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Gold Demand Trends
Third Quarter 2024

Value of gold demand rockets with price

ETF and OTC investment flows buoy total demand

Total gold demand (inclusive of OTC investment) gained 5% y/y to 1,313t – a record for a third quarter. This strength was reflected in the gold price, which reached a series of new record highs during the quarter. The value of demand jumped 35% y/y to exceed US$100bn for the first time ever.

Global gold ETF inflows (95t) were a major driver of growth; Q3 was the first positive quarter since Q1'22, with a y/y swing from hefty (-139t) Q3'23 outflows.

Bar and coin investment (269t) was down 9% y/y, from a relatively strong Q3'23. Much of the decline was specific to two or three key markets, counterbalanced by a very strong quarter in India.

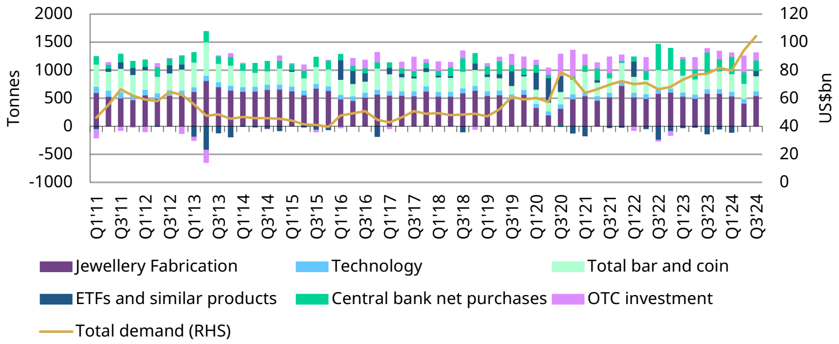
Gold jewellery consumption (459t) sank 12% y/y despite strong growth in India. Although consumers bought reduced quantities, their spend on gold jewellery increased: the value of demand jumped 13% y/y to more than US$36bn.

The pace of central bank buying (186t) slowed in Q3, but y-t-d buying is in line with 2022 and remains widespread.

AI continued to support the use of gold in technology (83t); it grew 7% y/y albeit from a fairly low base and the outlook remains cautious.

Chart 1: Gold price surge lifts demand value above US$100bn

Quarterly total gold demand by sector, tonnes and value*



*Data as of 30 September 2024.
Source: ICE Benchmark Administration, Metals Focus, World Gold Council

Highlights

The LBMA (PM) gold price continued to breach successive record highs during Q3. The average price for the quarter was 28% higher y/y at a record US$2,474/oz.

OTC investment almost doubled y/y to 137t. This was the seventh consecutive quarter in which OTC investment has been positive for gold demand and remains a notable component of the market.

Total gold supply grew by 5% y/y to a record 1,313t. Mine production grew 6% y/y to another quarterly record and y-t-d output has eclipsed the 2018 prior high. Recycled gold volumes rose 11% y/y, but widespread distress selling is not yet in evidence.

Investment flows were key to gold's performance in Q3. Falling interest rates, geopolitical uncertainty, portfolio diversification and momentum buying were among the key drivers.

2024 full year outlook: resurgent professional flows combined with solid bar and coin investment will offset weaker consumer demand and slower central bank buying.

For more information please contact: research@gold.org

Gold supply and demand

Table 1: Gold supply and demand by sector, tonnes

	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Year-on-year % change
Supply						
Mine production	935.7	955.0	871.6	907.0	989.8	6
Net producer hedging	23.8	19.9	-24.8	8.5	0.2	-99
Recycled gold	290.1	313.5	350.2	336.4	323.0	11
Total supply	1,249.6	1,288.3	1,197.0	1,251.9	1,313.0	5
Demand						
Jewellery fabrication	582.2	583.3	536.4	408.2	543.3	-7
Jewellery consumption	520.0	623.4	478.8	390.9	458.6	-12
Jewellery inventory	62.1	-40.1	57.7	17.2	84.6	36
Technology	77.3	82.2	80.5	80.2	83.0	7
Electronics	63.3	67.6	66.3	66.9	69.0	9
Other industrial	11.7	12.3	11.9	11.1	11.8	1
Dentistry	2.3	2.3	2.3	2.3	2.2	-4
Investment	156.8	259.6	203.7	266.1	364.1	132
Total bar and coin	295.9	315.0	316.7	273.2	269.4	-9
Bars	207.7	222.9	226.2	198.4	198.4	-4
Official coins	54.3	60.3	66.0	49.6	31.3	-42
Medals/Imitation coins	34.0	31.9	24.5	25.3	39.8	17
ETFs & similar products	-139.1	-55.4	-113.0	-7.1	94.6	-
Central banks & other inst.	363.9	215.6	305.2	202.2	186.2	-49
Gold demand	1,180.2	1,140.7	1,125.8	956.7	1,176.5	0
OTC and other	69.4	147.6	71.2	295.2	136.5	97
Total demand	1,249.6	1,288.3	1,197.0	1,251.9	1,313.0	5
LBMA Gold Price (US$/oz)	1,928.5	1,971.5	2,069.8	2,338.2	2,474.3	28

Source: ICE Benchmark Administration, Metals Focus, World Gold Council

Outlook

Central bank buying remains on track for a strong year as jewellery buying steps back amid high prices. Bar and coin investment set to remain solid while supply rises with a big push from producers for a record year

Key factors guiding our outlook for Q4 and the full year (FY) are:

- Gold prices continue to climb as participation from investors broadens amid increasing media attention on the stellar y-t-d returns
- Geopolitical uncertainty, stemming from both an escalation in Middle East tensions and the highly polarised US presidential election, is supporting increased investment interest and lower-than-predicted recycling
- The shift that is underway in global interest rate policy should promote further interest in gold investment as the opportunity cost of owning gold drops.

Investment

Bar and coin was weaker than we had anticipated for Q3 but the y-t-d total remains solid at 859t vs the 10-year average of 774t. Geopolitical risk, concerns of economic slowdown and the gold price surge are fuelling these strong numbers even as record prices might keep some buyers at bay.

We expect more of the same in Q4, but the potential for volatility post the US election means a broader set of outcomes for the FY must be considered compared to a traditional year-end close with one quarter remaining.

Western-listed gold ETFs have finally started to stir, leading to the first quarter of global inflows since Q1 2022. As for the rest of the investment outlook, US politics will likely stir up volatility in Q4, making it just as tough to predict gold ETF outcomes as it is to call the election. That said, should the Federal Reserve deliver on its projected rate path, then all else being equal, we would expect interest in ETFs to continue with the added catalysts of elevated fiscal deficits and richly valued equity markets.

Speculative futures exposure via managed money net long positions look extended. However, overly bullish positions have historically been a weaker contrarian signal for prices than overly bearish ones.

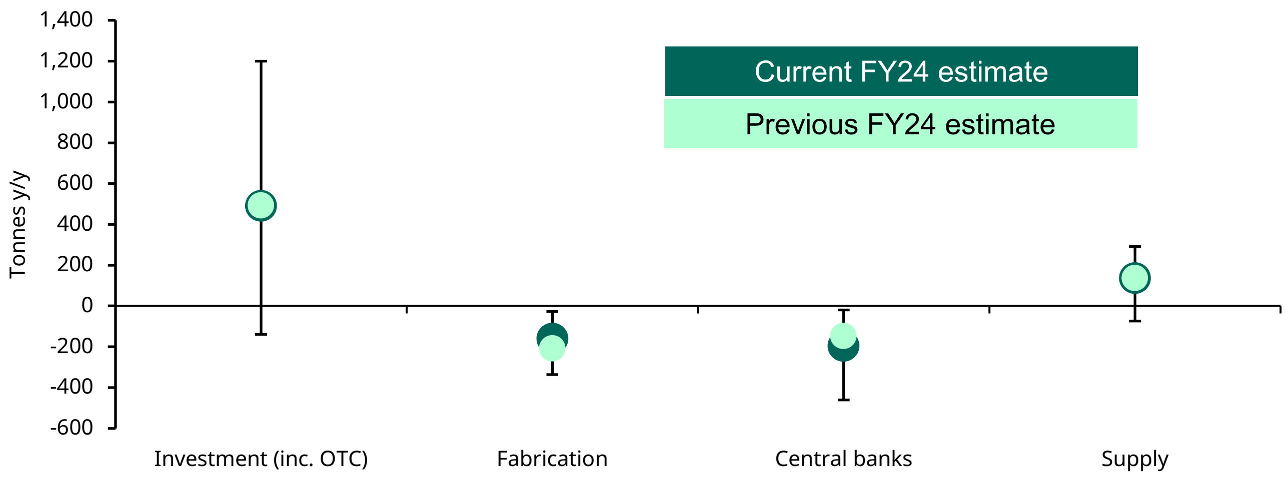
Mine supply

Broad-based increases in production in Q3 move us closer to a new annual record. Although all-in sustaining costs (AISC) have increased, softer energy prices and a soaring gold price have helped maintain very healthy margins. It may therefore be expected that this will translate into further gains in Q4, slightly bumping up the FY outlook.

Recycling has been slow to respond to high prices, and reports of a depletion of near-market stocks in both China and Western markets should put a lid on a ramp up in recycled supply in Q4. We see more downside than upside risk to recycling and have revised down our full-year forecast.

Chart 2: Elevated investor interest likely to outweigh the drop in consumer demand and slower central bank buying

Expected change in annual gold demand*



*Data as of 30 September 2024.
Source: World Gold Council

Central banks

The slowing of Q3 demand can likely be attributed to the sharp rise in prices prompting a pause in buying by some central banks combined with limited tactical selling by others. However, evidence suggests that the higher price has not dented a longer-term desire to increase allocations. We expect buying for the full year to remain strong but below the last two years, and leave our FY expectations virtually unchanged from last quarter's estimate.

Fabrication demand

Jewellery has been quite resilient on a value basis this year but high prices have taken their toll on tonnage, producing one of the weakest y-t-d totals in our quarterly dataset back to 2000. Jewellery buyers will require one of two things to pick up the pace of their buying: a stabilising price or a meaningfully brighter economic outlook. That said, our prior forecast was quite pessimistic and Q3 was meaningfully stronger in India, which leads us to slightly revise up our FY forecast.

Technology demand was slightly better than we had anticipated in Q3, supported by the continued AI boom. But demand in the sector faces some risks and we retain the full-year forecast from last quarter.

Jewellery

Record breaking prices drive Q3 jewellery volumes down 12% y/y; value measure of demand rises 13%

- Jewellery consumption fell to 459t in Q3 as the gold price reached a series of successive new highs, imposing affordability constraints on consumers
- India was a notable outlier as the sharp cut in gold import duties offset much of the price rise and consumers seized the opportunity to buy at lower prices
- Y-t-d global jewellery consumption is 11% lower at 1,328t.

Tonnes	Q3'23	Q3'24	Y/y change
World Total	**520.0**	**458.6**	**-12%↓**
India	155.7	171.6	10%↑
China PR Mainland	154.1	102.5	-33%↓

The gold price extended its exceptional run in Q3, imposing affordability constraints on consumers, who bought lower volumes of fine gold jewellery. Excluding the anomalous Q3'20, when demand was decimated by the pandemic, jewellery consumption was the lowest for a third quarter in our data series back to 2000.

However, demand saw a 17% q/q improvement from the very weak second quarter, much of which was due to India's positive reaction to the cut in gold import duties.

But this picture disguises a healthy increase in the US dollar value of gold jewellery consumption, as weaker demand was more than offset by the rocketing gold price. The average Q3 price of US$2,474/oz was 28% higher than that of Q3'23; consequently, the value of demand jumped 13% y/y to more than US$36bn. It is worth bearing in mind that such increases in demand value were widespread at the country level, with the exception of a few relatively weak markets – the most significant of which was China.

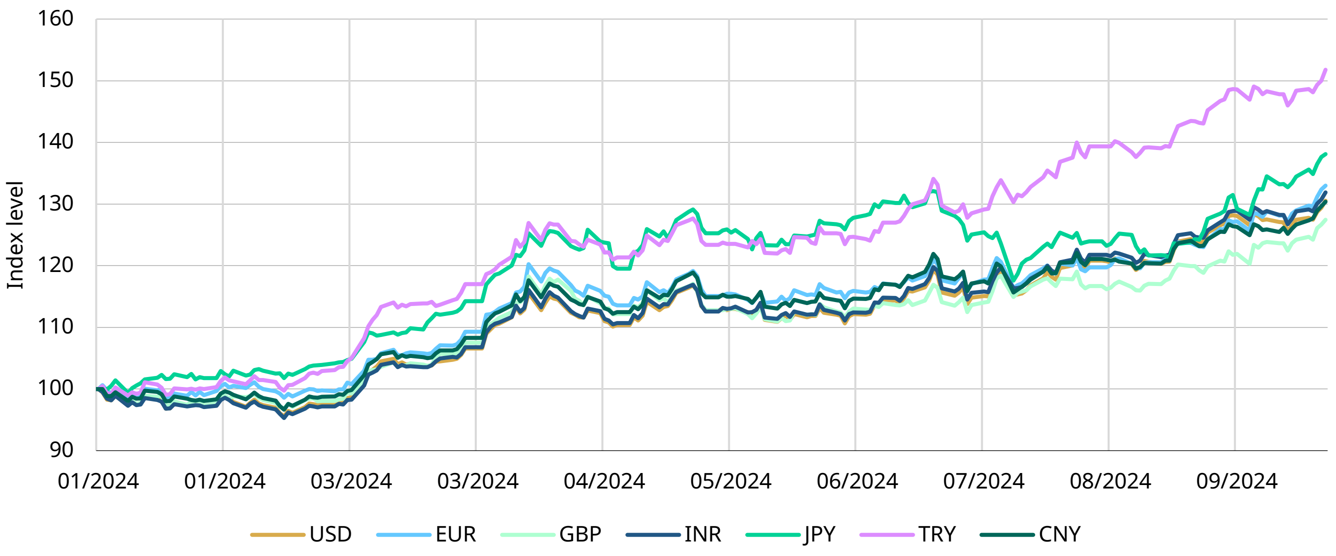
China

China saw its weakest Q3 since 2010, with gold jewellery demand 36% below the 10-year average. Similar to last quarter, the weakness can be attributed to continued strength in the local gold price, low consumer confidence and slower economic growth. In contrast to weak y/y comparisons, demand saw a seasonal quarterly rebound, supported by Chinese Valentine's Day, the Mid-Autumn Festival and the National Day Holiday.[1]

Consumers increasingly favoured lighter-weight pieces across all categories in the high gold price environment. And gold jewellery retailers continue to experiment with innovative, higher-margin products combining gold with various materials including enamel, diamonds, pearls and feathers. Such pieces typically use less gold than pure gold jewellery and are therefore more affordable, while the splash of colour and dazzling designs appeal to younger consumers.

Chart 3: Gold price sets multiple records

Daily gold price in key currencies, indexed to 1 January 2024*



Data to 18 October 2024.
Source: Bloomberg, ICE Benchmark administration, World Gold Council

1. Chinese Valentine's Day: 10 August 2024; Mid-Autumn Festival Holiday: 15 – 17 September 2024; National Day Holiday: 1-7 October 2024.

Table 2: Jewellery demand in selected countries, tonnes

	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Quarter-on-quarter % change	Year-on-year % change
India	155.7	199.6	95.5	106.5	171.6	61	10
Pakistan	5.7	5.1	4.6	4.3	4.0	-7	-30
Sri Lanka	2.3	2.6	1.7	1.7	1.1	-37	-52
Greater China	164.3	160.9	195.4	92.1	109.6	19	-33
China, P.R.: Mainland	154.1	148.4	184.3	86.2	102.5	19	-33
Hong Kong SAR	9.3	11.3	9.8	4.9	6.2	27	-33
Taiwan Province of China	1.0	1.2	1.3	1.0	0.9	-12	-6
Japan	4.7	4.7	3.2	3.7	4.0	9	-15
Indonesia	5.9	8.3	5.5	4.3	5.4	25	-9
Malaysia	2.6	3.1	3.9	2.7	2.3	-14	-12
Singapore	1.6	2.0	2.1	1.6	1.5	-9	-8
Korea, Republic of	2.8	3.1	3.5	2.8	2.7	-5	-4
Thailand	2.5	3.0	1.9	1.9	2.4	24	-5
Vietnam	3.0	3.8	4.1	3.1	2.6	-15	-13
Australia	2.4	3.3	1.4	2.5	2.0	-23	-19
Middle East	42.3	41.0	42.8	39.2	32.7	-16	-23
Saudi Arabia	10.2	8.7	8.5	8.4	8.3	-1	-18
UAE	9.2	10.3	9.6	9.2	7.1	-23	-23
Kuwait	3.4	3.8	3.1	3.1	2.4	-22	-28
Egypt	6.3	6.0	8.0	6.8	5.1	-25	-19
Islamic Republic of Iran	7.4	6.1	7.2	6.2	5.6	-10	-25
Other Middle East	5.9	6.1	6.5	5.4	4.3	-21	-27
Turkey	11.4	10.9	11.3	8.3	9.4	14	-17
Russian Federation	11.1	12.1	8.3	8.9	11.7	32	5
Americas	37.8	63.7	33.1	43.2	37.2	-14	-2
United States	28.6	49.1	24.5	32.6	27.9	-14	-2
Canada	2.5	5.8	2.7	3.3	2.4	-26	-3
Mexico	3.3	3.8	3.0	3.4	3.4	-0	2
Brazil	3.5	5.0	3.0	4.0	3.5	-11	2
Europe ex CIS	13.0	30.2	11.0	14.9	12.6	-15	-3
France	2.0	6.0	3.2	2.9	1.9	-34	-5
Germany	2.1	4.8	1.0	2.5	2.0	-19	-6
Italy	3.0	9.4	2.4	3.7	2.9	-21	-3
Spain	1.9	2.5	1.8	2.1	2.0	-6	3
United Kingdom	4.0	7.5	2.6	3.8	3.9	1	-5
Switzerland	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-
Other Europe	-	-	-	-	-	-	-
Total above	469.2	557.3	429.5	341.7	412.7	21	-12
Other & stock change	50.8	66.1	49.3	49.2	46.0	-7	-10
World total	520.0	623.4	478.8	390.9	458.6	17	-12

Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

Retail brands continue to struggle in this environment, reducing inventories and closing stores, although the pace of store closures has slowed from last quarter.

Looking ahead, we expect seasonal support in Q4 ahead of Chinese New Year and some positive impact on consumption from the recent aggressive economic stimulus. But prospects are undoubtedly subdued and continued industry consolidation may reduce wholesale demand.

India

The cut in India's gold import duties in July sparked a revival in gold jewellery demand, which posted its strongest third quarter since 2015. Momentum in consumer demand picked up sharply in late July and remained strong until the mid-September arrival of the inauspicious Shradh period.[2]

The duty cut negated much of the rise in gold prices during August, which encouraged some early purchases for weddings scheduled over the next couple of quarters, as well as drawing out pent-up demand from previous quarters. Good monsoons also acted as a tailwind for robust growth in lower tier cities and rural areas.

Plain and studded pieces of gold jewellery all performed well, with some consumers taking advantage of the price drop to buy heavier pieces. Nevertheless, the 14K segment saw healthy growth as such low-cost items appeal to younger consumers.

Flows of smuggled gold into India all but disappeared thanks to the duty cut and discounts narrowed during the quarter as trade imports jumped to benefit from lower domestic prices.

As Q4 progresses with the arrival of the Dhanteras and Diwali festive periods, demand should remain supported, with buying likely to emerge on any corrective dips in the price.

US and Europe

A tenth consecutive y/y decline in gold jewellery in the US took y-t-d demand to its lowest since 2020. Nevertheless, the decline in volume disguises a 25% y/y uplift in the value of Q3 gold jewellery demand.

The impending Presidential election may be weighing on consumption at the margin, along with lingering talk of recession as consumers continue to feel the pinch from higher costs of living. Lean inventory levels bode well for restocking ahead of the seasonally strong fourth quarter holiday season.

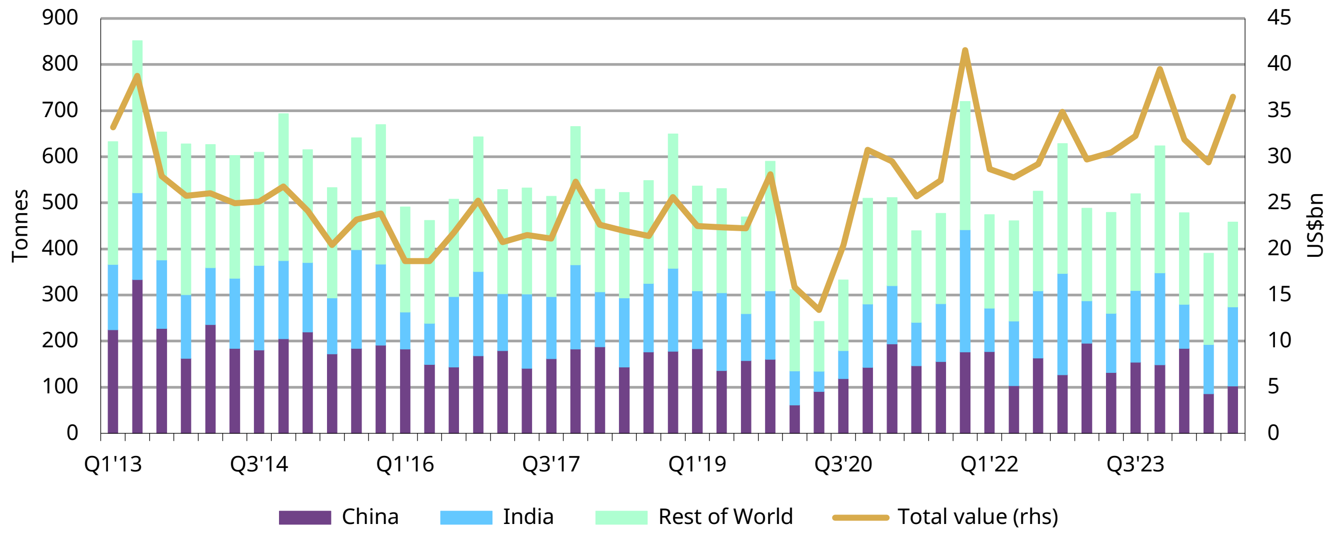
Q3 gold jewellery demand in Europe was also impacted by the higher price, although historical comparison shows it smack in line with average Q3 levels in the few years preceding the pandemic. Nevertheless, weak consumer sentiment and a gloomy economic backdrop (notably in Germany) undermined demand, with some shift to platinum noted as its price differential with gold continued to widen.

Middle East and Turkey

Gold jewellery consumption in Turkey saw its second consecutive y/y decline, driven by the higher local gold price. Nevertheless, Q3 demand remained strong in absolute terms – slightly above its 10-year quarterly average.

Chart 4: Gold jewellery demand volume sinks while value jumps

Quarterly gold jewellery consumption, tonnes and value*



Data to 30 September 2024.
Source: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

2. Shradh is a 14-day period that is inauspicious for buying gold, which ran from 17 September – 2 October.

The higher gold price was the main reason for double digit y/y declines across the Middle East region, while India's gold duty cut also reduced demand from Indian tourists, by making it more affordable for them to buy gold domestically. The 15% VAT levied on jewellery in Saudi Arabia magnified the impact of the price rise.

Alongside the higher gold price, a shift in discretionary spending towards other consumer goods was seemingly a further contributor to weaker jewellery demand in Iran.

A surprise jump in inflation in Egypt, along with fears of wider regional conflict, undermined consumer sentiment and, in turn, gold jewellery demand, which reached its lowest levels since Q2'20.

ASEAN markets

The record gold price environment resulted in weaker gold jewellery demand among our covered ASEAN markets. Currency depreciation in Vietnam exacerbated the rise in international gold prices, helping to explain the larger y/y decline in demand in that market.

Despite a strengthening currency offsetting much of the Q3 rise in the gold price, demand in Malaysia saw a notable y/y decline as consumers maintained a cautious mindset. Consumers in Indonesia responded to the high gold price with a continued shift towards lower carat items to compensate for higher prices.

Demand in Thailand was relatively resilient, partly due to the announcement that a long-awaited US$13bn (450bn baht) 'digital wallet' handout aimed at boosting the economy, would also include cash payments. The government began rolling out the programme at the end of the quarter, which may help support demand in Q4.[3]

Rest of Asia

Japanese gold jewellery consumers were deterred by the gold price rally and demand weakened from the relatively strong third quarter levels of the past two years. Demand was more on a par with average Q3 demand prior to the pandemic.

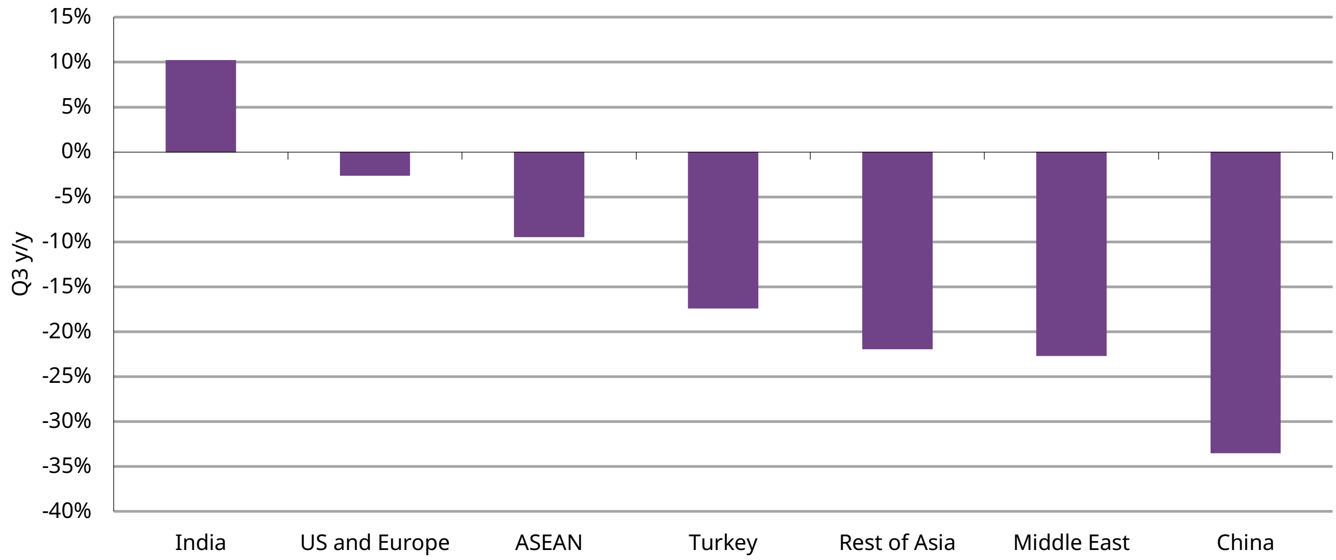
Gold jewellery volumes continue their long-term decline in South Korea. The pace of decline slowed, although that was partly due to the comparison with a fairly low base from Q3'23.

Australia

Gold jewellery demand in Australia posted an outsized y/y decline as consumers remained under pressure from a combination of high inflation and interest rates.[4]

Chart 5: India was the clear outperformer in a quarter dominated by record high prices

Y/y change in Q3 gold jewellery demand*



*Data to 30 September 2024.
Source: Metals Focus, World Gold Council

3. FT.com | Thailand kicks off bumper cash handouts to boost ailing economy | 29 September 2024.

4. ABC News | Australia's economy growing at slowest pace since 1990s recession, as households cut back on spending | 4 September 2024.

Investment

Q3 saw the return of Western ETF investors; in contrast bar and coin fell y/y as weakness in China and Turkey stifled India's bounce

- Investment demand (gold ETFs, bars and coins) more than doubled y/y to 364t as gold's price rally, along with rate cuts and continued geopolitical turbulence, prompted Western ETF investors finally to pick up the baton
- A sharp swing to notable inflows into global gold ETFs was a key driver of total gold demand in Q3, along with the continued presence of strong OTC investment
- Bar and coin investment trailed behind, thanks to a sharp drop in a handful of key markets.

Tonnes	Q3'23	Q3'24	Y/y change
Investment	156.8	364.1	132%↑
Bar & Coin	295.9	269.4	-9%↓
India	54.5	76.7	41%↑
China, P.R.: Mainland	81.6	62.1	-24%↓
Gold-backed ETFs	-139.1	94.6	-

Total gold investment demand in Q3 more than doubled from year-earlier levels, posting its strongest quarter since Q1'22, when Russia's invasion of Ukraine fuelled a surge of safe-haven inflows into gold ETFs. The turnaround in global ETF demand was equally pivotal in the latest quarter. Western-listed funds witnessed a turnaround during the quarter, with US funds now positive y-t-d.

Bar and coin investment was in step with the previous quarter, but didn't match year-earlier levels, largely due to investment coming off the boil in China and Turkey. A stellar quarter in India provided some counterbalance.

Professional and institutional investors seemed to suffer a case of FOMO – 'fear of missing out' – as gold's performance repeatedly hit the headlines. The 'OTC investment and other' category captures flows in the over-the-counter market, which has been increasingly influenced by demand from high-net-worth investors seeking to hedge geopolitical risk and economic risks. The price performance in recent quarters has added fuel to this.

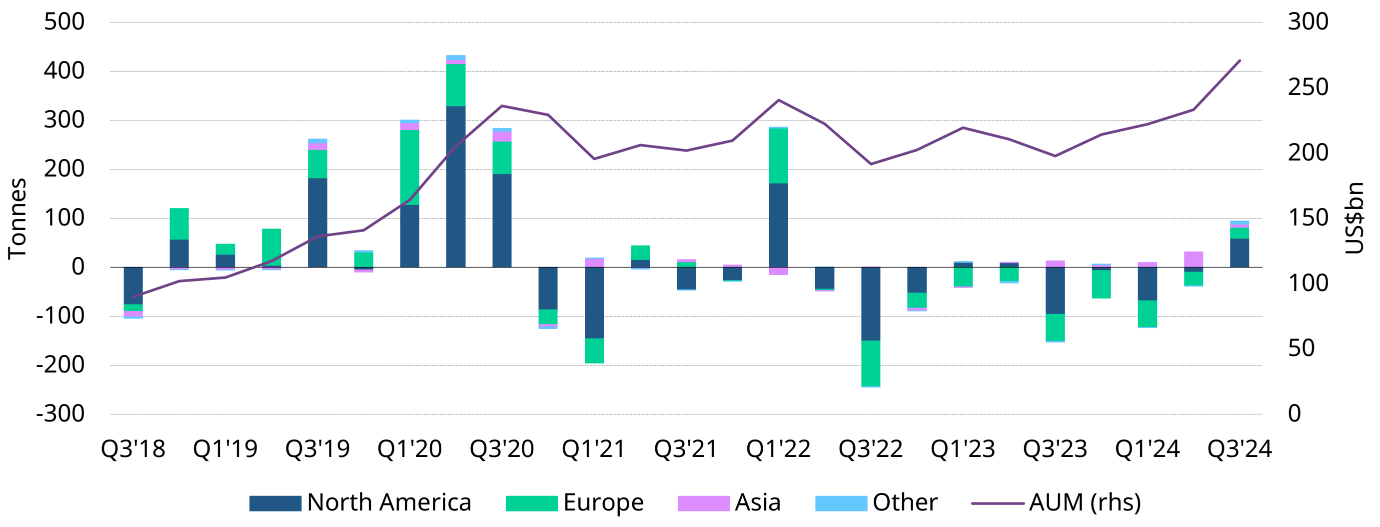
While OTC demand is not directly observable, positioning of speculative investors in the US futures market can be used as a proxy for identifying trends. Net long positions held by money managers continued to rise throughout the quarter, although they remain below the prior highs reached in 2019.

ETFs

Global physically-backed gold ETFs halted their nine-quarter run of outflows, with 95t of inflows in Q3. All regions saw positive inflows during the quarter, which ended with collective holdings of 3,200t. The third quarter reversed much of the first half weakness and y-t-d holdings are now just 25t lower. In US dollar terms, global assets under management (AUM) are US$271bn and y-t-d flows flipped to positive, at US$389mn. For a detailed review of regional gold-backed ETF flows during the quarter, please see our ETF Flows commentary.

Chart 6: Global gold ETFs saw inflows as Western investor interest resumed

Quarterly change in global gold-backed ETFs (tonnes) and AUM (value)*



*Data as of 30 September 2024.
Source: Metals Focus, World Gold Council

Table 3: Total bar and coin demand in selected countries, tonnes

	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Quarter-on-quarter % change	Year-on-year % change
India	54.5	66.7	43.6	43.1	76.7	78	41
Pakistan	5.9	5.3	4.8	4.5	4.1	-10	-31
Sri Lanka	-	-	-	-	-	-	-
Greater China	83.1	85.0	113.5	82.2	63.9	-22	-23
China, P.R.: Mainland	81.6	82.7	110.5	80.0	62.1	-22	-24
Hong Kong SAR	0.3	0.3	0.5	0.4	0.3	-17	-15
Taiwan Province of China	1.1	2.0	2.5	1.8	1.4	-22	28
Japan	-0.2	-1.3	-1.0	4.0	0.1	-97	-
Indonesia	6.7	4.3	6.6	4.5	7.3	64	10
Malaysia	1.1	1.6	1.8	1.3	1.3	-2	20
Singapore	1.1	1.6	1.8	1.6	1.2	-24	12
Korea, Republic of	3.1	4.6	5.1	4.1	4.2	3	36
Thailand	10.5	12.1	5.9	7.2	12.1	67	15
Vietnam	8.8	9.9	14.1	11.8	7.9	-33	-10
Australia	2.6	3.0	2.2	2.9	2.8	-4	8
Middle East	27.6	24.5	27.2	29.4	24.3	-17	-12
Saudi Arabia	3.6	3.6	3.8	3.9	3.3	-15	-8
UAE	3.4	3.1	3.0	3.3	3.6	9	5
Kuwait	1.5	1.3	1.5	1.6	1.6	0	5
Egypt	6.3	5.5	5.2	7.6	5.3	-30	-16
Islamic Republic of Iran	10.4	8.9	11.5	10.9	8.5	-22	-18
Other Middle East	2.3	2.2	2.2	2.1	2.0	-3	-13
Turkey	28.4	29.6	45.3	30.8	12.7	-59	-55
Russian Federation	8.5	7.5	7.4	8.9	9.1	2	7
Americas	25.2	28.4	22.5	21.1	21.9	4	-13
United States	22.8	25.9	20.1	18.9	19.9	5	-13
Canada	1.7	1.7	1.6	1.7	1.4	-17	-18
Mexico	0.2	0.3	0.3	0.2	0.2	9	-28
Brazil	0.4	0.5	0.4	0.4	0.4	5	2
Europe ex CIS	31.2	30.2	14.3	11.1	18.1	63	-42
France	0.6	-0.4	-1.2	-0.6	-0.3	-55	-
Germany	11.5	11.3	6.6	-2.0	3.5	-275	-70
Italy	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-
United Kingdom	3.0	2.1	2.0	2.6	3.5	32	15
Switzerland	8.0	8.8	1.4	5.1	5.0	-2	-38
Austria	0.9	1.1	0.2	0.5	0.6	5	-35
Other Europe	7.2	7.3	5.2	5.5	5.8	7	-19
Total above	298.0	313.0	315.0	268.6	267.7	-0	-10
Other & stock change	-2.1	2.0	1.7	4.6	1.8	-62	-
World total	295.9	315.0	316.7	273.2	269.4	-1	-9

Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

Bar and coin

While broadly stable q/q, bar and coin investment was notably weaker compared with Q3'23. China, Turkey and Europe were the main contributors to the y/y slowdown, outweighing growth in India and several of the smaller markets in Asia.

Global y-t-d demand at 859t is broadly in line with the same period of the last four years. In value terms, however, it has reached a record for the first three quarters of US$63bn.

It is important to note that, similar to last quarter, Western investors continued to show strong interest in gold, but this has been countered by heightened selling interest as the price reached record levels, resulting in far lower net levels of demand.

China

After a very strong first half in China, bar and coin investment lost momentum in Q3. But the y/y comparison is with a very strong base period, which somewhat exaggerates the decline; demand remains healthy in comparison with longer-term levels and y-t-d investment is the strongest since 2013.

Among the headwinds facing Chinese bar and coin investors in the third quarter was a sizable appreciation in the domestic currency, which took the heat out of safe-haven demand and reduced the need for currency hedges. Furthermore, the recent pause in gold buying announced by the PBoC also likely curbed investment to some degree.

More notable was the boost to investor risk appetite late in the quarter from the government's announcement of a strong economic stimulus package, which focused attention on the rallying local equity market and improved confidence in properties, stealing some of gold's thunder.

Looking ahead, we anticipate a modest pick-up in Q4. Further likely local rate reductions and a possible uplift to economic growth from the government's stimulus should bode well for bar and coin purchases in coming quarters. And should the gold price continue to rally, investor interest would likely remain elevated.

But we remain cautious about the size of the rebound. Elevated investor risk appetite may continue to divert investors away from gold. Continued strength in the local currency would likely impede hedging demand for gold. And if measures to revive the property sector start to gain traction, real estate investment would also compete with gold.

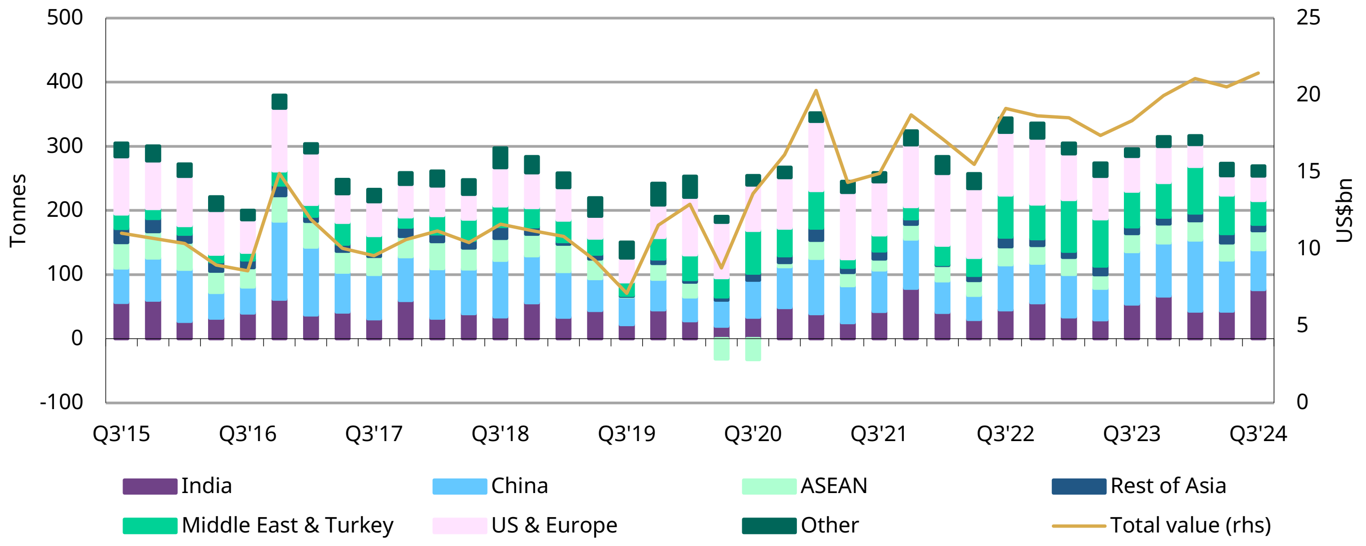
India

Bar and coin demand in India jumped to its highest third quarter since 2012. Investor optimism and bullish price expectations were accelerated by the July duty-led price correction, which allowed many investors to enter the market.

Mirroring jewellery demand, retail investment was strongest in the weeks initially following the duty cut before slowing in September as prices surged and the inauspicious Shradh period began.

Chart 7: China and Turkey were major contributors to y/y drop in bar and coin demand, outweighing India's uplift

Quarterly gold bar and coin demand by country/region (tonnes) and total (value)*



*Data as of 30 September 2024.
Source: Metals Focus, World Gold Council

An element of investment demand came from consumers who planned to purchase gold during the Q4/Q1 wedding and festive season, and instead bought gold bars to lock in the gold price, intending to exchange them for jewellery at a later date.

Demand remains solid in the fourth quarter, although with the continued rise in the gold price offsetting the impact of the duty cut, we may see an increased trend for investors to wait for price corrections as opportunities to add to their holdings. Nevertheless, India is on course for a very strong year, as y-t-d investment is already approaching the annual totals of the past four years.

US and Europe

Western investment in bars and coins again came in well below year-earlier levels, reflecting continued tension between profit-taking on the one hand and fresh investment on the other.

Bar and coin investment in the US saw its third consecutive quarterly y/y drop, although the pace of decline slowed markedly. The surging gold price continues to have a dual effect, with some investors attracted into the market by the strong returns seen over the year so far, while others choose to take advantage of the higher prices by selling back some of their holdings.

Underlying demand remains healthy, and significantly higher than typical pre-pandemic levels, with continued support from gold bar and coin sales across Costco's retail network.

European investment, while sharply lower y/y, saw its first quarterly improvement since the beginning of 2023, when levels of selling back started to surge.

Liquidations in Germany slowed during the quarter, likely as many investors who wanted to realise their gains on gold have already done so and as some now choose to wait in expectation of further gold price gains. Renewed interest in gold buying picked up late in the quarter, most likely as successive record high gold prices fuelled increasingly bullish price expectations.

But demand continues to face headwinds of high interest rates and very high gold prices creating affordability challenges amid the continued cost-of-living squeeze.

Middle East and Turkey

Although relatively healthy compared with longer-term average levels, Turkish bar and coin investment in Q3 appears weak in the context of the last eight exceptionally strong quarters.

Gold demand remained under pressure as high domestic interest rates have increased the relative appeal of savings accounts. Local gold premiums fell sharply in line with demand, before recovering towards the end of the quarter as the rocketing gold price and rising regional geopolitical tensions prompted a resurgence of interest in gold bars and coins.

Investment demand across the Middle East, while healthy compared with longer-term average levels, was down compared with the relatively strong Q3'23.

The regional decline concealed a y/y improvement in the UAE, where rising regional tensions and bullish price expectations encouraged investment.

Egypt and Iran both underperformed the wider region. Economic conditions in Egypt left consumers with little surplus income to invest. While in Iran, consumers directed their income towards discretionary spending rather than gold investment.

ASEAN markets

Global geopolitical tensions, local political and economic concerns and bullish price expectations buoyed ASEAN investor's appetite for gold in Q3. Thailand, Indonesia and Malaysia all recorded double-digit y/y growth. Contrastingly, Vietnam was the outlier: demand slumped as the sharp price rise deterred fresh buying.

Rest of Asia

Following an upward revision to the Q2 figure, Japan's gold investment market was almost perfectly in balance in Q3. Strong net buying interest earlier in the quarter was replaced by selling during September, perhaps related to currency moves, which saw the local price correcting lower in July/August before resuming its sharp uptrend later in the quarter.

Safe-haven motives boosted South Korean bar and coin buying, although the extent of the gold price rally prompted some caution.

Australia

Bar and coin investment in Australia remained in the 2-3t range of the last six quarters, albeit at the top of that range. The price action is likely to have encouraged a combination of fresh investment and profit-taking.

Central banks

Central bank buying slowed further in Q3, but year-to-date total remains strong

- Q3 central bank net purchases of 186t lift y-t-d buying to 694t – below the 2023 record but in line with the same period of 2022[5]
- The National Bank of Poland was again the largest buyer, adding 42t to gold reserves
- On a rolling four-quarter basis, net buying of 909t remains well above longer term average levels.

Tonnes	Q3 '23	Q3'24	Y/y change
Central banks and other institutions	363.9	186.2	-49%↓

Central bank gold buying slowed further in Q3, to a still healthy 186t (-8% q/q). Based on statements from some central banks, there are now clearer indications that the sharp increase in the gold price since March has indeed inhibited some buying, as well as encouraging some selling among banks that manage their gold reserves tactically.

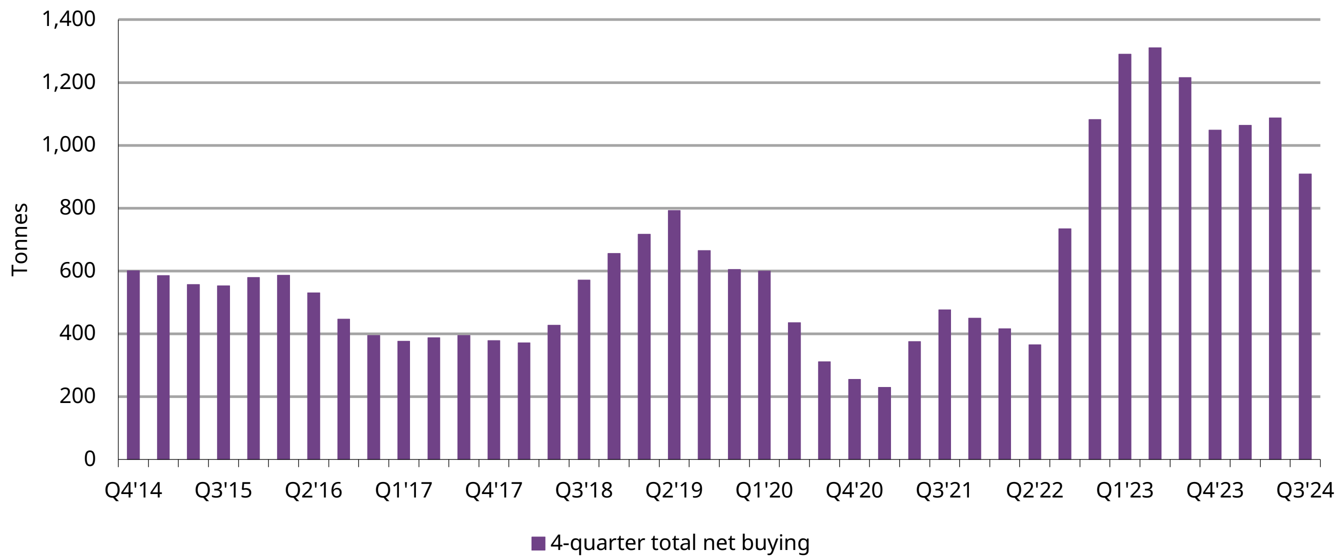
Reported buying during the quarter showed that those central banks buying more strategically continued to do so. This was further reinforced by the fact that reported selling was generally subdued.

Market feedback suggested that unreported buying also slowed during the quarter, although it remained elevated. Reported activity was dominated by a handful of banks, particularly from Central and Eastern Europe.[6]

- The National Bank of Poland (NBP) was the largest purchaser by some margin. During the quarter, the NBP bought 42t, lifting total gold holdings to 420t, or 16% of total reserves. Announcing the new level of holdings, Governor Adam Glapiński again reiterated the bank's aim to increase gold's share of currency reserves to 20%.[7]
- The Central Bank of Hungary (MNB) was also a significant buyer during Q3. It announced that it had increased its gold reserves to 110t from 94t in September. This was the MNB's first addition since March 2021, when it increased gold reserves by 63t. In a statement regarding September's purchase, the MNB noted: "Amid increasing uncertainty in the global economy, the role of gold as a safe-haven asset and a store of value is of particular importance, as it enhances confidence in the country and supports financial stability. Gold continues to be one of the most important reserve assets globally, as shown by the significant purchases of gold by central banks in recent years."[8]

Chart 8: Central bank demand remains healthy, but likely impacted by higher prices in Q3

Rolling four-quarter central bank net purchases, tonnes*



*Data to 30 September 2024
Source: Metals Focus, World Gold Council

5. Central bank demand presented here comprises aggregate reported changes, as well as an estimate for unreported buying. This differs from our monthly central bank statistics, which just include reported changes.
6. Country-level data is based on reported figures available at the time of writing. Revisions may occur as more data is released.
7. Polskie Radio | Polish central bank increases gold reserves, 4 October 2024..
8. MNB.hu | The MNB increased Hungary's gold reserves to a record high level of 110 tonnes, 2024.

- The Reserve Bank of India continued its 2024 buying streak, adding gold to its reserves in every month during the quarter. It bought a total of 13t in Q3, marginally lower than the 18t it purchased in both Q1 and Q2. Its gold reserves have now risen to 854t, 6% higher than at the end of 2023.
- The State Oil Fund of Azerbaijan bought a further 12t in Q3, adding to the 13t it accumulated in H1 2024. This buying lifted gold reserves to 127t by the end of September, accounting for just under 18% of the fund's investment portfolio.
- The Central Bank of Turkey (10t), Central Bank of Uzbekistan (9t), Central Bank of Serbia (5t), Czech National Bank (5t), Qatar Central Bank (2t), Central Bank of Jordan (1t) and Central Bank of Iraq (1t) were the other significant buyers during Q2.[9]

Compared to the previous quarter, sales were more subdued in Q3. Only three central banks reported gold reserves declining by a tonne or more. The National Bank of Kazakhstan accounted for the bulk of the reported sales (13t), while the Central Bank of the Philippines (2t) and Central Bank of Mongolia (1t) were the other, more modest, sellers.

In late September, the Central Bank of the Philippines confirmed that its gold sales this year were driven by higher prices, and form part of an active management strategy around its gold reserves.[10] In the statement, the central bank noted that the sales did not compromise the "primary objectives for holding gold, which are insurance and safety".

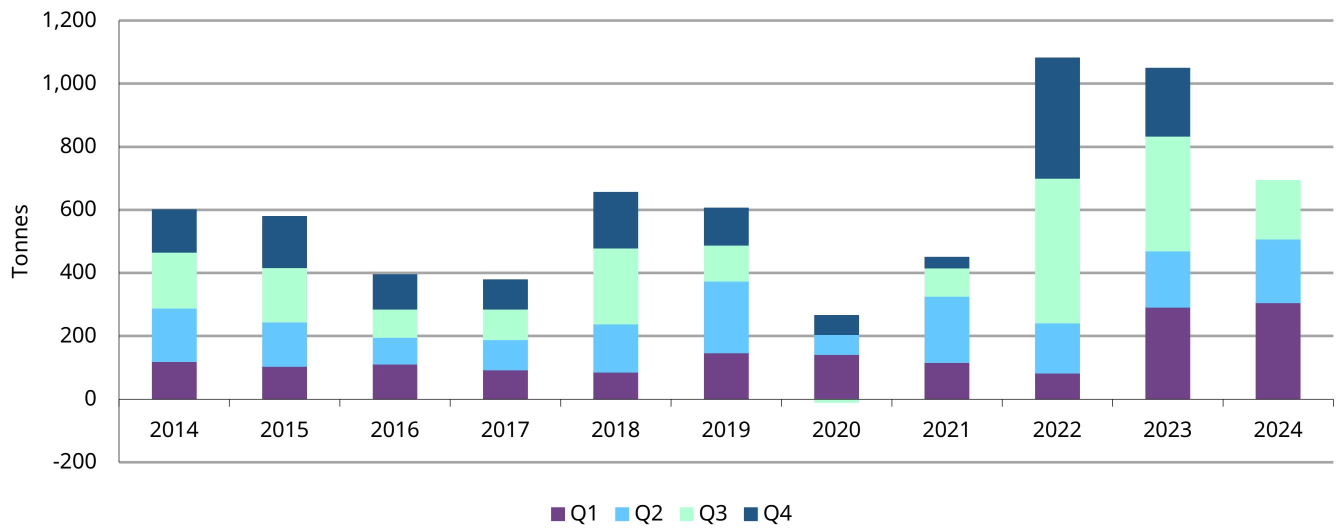
While its gold reserves in tonnage terms have fallen by 18% y-t-d (to the end of August), gold's share of total reserves has declined by less than 1% given the strong performance of gold so far this year.

A new mining law in Tanzania, effective 1 October, requires all gold mining companies and exporters to allocate at least 20% of gold for sale to the country's central bank.[11] This policy aims to help the central bank further diversify its international reserves. The Bank of Tanzania began buying gold domestically in the previous financial year (to June), accumulating a modest 418kg. By the end of June 2025, the central bank wants to add a further 6t this financial year.

On a y-t-d basis, central bank buying remains strong, totalling 694t, primarily boosted by the record-breaking start to the year. This is virtually in line with the same period in 2022 (-1%), which is a remarkable achievement, but well short of the record first three-quarter demand in 2023 (-17%). It now looks increasingly likely that while central banks will remain healthy net purchasers in 2024, the full year total will fall short of the previous two years.

Chart 9: Annual central bank demand increasingly unlikely to match previous two years

Annual central bank net purchases by quarter, tonnes*



*Data as of 30 September 2024
Source: Metals Focus, World Gold Council

9. The threshold for significance is set at one tonne.
10. BSP.gov | Statement on BSP's Gold Sales for GIR Management | 24 September, 2024.
11. Mining.com | Tanzania orders gold dealers to reserve 20% for purchase by central bank | 28 September, 2024.

Technology

Q3 saw growth in gold volumes used in technology, but the supply chain adopts a cautious outlook

- Gold used in industrial applications during Q3 grew by 7% y/y to 83t
- The electronics sector, which dominates technology demand, increased by 9% y/y to 69t
- Other industrial applications recorded a moderate 1% y/y increase to 12t, while dental demand continued its long-term decline with a 4% y/y fall to 2t.

Tonnes	Q3 '23	Q3 '24	Y/y change
Technology	**77.3**	**83.0**	**7%↑**
Electronics	63.3	69.0	9%↑
Other Industrial	11.7	11.8	1%↑
Dentistry	2.3	2.2	-4%↓

Source: Metals Focus, World Gold Council

The third quarter is generally the strongest for electronics demand as many major electronics companies launch new products and devices onto the market. This year has been no different, with all major smartphone manufacturers unveiling new products. However, demand was reportedly slightly lower than expected – Samsung reported a drop in devices shipped, for example[12] – and the industry is consequently taking a cautious approach to both current inventories and future sales forecasts.

Electronics

Demand in the electronics space strengthened during Q3, but the industry is taking a cautious stance for the remainder of the year. According to the market intelligence company IDC, smartphone shipments registered a fifth consecutive quarter of growth: 316 million units shipped during the period, with particular strength in East Asia. IDC also reported that shipments of traditional PCs will remain flat in 2024, pointing to economic concerns in China, but with a potential long-term boost as users upgrade to AI-enabled devices.[13] In Europe and the US, weaker sales in the automotive and aerospace sectors have led manufacturers to impose stricter controls on material inventories.

Gold used in printed circuit boards (PCBs) registered another strong quarter. AI remains the main driver of this trend, with AI-enabled servers requiring high-performance PCBs. Automotive electronics also use high-end PCBs to guarantee reliable operation in safety critical functions. Another growing area of demand is low Earth orbit (LEO) satellites, which represent a potential long-term source of demand for gold from both PCB and wireless components.

Gold used in light emitting diodes (LEDs) rose slightly during Q3. This was fuelled by increased adoption in the automotive sector, where the reliability of LED is a key advantage. Demand for high-end IR-LED products continues to grow steadily in a broad range of application areas related to sensing and industrial automation, which is positive for gold demand. But mini-LED usage made further inroads into the traditional LED market albeit at a fairly slow rate.

Demand for gold in the memory sector also recorded a small rise. This was driven by strong demand for high-end products such as high-bandwidth memory (HBM) for data centres and high-performance computing (HPC). But growth in mid- to low-end demand was suppressed by inventory bottlenecks in the consumer electronics supply chain. Intense competition has seen considerable flux in the sector, with the world's largest manufacturer Samsung coming under huge pressure from rivals such as SK Hynix and Micron. Indeed, Micron recently reported exceeding US$1 billion in quarterly revenue from NAND chip production for the first time.[14]

Ongoing adoption of 5G-enabled smartphones lifted gold usage in the wireless sector. The proportion of smartphones compatible with generative AI (GenAI) and featuring WiFi-7 also increased. Current projections indicate that shipments of these will make up about 20% of the market by the end of the year.[15]

The three major Eastern electronics fabrication hubs saw a y/y increase in Q3 gold demand: Japan (20%), South Korea (20%) and Mainland China and Hong Kong SAR (10%). Meanwhile, the USA (-4%) recorded a decrease.

Other industrial & dentistry

Other industrial applications recorded a small y/y increase during Q3 as gains in East Asia offset a negative price reaction in India and destocking in Italy. Dental demand saw ongoing structural losses.

12. IDC | Worldwide Smartphone Market Grows 4% with 316.1 Million Units Shipped in the Third Quarter of 2024 | 14 October 2024.
13. IDC | PC Refresh Cycle and Tablets in Emerging Markets Expected to Spur Demand in Coming Quarters | 23 September 2024.
14. GlobeNewswire | Micron Technology, Inc. Reports Results for the Fourth Quarter and Full Year of Fiscal 2024 | 25 September 2024.
15. IDC | Worldwide Generative AI Smartphone Shipments Forecast to Reach 70% of the Market by 2028 with More Than 360% Growth in 2024, According to IDC | 30 July 2024.

Supply

Total Q3 gold supply rose 5% y/y; mine production reached a quarterly record

- Total gold supply increased 5% y/y in Q3, with mine production and recycling both contributing
- Y-t-d total supply was 3% higher y/y at 3,762t, driven by 3% growth in mine production to a record level for the first three quarters of the year
- Recycled gold volumes in Q3 rose 11% y/y, but fell 4% q/q despite record high gold prices.

Tonnes	Q3'23	Q3'24	Y/y change
Total supply	**1,249.6**	**1,313.0**	**5%↑**
Mine production	935.7	989.8	6%↑
Net producer hedging	23.8	0.2	-99%↓
Recycled gold	290.1	323.0	11%↑

Source: Metals Focus, World Gold Council

Q3 saw strength across all components of supply. Mine production reached 990t – an all-time third quarter high in our records back to 2000 – and recycling increased 11% y/y to 323t. Preliminary estimates also suggest the net producer hedge book was virtually unchanged in Q3.[16]

Mine Production

Mine production continued its strong run in Q3: up 6% y/y to hit another record. With each of the first three quarters of 2024 being new records for their respective quarters, y-t-d mine production has eclipsed the previous Q1–Q3 record set in 2018.

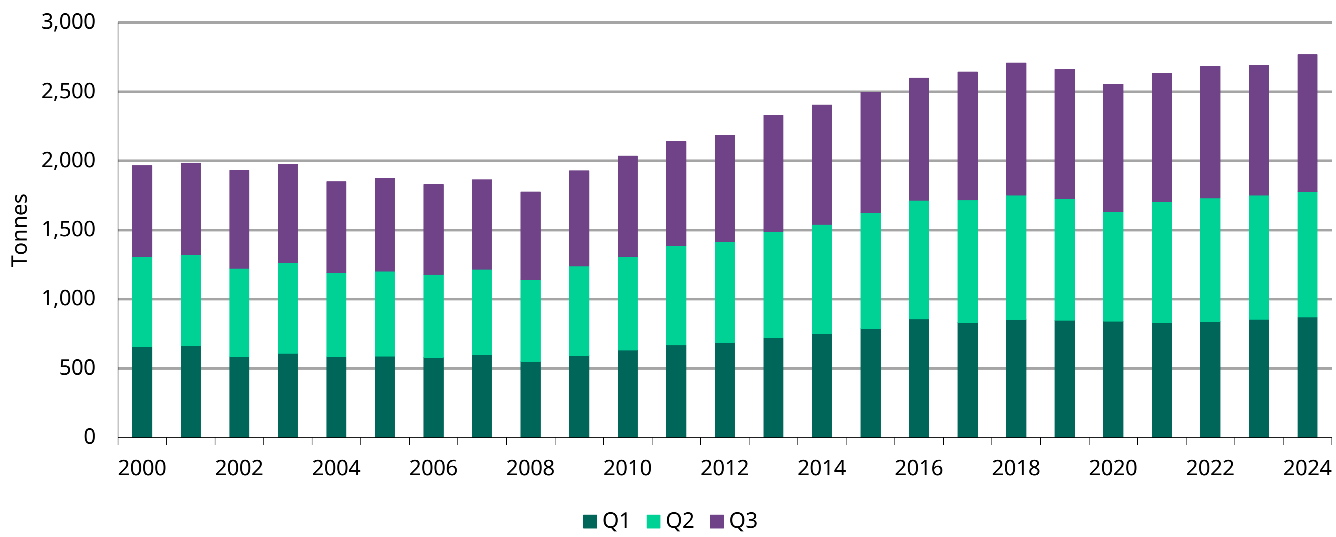
On a q/q basis, production increased by 9%, due primarily to normal seasonal fluctuations. Global gold production shows modest seasonality: in the 10 years to 2023 first-half mine production averaged 48% of the annual total. H1 mine production is affected by Christmas and Easter holidays in many producing countries, along with very cold temperatures at some operations, which restrict alluvial and some other surface operations.

In Q3, mine production from four countries drove the increase in global output:

- Canada (26% y/y): output was boosted by ramp-ups at the Coté and Greenstone Mines and production increases at existing mines including Brucejack and Detour Lake
- Mexico (24% y/y): production increases were driven mostly by the resumption of operations at Newmont's Peñasquito mine following last year's strike
- Indonesia (14% y/y): output rose as higher grade ore was accessed from Phase 7 of the Batu Hijau mine
- Russia (5% y/y): high output from three operations drove the increase: Gross, where capacity was expanded; higher grade mining at Natalka; and a production ramp up at Malyutka.

Chart 10: Mine production hit an all-time third quarter high in 2024

Y-t-d mine production by quarter, tonnes*



*Data as of 30 September 2024.
Source: Metals Focus, Refinitiv GFMS, World Gold Council

16. Estimates for net producer hedging may be subject to potential revision, as Gold Demand Trends is typically published before the majority of mining companies have released their quarterly reports.

Operations in some countries were hit by a mix of lower grades and production suspension:

- Turkey (-17% y/y): production declined following the suspension of SSR Mining's Çöpler after the failure of the heap leach pad. The suspension will be ongoing until third-party review of the design and operation of the mine has been completed
- Burkina Faso (-11% y/y): lower output y/y due to expected lower production across multiple operations
- D.R. Congo (-7% y/y): the expected fall in production was due to lower grades and volumes at the vast Kibali operation owned by Barrick and AngloGold Ashanti
- China (-3% y/y): fall resulting from lower grade mining at several operations.

Supply is expected to have increased in most regions in Q3'24, with North America posting the highest increase, +16%, followed by Oceania and Central & South America each with a 7% y/y gain.

Bucking the trend, lower production at a number of mines, including planned lower grade mining from Dundee Precious Metals' Ada Tepe in Bulgaria saw European mining supply fall 5% y/y.

Mining costs have continued to increase in 2024. In Q2'24 – the latest quarter for which we have data – all-in sustaining costs increased by 6% y/y to reach a record quarterly high of US$1,388/oz. Although this is still higher than broad-based inflation, mining cost inflation has slowed over the past 12 months and should benefit from steady oil prices and other energy input costs.

As 2024 progresses – and based on information from Metals Focus – it is increasingly likely that mine production will hit a new all-time high, surpassing the prior record of 3,658t set in 2018.

Net producer hedging

Initial estimates suggest that producer hedging made an insignificant contribution to supply in the third quarter. We estimate that the global aggregate producer hedge book will be unchanged in Q3'24, but as usual this will be subject to revisions once mining companies report third quarter results over the next month or so.

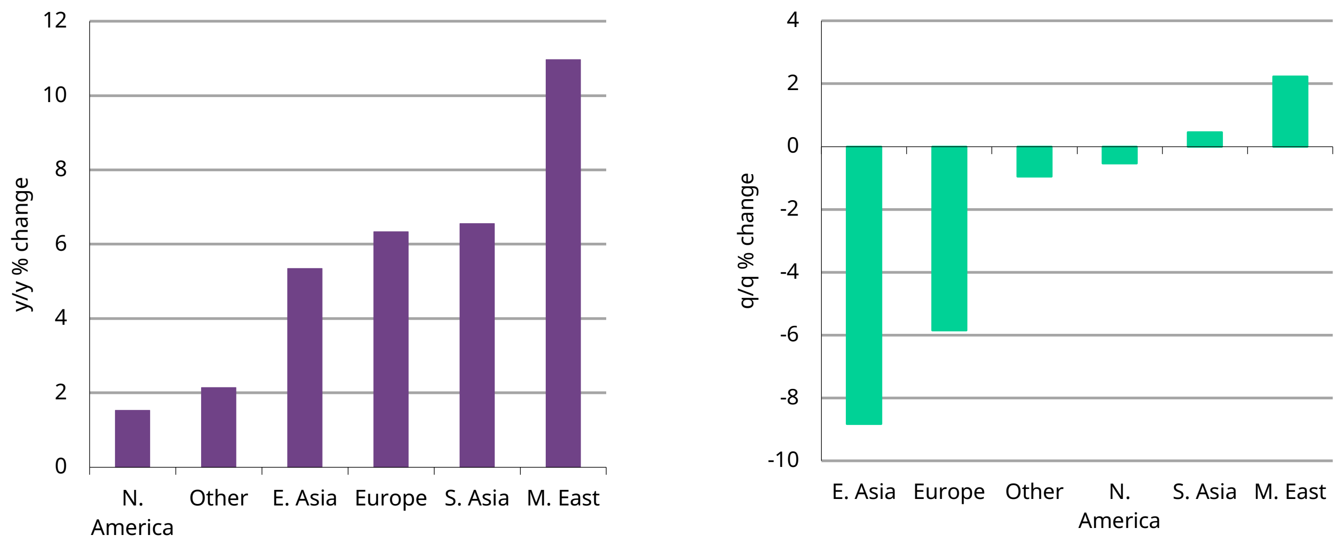
In Q2'24, the latest quarter for which we have comprehensive disclosure, the global delta-adjusted producer hedge book rose by 9t to 222t. Y-t-d we estimate that the hedge book has declined by 16t.

Recycling

Third quarter gold recycling increased to 323t. Record high gold prices (in all currencies) triggered the y/y increase in recycling supply that was seen in all regions. The q/q fall was rather surprising, considering the strong performance of gold during the quarter. Two regions reported q/q increases, the Middle East and South Asia, but these were more than offset by quarterly declines in the other regions, especially East Asia and Europe, both of which had seen strong q/q increases in the second quarter.

Chart 11: Contrasting y/y and q/q regional recycling performance in Q3'24

Y/y and q/q change in recycled gold volumes, tonnes*



*Data as of 30 September 2024.
Source: Metals Focus, Refinitiv GFMS, World Gold Council

Based on conversations with the recycling industry, the q/q decline can be at least partly explained by the initial shock of the Q2 rapid price increase to record highs wearing off somewhat. While the gold price increased by a larger extent in Q3, consumers were slightly less surprised by the price reaching fresh record levels during the quarter. It is entirely possible that recycling also subsided during Q3 as investors anticipated being able to sell in future at yet higher prices. The slashed import duty further contained recycling in India, effectively reducing the domestic price.

One of the regions that saw a q/q increase in recycling volumes was the Middle East. Turkey was a major contributor to this result, as a relatively stable Turkish lira and very high interest rates appear to have prompted some gold holders to sell jewellery and invest the proceeds at interest rates up to 50%. Ongoing conflict in the wider Middle Eastern region triggered some distress selling during Q3'24, something that appears likely to continue.

In India, the unexpected and material cut in gold import duty in early July prompted lower recycling volumes than would have been expected looking at the US dollar gold price. This goes hand in hand with the stronger jewellery purchases seen during the quarter. Another consequence of the duty cut was selling by gold loan companies, which auctioned some holdings following the rupee-denominated fall in gold in order to limit losses from non-performing loans.

In China, recycling volumes increased y/y but fell approximately 9% q/q. One factor behind the q/q decline was heavy trade-inventory liquidation in Q2. Sales of weighty pieces slumped as the price jumped during the second quarter, so retailers and wholesalers were quick to recycle them and buy lightweight jewellery lines instead.

Overall, we were somewhat surprised by weak recycling supply in many Western markets in Q3'24, as we had expected slowing economies to trigger more distress selling. But recycling volumes in Western markets remain below long-term averages, suggesting that near-market stocks are quite depleted and there is little evidence of widespread consumer distress.

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