

Perth Mint booms amid financial meltdown

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Perth Mint has hired more staff and added a third shift to its factory roster to keep up with the demand for gold coins as volatile markets send investors scrambling to buy into the perceived safe haven.

“In the six years I’ve been with the Perth Mint it’s never been this busy,” Mint chief executive Ed Harbuz said yesterday. “Demand for our bullion coins has gone through the roof, not only in our shop but in North America, Europe.”

Mr Harbuz said Perth Mint’s depository held about \$1.5 billion worth of gold and other precious metals on behalf of investors.

He estimated that production of coins had doubled in the past six months.

“Eighty per cent of our business is done outside Australia, most of our demand is in North America, Europe and Asia,” Mr Harbuz said. “When there is fear and uncertainty some people go to gold and other precious metals as a safe haven, and it’s been like that for thousands of years.”

Mr Harbuz said sourcing precious metals was not hard but there had been some strain on coin production.

“There is a lot to making a coin from gold bars to silver bars and we have limitations in equipment and people, but we have managed to keep up reasonably well with demand by putting on extra shifts.”

One customer recently went to the Mint with a cheque and was told it would have to clear before his gold could be issued. The customer immediately went to the bank and withdrew \$100,000 to buy the gold straight away.

“That was an isolated incident,” Mr Harbuz said. “In general we do get customers that seem to be panicking and seem to be desperate to put their money into precious metals.”

Gold can be bought as bullion coins and bars or can be invested via depository schemes where the buyer pays to have a certain amount stored securely on their behalf, with the price generally determined by the “spot” gold price at the time of purchase.

Gold was worth \$US879.37 an ounce late yesterday, or \$1098.57/oz in Australian dollars. The spot price has climbed from under \$600/oz in Australian dollars five years ago.

Some analysts dispute that gold is a risk-free investment option, despite its reputation as a safe haven in difficult economic times. Part of their reasoning is that the gold price is so high that the probable upside is minimal.

Entrust Private Wealth managing director Graeme Yukich said gold bullion was not an investment he would recommend.

“What are you going to do? Buy a couple of gold bars and put them under your bed or something like that?” he said. “You can’t value gold on sound fundamentals. You are just punting on the gold price movements.”