



Gold coin hits 50 in mint shape

LUCKY BIYASE

THE Krugerrand, which was first mooted by South African gold barons in the 1930s during their many grand lunch meetings in the centre of Johannesburg, celebrates its golden jubilee this year.

As a birthday present, prospects for the yellow metal are once again being talked up on the back of growing geopolitical tensions and a return of inflationary pressures in Europe and the US.

The coin "has come a long way", said Richard Collocott, executive head of marketing at Rand Refinery. The refinery, the sole supplier of the coin to distributors in the country,

has sold more than 53 million since its launch in 1967.

In the formative years of South African gold production, there wasn't much beneficiation of the precious metal as it was mined and immediately shipped to London for refining. That was until 1920, when steps were taken to launch a local refinery. After the Krugerrand was launched, the Chamber of Mines set in motion the mass marketing of the coin.

The Krugerrand has been the most successful of all gold coins produced anywhere in the world, including the American Gold Eagle coin and the Canadian Gold Maple leaf.

The Krugerrand "has been cred-

ited as being the trailblazer in the gold bullion coin industry", Collocott said.

The Krugerrand, designed for investment, falls under the authority of the South African Reserve Bank and is jointly produced by the South African Mint Company, a subsidiary of the central bank.

Interest in the coin, which bears the face Paul Kruger, Boer statesman and four-term president of the old South African Republic, hasn't dissipated in recent years.

In 1985, sales of the coin plunged in the US as part of that government's international programme of sanctions.

Last year, more than a million

ounces of gold were sold through Krugerrands.

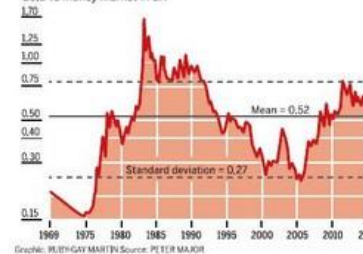
Gold rallied as much as 28% last year, reaching its highest point in some three years on the back of a rise in uncertainty caused by Britain's decision to leave the EU. The metal ended the year more than 8.6% stronger, outperforming platinum's 1.3% rise.

In South Africa, "gold has been a fantastic investment from around 1970 to 1980 and again from 2005 to 2016", said Peter Major, director of mining at Cadiz Corporate Solutions.

Gold coins and gold exchange traded funds have performed well over the past 20 years, outperforming the JSE gold mining index's paltry 5.6%

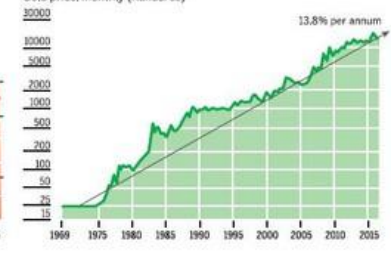
A very cyclical relationship

Gold vs money market in SA



Graphic: PETER GAY MANTEN Source: PETER MAJOR

Gold price, monthly (Rands/oz)



rise over that time. The US dollar price of gold over that period has more than tripled, and its rand price has risen by more than 895%.

Despite the woes faced by South

African miners of increasing regulatory tensions and deeper and more dangerous mining for gold, Major said the metal as an investment vehicle would remain.

"Gold will continue to have a place in South Africans' investment portfolios for some time to come — even though we mine such a small amount nowadays."