

The men with the golden gain

JEREMY GATES
 Special Correspondent

When full-page adverts claim the price of gold has soared 30 per cent in the past six months alone, it isn't only those facing big debts or mortgage arrears who are tempted to turn old heirlooms and unwanted gifts into cash.

Strictly speaking, the claim isn't true. Gold prices have been falling recently, but this is unlikely to deter sellers who need cash.

Earlier this year, gold achieved its highest-ever price against sterling, the euro, the Swiss franc and the dollar in Canada, Australia and New Zealand - indeed just about everywhere except for the Japanese Yen and the US dollar.

After years of steely jewellers looking dismissively at a well-worn keepsake and advising desperate owners not to waste their time, the internet is creating a world where it is much easier to turn surplus items into cash.

With British government debt soaring towards a trillion pounds, Adrian Ash, head of research at BullionVault, the UK's leading online service for gold bullion investment, reckons the craze for turning valuable metals into cash may be only just beginning.

"When Cash4Gold, a big American company, gets going in Britain, you could see quite an impact on this business," he says.

"These boys are big enough to take a two-minute advertisement in the Superbowl. A significant amount of the booming level of scrap-gold supply may be down to the model they've established.

"Theirs is an impressive business model: heavy advertising, an efficient collection/distribution network and a cheque rapidly despatched for vendors."

Website CashYourgoldNow.co.uk, which promises "fast, efficient and very discreet" service, is likely to feel the draught as the Americans arrive.

Its selling angle is that any unwanted old jewellery can be turned into instant cash for a holiday, a new outfit, bills or a special occasion.

The argument is a timely one because gold has been a relatively steady store of

value through 18 months of financial turmoil which has wiped nearly £9 trillion off global share values. Most other investments, apart from US Treasury

bonds, have headed south. Mr Ash says the "scrap side" of gold sales boomed globally in the first quarter of 2009, with a total value of 500-1,000 metric tonnes sold by owners seeking cash.

If private sales continued at levels seen earlier this year, the scrap side could soon generate more gold than the 2,500 tonnes annually produced by commercial mines.

"Heavy selling by private owners in Asia and the Far East is normal and what you would expect," Mr Ash says.

"There is no banking network in rural India, so farmers turn profits into gold, not rupees, and then sell heavy 'investment jewellery' for cash in the planting season.

"What's new is the volume of old jewellery coming out of Western households. It is being sold off in greater volumes than at any time since the recession of 1979-81."

However, Mr Ash thinks second-quarter sales might actually fall: gold prices tend to drift in summer, and sales have attracted less media coverage lately.

It is also possible, he thinks, that households have dumped items they thought about selling for years. Websites offer easier access to buyers, and a cleaner sale.

But are people selling too cheaply?

Krista Waddell at Ounces to Pounds, which organises 'Gold Parties', claims her 'tupperware-style' events in London, Birmingham, Manchester, Leeds and Scotland pay out £50,000 per week.

"With our parties, people see what they are getting, without delay. They get a good price there and then for unwanted gold, platinum and silver. No hassle."





Gold still holds its value as well as its fascination