

Saudi Arabian gold reserves double

By Javier Blas in London

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Saudi Arabia, the world's fourth-largest holder of foreign exchange reserves, is sitting on more than twice as much gold as previously thought, according to new estimates that point to the revival of [bullion](#) as part of emerging economies' official reserves .

The changes in Riyadh's reserves were revealed by the World Gold Council, the industry-backed body that regularly tracks official bullion holdings.

According to the WGC, the Saudi Arabian Monetary Agency, the central bank, has gold reserves of 322.9 tonnes, more than double the 143 tonnes it had previously reported.

The central bank said in a footnote to its latest quarterly report that "gold data have been modified from first quarter 2008 as a result of the adjustment of the Sama's gold accounts".

Sama did not respond yesterday to calls seeking further comment.

Analysts said the rise in official gold holdings probably represented an accounting shift rather than fresh purchases.

One possibility is that a large fraction of the country's gold was not considered until now part of the official reserves. The fact that Riyadh retroactively updated its gold reserves since 2008 would support this theory. But, without an official explanation, analysts were keeping their options open.

At current prices the extra gold now declared to be in Saudi Arabia's official reserves amounts to \$7bn (€5.6bn, £4.7bn).

The revelation could add further fuel to gold's rally as it is a further sign that central banks are keen on the metal, after two decades of selling their bullion.

Gold prices hit a nominal record high above \$1,260 a troy ounce on Friday.

Adjusted for inflation, however, bullion still remains a long way from its all-time highest level of more than \$2,300 in 1980.

The WGC's Saudi revelation comes just a year after China surprised the bullion market when it revealed its gold holdings were more than 1,000 tonnes, almost double what it had reported for years.

Analysts believe that central banks could become net buyers of gold this year for the first time in nearly two decades.

India bought 200 tonnes of gold from the [International Monetary Fund](#) earlier this year, while Russia and others are purchasing bullion from domestic miners on a regular basis, official data show.

European central banks, after more than a decade of hefty disposals, have all but stopped selling.

Riyadh is now the 16th largest gold holder, ahead of countries such as the UK and Spain but behind developing nations including Russia and India.

The US is the world's largest bullion holder with 8,133.5 tonnes. Saudi's gold holdings represented a fraction of the country's total reserves at just 2.8 per cent of the total, up from 1.2 per cent previously, according to the WGC.

Additional reporting by Abeer Allam in Riyadh