futures exchange. Each forward contract is 'tailor-made' to the needs of buyer and seller.

Free Trade: Trade carried on without governmental regulations; especially international trade conducted without quotas on imports or exports, protective tariffs, etc.

Futures Contract: An agreement made on an organized exchange to take or make delivery of a specific commodity or financial instrument at a set date in the future.

G

GOFO: The Gold Offered Forward Rate, which is the rate at which dealers will lend gold against U.S. dollars.

Gold: A bright yellow, inert, metallic chemical element. The most ductile and malleable of all metals and one of the heaviest, it is a precious metal and is used in the manufacture of coins, bullion, and jewelry.

Gold Bug: The term gold bug is a term for investors or individuals who are enthusiastic and bullish on buying gold. Gold bugs believe purchase gold as they believe it is a safe haven during times of economic distress. Gold bugs often expect the rapid growth of money supply and high rates of inflation.

Gold Exchange-Traded Fund: Gold ETFs are gold-backed stock-market securities representing ownership in a trust designed to track the ups and downs in the metal's price. The principal advantage of gold ETFs is that they are bought, sold, and traded like stocks on an exchange. However, ETF investors do not actually own physical gold. Although they are 100-percent backed by physical gold held mainly in allocated form, these securities do not give investors actual ownership with rights to take delivery of physical gold. It is important for investors to remember that gold ETFs do provide exposure to the gold price – but they do not provide all of the special benefits of actual physical ownership in the form of bullion coins or bars. The SPDR Gold Trust (<http://www.spdrgoldshares.com>, NYSE symbol: GDL) is the biggest exchange-traded fund backed by gold. Originally listed on the New York Stock Exchange in November of 2004 and traded on NYSE Arca since December 13, 2007, SPDR Gold Shares now also trade on the Singapore, Tokyo, and Hong Kong stock exchanges. Another, somewhat smaller gold ETF, the iShares COMEX Gold Trust (http://us.ishares.com/product_info/fund/overview/IAU.htm), is also listed on the New York Stock Exchange (NYSE: XAU). In addition, other smaller gold exchange-traded

funds are also traded on a number of stock exchanges around the world, including Australia, France, Mexico, South Africa, Switzerland, Turkey, and the United Kingdom.

Gold Filled: Consisting of a base metal core with a layer of at least 10-karat gold applied to the surface. The gold layer must constitute at least 1/20th of the weight of the metal.

Gold Forward Offered Rate: See GOFO.

Gold Leaf: Gold beaten into very thin sheets, used for decorative purposes such as picture frames, signs, book edges, and ornaments. Gold can be beaten to 1/250,000th of an inch thick.

Gold Loan: A financing mechanism whereby gold is borrowed from a bullion dealer or central bank. Sometimes, borrowed gold is sold into the market to raise cash, usually to finance a gold-mining operation. The metal is then repaid in kind over an agreed period of time. The interest on the loan is paid either in currency or in gold subject to the agreement between the counter-parties.

Gold Standard: A monetary system based on convertibility into gold in which paper money is backed by and interchangeable with gold.

Good Delivery Bar: A bar of gold or silver that is acceptable for delivery against a standardized metals contract.

Good Delivery Standard: The specification to which a gold bar must conform in order to be acceptable on a certain market or exchange. Good delivery for the London Bullion Market is the internationally accredited good delivery standard. A good delivery bar for London weighs between 350 and 430 ounces (gold content), of minimum purity 99.5% (two nines five).

Grade: The amount of gold (or other metal) per metric ton of ore, usually expressed in grams per ton or hundredths of an ounce per ton.

Grading Service: A company that grades numismatic coins. Generally, graded coins are encapsulated in plastic, a procedure called “slabbing.”

Grain: One of the earliest weight units used for measuring gold. One grain is equivalent to 0.0648 grams or 0.002083 troy ounces. One troy ounce contains 480 grains.

Grain Refiner: Substance added to a metal to improve flow characteristics, allowing the metal to fill more completely. This improves casting quality, enhances finish, and increases reusability of the metal.

Gram: The basic unit of weight of the metric system. One kilogram equals 1000 grams and 31.1035 grams equals one troy ounce.

H

Hallmark: A mark or stamp on a bullion item or precious metals jewelry that identifies the producer and sometimes the karat fineness.

Heap Leaching: A process used in the mining industry for the extraction of gold and other metals from ores. Crushed ore is piled into large mounds covering several acres and liquid cyanide solution is continuously sprinkled on the top of the heap. As the solution percolates through the ore, the gold is dissolved and recovered from collected solution.

Heavy Gold Electroplate (HGE): A process that involves electroplating of gold or gold alloy of 10-karat or greater fineness to a minimum thickness of 1/10,000th of an inch.

Hedging: The use of derivative instruments to protect against price risk. A hedge transaction has the specific intent of protecting an existing or anticipated physical market exposure from unexpected or adverse price fluctuations.

I

Inert: Metals that do not chemically react normal temperatures or harsh environments, i.e. are tarnish and corrosion resistant. Precious metals such as gold, platinum and palladium are inert elements. Inert metals have high melting points.

Intrinsic Value: The value of a coin's metal content.

Inverted Market: A situation in which prices for future deliveries are lower than the spot price. Also known as Backwardation.

Iridium: A white noble PGM. Alloyed with platinum to form a durable 90:10 Pt:Ir alloy in jewelry.

K

Karat: A measure of the purity or fineness of a precious metal scaled from 1 to 24. For example, 24-karat gold (or pure gold) has at least 999 parts pure gold per thousand, 18-karat gold has 18 parts pure gold and 6 parts alloy, while 12-karat gold has 12 parts pure gold and 12 parts alloy.

Kilobar: A bar weighing one kilogram or approximately 32.1507 troy ounces.

Koala: Australian platinum bullion coin, minted since 1987. The Koala is 0.995 fine.

Krugerrand: A South African gold bullion coin. The Krugerrand, first issued in 1967 is a legal-tender coin without face value. The Krugerrand is 22-karat, or 0.9167 fine.

L

Lakh: A trading term meaning 100,000, deriving from the Indian word of the same meaning.

LBMA: The London Bullion Market Association acts as the coordinator for activities conducted on behalf of its members and other participants in the London Bullion Market.

Legal Tender: The coin or currency which the national monetary authority declares to be universally acceptable as a medium of exchange; acceptable, for instance, in the discharge of debts.

Legend: The inscription on a coin.

Limit Order: An order placed by a client for a transaction to be executed at a specific price. The order is triggered if the market touches or betters that price.

Liquidity: The quality possessed by a financial instrument or commodity of being readily convertible into cash without significant loss of value.

LME: London Metal Exchange, founded in 1877.

Lode: A metallic or mineral vein (such as gold) in solid rock.

London Fix: Two daily bidding sessions in London of five major gold firms, at which the price of gold is 'fixed' or set. The London fix, along with the COMEX close is often used as a benchmark price for gold transactions around the world.

Long Ton: A metric ton. In the metric system, the unit of weight equal to 1,000 kilograms or 32,150.7 troy ounces. A metric ton is equivalent to 2,204.61 pounds. Not to be confused with a short ton of the avoirdupois system which weighs 2,000 pounds.

Lot: Alternative term for a futures contract.

Luster: A frosty appearance on the surface of a coin, usually an uncirculated coin.

M

Malleability: The ability of some metals to be hammered or pressed without cracking or breaking. Gold is the most malleable of all metals.

Maple Leafs: Modern gold, silver, and platinum coins minted by the Royal Canadian Mint.

Margin (Initial): The amount of money deposited per contract at the start of the trade.

Margin (Maintenance): A sum that must be maintained on deposit throughout the life of the trade.

Margin Call: Money that is called for from the client during the life of the transaction to cover exposure resulting from an adverse price movement (or an endemic increase in margins by the exchange).

Mark to Market: The valuation of an open position at current price levels.

Market Maker: A dealer who makes a market, i.e. quotes bid and offer prices to counterparties and is prepared to deal at those prices.

Medallion: A round coin-like piece of metal resembling a coin but not legal tender, that is not a 'coin of the realm'. A medallion may be issued by a government or private mint. The Engelhard 1-ounce silver Prospector is a privately-minted medallion.

Mercury: A heavy, silver-white metallic element, liquid at room temperature. Named 'quicksilver' by alchemists because of its fluidity.

Metal: A chemical element with high conductivity of heat and electricity and high luster, density, malleability, and ductility.

Metallurgy: The science of metals and alloys. Process metallurgy is concerned with the extraction of metals from their ores and with the refining of metals and alloys.

Metric Ton: In the metric system, the unit of weight equal to 1,000 kilograms or 32,150.7 troy ounces. A metric ton is equivalent to 2,204.61 pounds. Not to be confused with a short ton of the avoirdupois system which weighs 2,000 pounds.

Mexican 50 Peso: A gold coin first issued in 1921 to celebrate the 100th anniversary of Mexico's independence. The Mexican 50 Pesos in the bullion coin market are restrikes, minted from 1943 onward. Mexican 50 Peso coins weigh 1.2057 troy ounce and are 900 or 90% fine.

Mine Life: The number of years an active gold mine can continue production at current rates of output before its reserves are depleted. Estimates of mine life are sometimes based on actual 'proven' reserves and 'probable' reserves or may be only an approximate estimate by a mine's management.

Mint Mark: A letter or symbol stamped on a coin to identify the minting facility where it was struck.

Mint State: Describes a coin in uncirculated condition.

Modern Issues: Current coins, whether struck for circulation or for sale to investors and collectors.

MS-60: The lowest grade of Mint State coins. Higher-grade coins are labeled MS-61 up to MS-70. Coins showing wear are graded below MS-60 and fall into grades from AU down to G, with G being a coin showing great wear and AU being a coin showing little wear.

N

Naked Short: A seller of a contract who does not have the metal to back up the position represented by the contract.

Native: Referring to an element occurring in nature in the native state, such as gold, platinum, copper, or silver.

Native Gold: Gold occurring in a pure state in nature (rare).

Noble: A modern platinum bullion coin issued by the Isle of Man since 1983.

Nugget: A modern gold bullion coin minted by Australia's Perth Mint, .9999 fine. Also, a naturally occurring stone-like chunk of gold of fairly high purity and gold-like color often used in jewelry.

Numismatic Coins: Coins whose prices depend more on their rarity, condition, dates, mint marks, and collector value than on their gold or silver content.

Numismatist: An expert or collector of rare coins.

NYMEX: The New York Mercantile Exchange, the future exchange where platinum and palladium are traded, and the parent company of the COMEX.

O

Obverse: The front side of a coin that contains the principle design, in contrast to the reverse or back of a coin.

Open Interest: The number of contracts (long and short) outstanding in any one futures contract.

Open Pit, Open Cut, or Open Face: A method of mining gold or other minerals that are deposited on or close to the earth's surface by simply excavating a large pit. Many of the newer mines of North America and Australia use this method for mining low-grade deposits.

Operating Cost: The cost of mining gold (or other minerals) usually expressed in dollars per ounce. Precise definitions may vary from company to company. See Cash Production Cost.

Option: A contract granting the right, but not an obligation, to buy (a call option) or sell (a put option) a commodity or financial security at a specified price (strike price) on a specified date in the future.

Option Premium or Strike Price: The price paid for an option is known as the premium; the strike price is the pre-determined price at which an option may be exercised.

Ore Reserves: The amount of mineral-bearing rock that can be extracted economically to yield gold or other minerals, usually designated in tons and 'grade'. Reserves may be proven, probable, or possible depending on the amount of quantifiable evidence from drilling and other tests to calculate tonnage and gold content.

OTC: The OTC or over-the-counter gold market trades on a 24 hour-a-day basis and accounts for the bulk of global gold trading.

Ounce: A unit of weight. In the precious metals industry, an ounce means a troy ounce, equal to 31.1035 grams.

Oxidation: A chemical process involving the loss of electrons or hydrogen or the gain of oxygen.

P

Palladium: A noble, white inert metal. Palladium, the sister element of platinum, is similar to platinum though the melting point is lower and nobility is less. Used in dentistry. Sometimes used as a whitener in lieu of nickel in jewelry.

Pennyweight: An American unit of weight for gold. One pennyweight equals 24 grains. Twenty pennyweights equals one ounce.

PGM's: Abbreviation for Platinum Group Metals with Pt as the primary metal. The six PGM's are platinum, palladium, iridium, rhodium, osmium and ruthenium.

Philharmonic or Philharmoniker: A series of one-ounce, quarter-ounce, and tenth-ounce gold bullion coins 0.9999 fineness issued by the Austrian Mint beginning in 1989. These 24-karat legal-tender coins honor the Vienna Philharmonic Orchestra.

Physicals Market: A marketplace in which a physical commodity or product is traded, as opposed to a futures market where contracts to deliver at some future date are traded and physical delivery of the product may or may not take place.

Pickling: Acid treatment process used to remove the oxide layer and other impurities from a metal's surface. Usually involves sulfuric or hydrochloric acid.

Placer or Placer Deposit: A concentration of gold or other precious metals in the form of ‘nuggets’ or particles that have accumulated in ‘alluvial’ riverbeds or near the seashore through the process of erosion and weathering.

Planchet: A blank piece of metal used for stamping a coin or medallion.

Platinum: A steel-gray, malleable, ductile metallic chemical element, highly resistant to corrosion and electrochemical attack. Uses include catalyzing reactions, jewelry, and dental alloys.

Platinum Eagles: Modern platinum bullion coins minted by the United States Mint.

Porphyry Gold: A deposit in which gold-bearing crystals occur in finely disseminated grains or in veinlets throughout the ore body.

Premium: The dollar amount or percentage a coin sells for over its intrinsic value. For example, the American Gold Eagle bullion coin usually sells at a premium of 5% to 8% over its intrinsic (or gold-content) value.

Proof: A coin produced using special dies and planchets that results in a sharpness of detail, a virtually flawless surface, and usually mirror-like fields. Proof coins are produced for the collector market.

Put: An option that gives the owner the right to sell a commodity or a financial security at a pre-set price on a specified date in the future.

Q

Quicksilver: A rarely-used synonym for mercury.

R

Rally: An advancing price movement following a decline in a market.

Refractory Ore: Gold-bearing ore in which the precious metal is encapsulated with sulfides or other minerals making the extraction process difficult and expensive.

Recession: A recession is generally defined as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators. A recession begins when the economy reaches a peak of activity and ends when the economy reaches its trough. Between trough and peak, the economy is in an expansion.

Redox: A term used to refer to the opposite and reversible chemical processes of reduction and oxidation.

Reduction: A chemical process involving the gain of electrons or hydrogen or loss of oxygen.

Restrike: An officially issued modern replica or reproduction of a previously issued coin. Governments and their mints can choose to restrike a previous issue rather than introduce new coinage.

Reverse: The back of a coin, in contrast to the obverse or front of a coin.

Rhodium: A white noble PGM metal. Often used in electroplating. Also alloyed with Pt to form thermocouple wire.

S

Scrap: Material from old jewelry, electronics, and telecommunications equipment, and other gold-containing items that is sent to a refiner in order to recover and recycle the precious metals content.

Settlement Date: The date on which a contract is scheduled for delivery and payment. Spot settlement in the bullion market is two days after the bargain has been struck.

Short Covering: The closure of short positions.

Short Sale: The sale of an asset for future delivery without possession of the asset sold.

Short Ton: A short ton weighs 2,000 lbs. in the avoirdupois system. Not to be confused with the metric or long ton which is 1,000 kilograms or 32,150.7 troy ounces or 2,204.61 pounds.

Silver Eagles: Modern 1-ounce silver bullion coins issued by the United States Mint.

Slabbed Coins: Coins encapsulated in plastic for protection against wear or damage from handling.

Sluice Box: A sloping trough or flume through which water is run. Constructed to catch gold from soil and gravel.

Smelting: The partial recovery of metal from process ore.

Sovereign: An English gold coin with a face value of one pound and a gold content of 0.2354 ounces.

Specific Gravity: The ratio of a material's density to that of water and a given temperature. Often used interchangeably with density.

Speculative Long: A trader who has bought a forward or futures contract in the expectation of closing it out at a higher price.

Speculative Short: A trader who has sold a forward or future contract in the expectation of buying it back at a lower price.

Spot Deferred: A forward contract in which the contracts may be rolled forward as they mature. Delivery dates are specified in the same way as for any forward contract, but as each contract comes to maturity it may be rolled forward using the current interest rate. This is also known as a floating rate forward.

Spot Market: A market in which delivery and payment must be made within a pre-specified number of days (usually two) of the transaction date.

Spot Price: The price for physical delivery of bullion bars, usually 100-ounce bars of gold or platinum and 1,000-ounce bars of silver.

Spread: The difference between the bid (or the price a buyer is prepared to pay) and the asking (or the price at which a seller offers to sell) of a precious metal coin or trading unit.

Stale Bull: Speculator who has bought a commodity or trading instrument in the expectations of price rises and then sells on disappointment at the market's failure to fulfill his expectations.

Stale Bull Liquidation: Selling of a long position by a disappointed bull when the price has not performed up to his expectation.

Stop Loss Order: An order that will close out a loss-making position when the price reaches a specific level. Such trades are carried out on a best efforts basis, since it cannot be guaranteed that a specific price will be traded if the markets are moving rapidly.

Symbolic Face Value: The nominal value given to legal-tender bullion (or collector coins) sold for their metal content (or collector value). For example, the 1-ounce American Gold Eagle has a \$50 face value, but sells for the value of its gold plus a premium of 5 to 8%.

T

Tael: A Chinese unit of weight equal to 1.20337 troy ounces or 37.429 grams. Bars of 1-, 5-, and 10-tael weights are popular in many Asian countries.

Tailings: The waste material from ore after metallurgical extraction of gold or other metals. In recent decades, improved extraction techniques and higher metal prices have allowed the retreatment of old tailings dumps to economically recover additional metal.

TOCOM: The Tokyo Commodity Exchange, the principal commodity futures exchange in Japan, trading contracts for delivery of kilobars of 0.9999 fine gold.

Tola: An Indian unit of weight equal to 180 grains or 0.375 troy ounces (11.7 grams).

Tola Bars: Gold bars measured in tolas, the most popular of which is the 10-tola (3.75 troy ounce) cast bar. Tola bars, although often fabricated by European refiners, are traded primarily in the Middle East, India, Pakistan, and Singapore. 10-tola gold bars are a preferred investment unit throughout the region.

Troy Ounce: The standard weight in which gold is most often quoted in the international market. One troy ounce is equivalent to 31.1035 grams or 480 grains. One troy ounce equals 1.09711 avoirdupois ounces. Its name derives from the old French city of Troyes, where during medieval times this unit of weight was used at an annual trading fair.

U

Unallocated Account: An account in which the client's bars are not 'ring-fenced' or specifically identified as belonging to the client depositor, and which may be cheaper than an allocated account as some banks do not charge for storage. The client, however, carries higher counterparty risk as an unsecured creditor in the event of a default by the holding bank. See Allocated Account.

Uncirculated: A coin in new condition, sometimes said to be 'brilliant uncirculated' or 'BU'. The term is often used interchangeably with Mint State.

W

Warrant: A securitized product issued by a specific bank or securities house and usually carrying the name of the issuer, which gives the purchaser the right to buy gold at a certain price on a specific date. They are thus not dissimilar to options, but the pricing mechanism is generally simpler. Options are a generic instrument and would not be specifically tied to one house.

Writer or Grantor: Alternative terms for the seller of an option (whether it is a put or call is irrelevant).

Y

Yellow Metal: A nickname or slang term for gold to distinguish it from the red metal (copper) and the white metals (silver, platinum, and palladium).

Yield: A measure of the annual return on an investment expressed as a percentage.

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