

# Gold Demand Trends

## Q1 2024

### Central banks and OTC drove price

Healthy consumer buying offered further support.

Q1 gold demand (excluding OTC demand) slipped 5% y/y to 1,102t, due to continued ETF outflows. Inclusive of sizable OTC buying by investors, total gold demand increased 3% y/y to 1,238t – the strongest first quarter since 2016.

Q1 saw no let-up in the pace of central bank gold buying: 290t (net) was added to official holdings, only part of which is currently reflected in IMF data.

Bar and coin demand matched the previous quarter at 312t, translating to a 3% y/y increase.

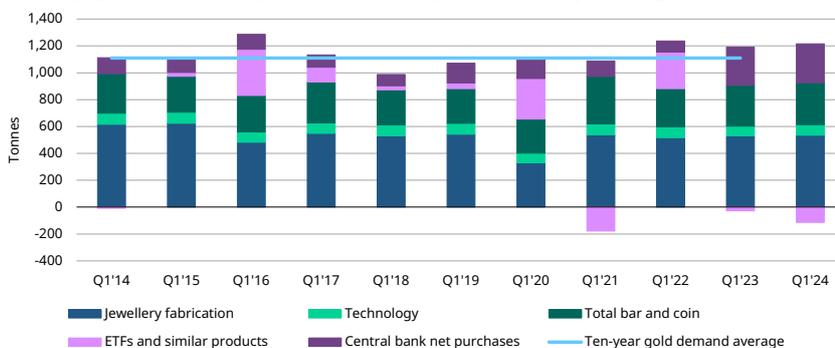
Global gold ETF holdings fell by 114t. Europe and North America both saw quarterly outflows, slightly countered by inflows into Asian-listed products. US-listed funds saw a positive shift late in the quarter.

The jewellery sector was healthy, given the price rally. Global jewellery consumption was just 2% lower y/y at 479t. Jewellery fabrication grew by 1% y/y to 535, resulting in inventory build of 56t during the quarter.

Technology demand for gold recovered 10% y/y as the AI boom boosted demand in the electronics sector.

#### Chart 1: Q1 demand was in line with its 10-term average

Quarterly gold demand by sector and 10-year quarterly average, tonnes\*



\*Data as of 31 March 2024.

Source: Metals Focus, World Gold Council

### Highlights

**The LBMA (PM) gold price averaged a record US\$2,070/oz in Q1 – 10% higher y/y and 5% higher q/q.** Gold scaled new heights in March, closing the quarter at US\$2,214/oz.

**Q1 was another quarter of significant OTC demand.** OTC buying by investors, while opaque, is reflected in the pace and scale of the price rise. CME net managed money positions, which can be used as a proxy, rose by ~91t.

**Mine production increased 4% y/y to 893t – a record first quarter for our data series.**

Meanwhile, recycling responded to higher prices, climbing 12% y/y to 351t. This makes it the highest quarter of recycling supply since Q3'20, when it shot up in line with gold prices and as a response to the pandemic.

**Western and Eastern investors exhibited different behaviour.**

Western gold buying remained robust, but was met with healthy levels of profit-taking. This contrasted with strong buying into the price surge in Eastern markets.

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## Gold supply and demand

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24		y/y % change
<b>Supply</b>							
Mine production	855.1	900.9	940.4	939.9	893.0	▲	4
Net producer hedging	39.4	-19.5	19.4	15.9	-5.5	-	-
Recycled gold	311.9	323.9	289.2	314.0	350.8	▲	12
<b>Total supply</b>	<b>1,206.4</b>	<b>1,205.3</b>	<b>1,249.0</b>	<b>1,269.7</b>	<b>1,238.3</b>	<b>▲</b>	<b>3</b>
<b>Demand</b>							
Jewellery fabrication	531.0	493.7	581.7	585.8	535.0	▲	1
Jewellery consumption	488.9	479.6	520.2	623.5	479.0	▼	-2
Jewellery inventory	42.1	14.0	61.5	-37.7	56.0	▲	33
Technology	71.2	71.0	75.4	80.2	78.6	▲	10
Electronics	57.1	57.2	61.4	65.5	64.4	▲	13
Other industrial	11.7	11.4	11.7	12.3	11.9	▲	2
Dentistry	2.4	2.4	2.3	2.4	2.3	▼	-5
Investment	275.3	252.5	155.8	257.1	198.6	▼	-28
<b>Total bar and coin</b>	<b>303.9</b>	<b>273.7</b>	<b>295.0</b>	<b>312.9</b>	<b>312.3</b>	<b>▲</b>	<b>3</b>
Bars	185.9	164.0	206.8	220.7	222.9	▲	20
Official coins	93.6	85.3	54.3	60.3	65.3	▼	-30
Medals/Imitation coins	24.4	24.4	34.0	31.9	24.1	▼	-1
ETFs & similar products	-28.6	-21.1	-139.2	-55.7	-113.7	-	-
Central banks & other inst.	286.2	173.6	357.7	219.6	289.7	▲	1
<b>Gold demand</b>	<b>1,163.7</b>	<b>990.8</b>	<b>1,170.6</b>	<b>1,142.8</b>	<b>1,101.8</b>	<b>▼</b>	<b>-5</b>
OTC and other	42.7	214.5	78.4	126.9	136.4	▲	220
<b>Total demand</b>	<b>1,206.4</b>	<b>1,205.3</b>	<b>1,249.0</b>	<b>1,269.7</b>	<b>1,238.3</b>	<b>▲</b>	<b>3</b>
LBMA Gold Price (US\$/oz)	1,889.9	1,975.9	1,928.5	1,971.5	2,069.8	▲	10

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



# Outlook

Central banks and retail investment provide the platform for a strong 2024. Western investors on hold

- 2024 is set to produce a much stronger return for gold than we anticipated in our [2024 Gold Outlook](#), supported by continued EM central bank buying and retail investment even with the continued absence of visible physical Western investment
- The stellar run up in price in the recent weeks will likely prompt a rise in recycling supply and a fall in jewellery demand, although elevated geopolitical risk and the quasi-investment role of jewellery in some countries may limit the impact
- Mine supply is set to break new records on expansions in North America and low levels of hedging, as producer margins hover near record highs.

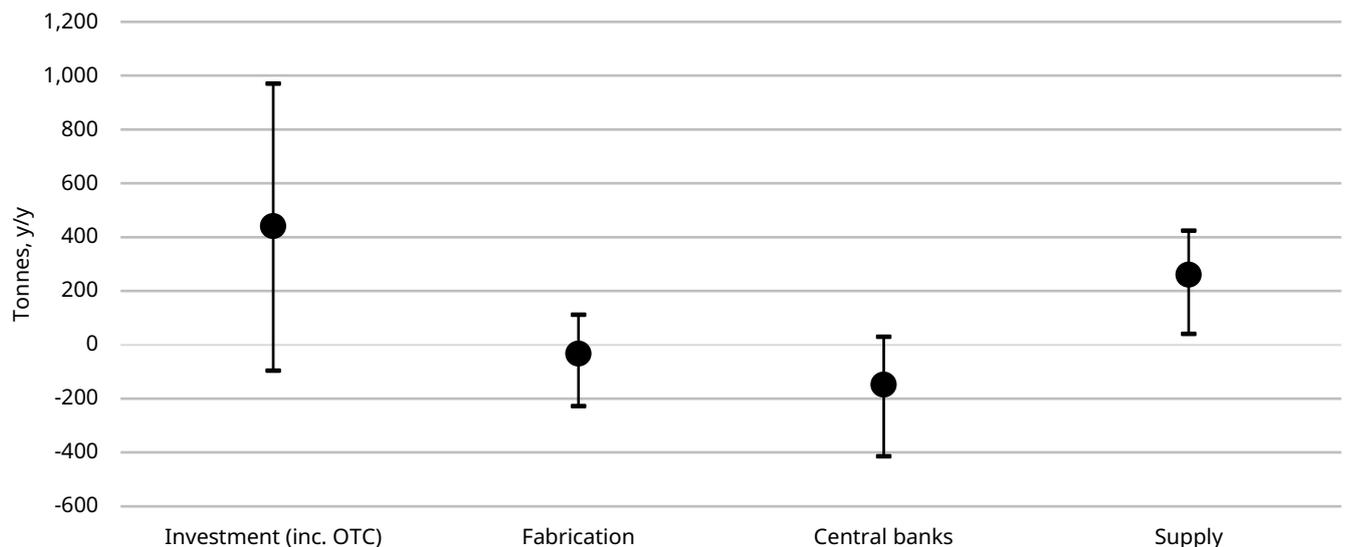
Having made successive record highs throughout March and into April, the gold price has witnessed a correction in recent days, a healthy development in our view.<sup>1</sup> Any levelling off in the gold price in the months ahead should encourage some price sensitive buyers back into the market. Upside potential remains in the gold ETF space as the shift out of gold and into positive yielding bonds in Europe could run its course with ECB rate cuts looming. North American ETF investors banking on Fed rate cuts may have to wait a little longer: a no-landing economic outcome is growing in popularity, suggesting rates will stay quite high. But US economic strength remains somewhat superficial, helped by the long and variable lags of interest rate policy, the full impact of which may not be felt until later in the year. As such, US investors may need to wait for a clear signal to trigger ETF inflows.

## Investment

Bar and coin demand is set to remain strong. China is largely responsible, having started the year with the strongest quarter since 2017. With improving household wallets, the positive example set by continued central bank demand, a poor domestic equity, and property market and currency fragility, the conditions are in place for demand to continue at solid levels. Indian bar and coin demand has been lagging model-suggested levels based on economic growth. It is expected to be higher than last year, helped by an expectation for a better monsoon and solid economic growth.

**Chart 2: Investment likely to rise on geopolitics and delayed rate cuts**

Expected change in annual gold demand and supply, tonnage, 2024 v 2023\*



\*Data as of 31 March 2024. Source: World Gold Council

1. As of 22 April, the LBMA PM gold price had pulled back 3% from the 12 April record high of US\$2402/oz



ETF demand remains notable by its absence, particularly in Europe – where, anecdotally, institutions refusing to hold negative yielding bonds shifted into gold a few years ago. It seems likely that the past year (and more) has seen a cashing out of gold back into positive yielding bonds, and this might become harder to sustain if and when policy rates are cut. The US has shown a glimmer of hope during April, but rate cuts might be needed to help trigger sustained inflows. Sticky inflation and labour market strength suggest there will be a bit of a wait.

Elsewhere, [Chinese funds continue to attract inflows at a solid clip](#) having seen 29t of inflows in the four weeks to 19 April versus 36t of outflows from Europe and neutral US flows over the same period.

## Fabrication

Perhaps the most surprising feature of Q1 was the resilience of jewellery demand in the face of much higher prices. The price strength, however, came towards the end of the quarter, and is likely to feed through to some demand weakness in Q2.

China's jewellery demand is expected to remain stable to slightly higher compared to 2023, on rising incomes and stable prices during the rest of 2024. Indian jewellery demand will continue to draw support from the strong economy, but high gold prices, and [some election-related weakness](#) are likely to weigh on demand.

Technology demand is set to produce some solid growth, particularly in the chip and automotive segments.

## Central banks

Although a whisker away from a new record and comfortably beating our initial – tempered – 2023 forecast, we remain cautious as we look ahead. The multi-year trend of net central bank buying appears established, but there may well be some central banks willing to wait on the sidelines in response to the recent price surge. Equally, opportunistic sellers may be more likely to get drawn out with the stellar rise in prices so far this year.

The March slowdown in monthly reported buying could signal some reticence by reserve managers to accumulate at these levels, despite unreported buying showing no such restraint. A lack of sales was also notable in Q1, but given the late quarter price run-up, Q2 might reflect what Q1 did not; as is likely the case in other demand categories.

## Supply

Mine supply is expected to beat the previous record high in 2018 [on expansions and ramp-ups](#).<sup>2</sup>

Around two-thirds of this growth is likely to come from Canada, China and Ghana. A mild Northern Hemisphere winter has helped Q1 off to a good start, but a sizeable swing in hedging makes the y/y comparison weaker for total mine supply.

With spot prices expected to stay not only high but above the 90<sup>th</sup> percentile of the cost curve, marginal producers will be incentivised to continue strong production schedules. AISC margins have almost exceeded their 2020 peak.

Hedging is expected to be small but positive – although some debt financing nearing an end resulted in net de-hedging for Q1. There is still some incentive from a price perspective, to lock in production at these levels and also given the strong forward contango.

Should prices stay high in 2024, models suggest recycling should pick up, as it started to do in Q1 in response to the rapid price rise. Volumes may, however, be constrained by both geopolitically driven concerns and low near-market stocks, particularly in countries like Thailand. And should prices settle, recycling will likely moderate in response.

2. Metals Focus 5-year Forecasting Quarterly.



# Jewellery

## Jewellery consumption holds up well in the face of surging gold prices

- First quarter gold jewellery consumption of 479t was 2% softer y/y
- Initially aided by the mild correction in the gold price during January and February, demand pulled back as the March rally took off
- Jewellery demand remains under pressure so far in Q2, due to unprecedented price levels. Although buying will likely be encouraged by any price pullbacks, we expect a subdued y/y comparison.

Tonnes	Q1'23	Q1'24		Y/y % change
World total	488.9	479.0	▼	-2
India	91.9	95.5	▲	4
China, P.R.: Mainland	195.6	184.2	▼	-6

Source: Metals Focus, World Gold Council

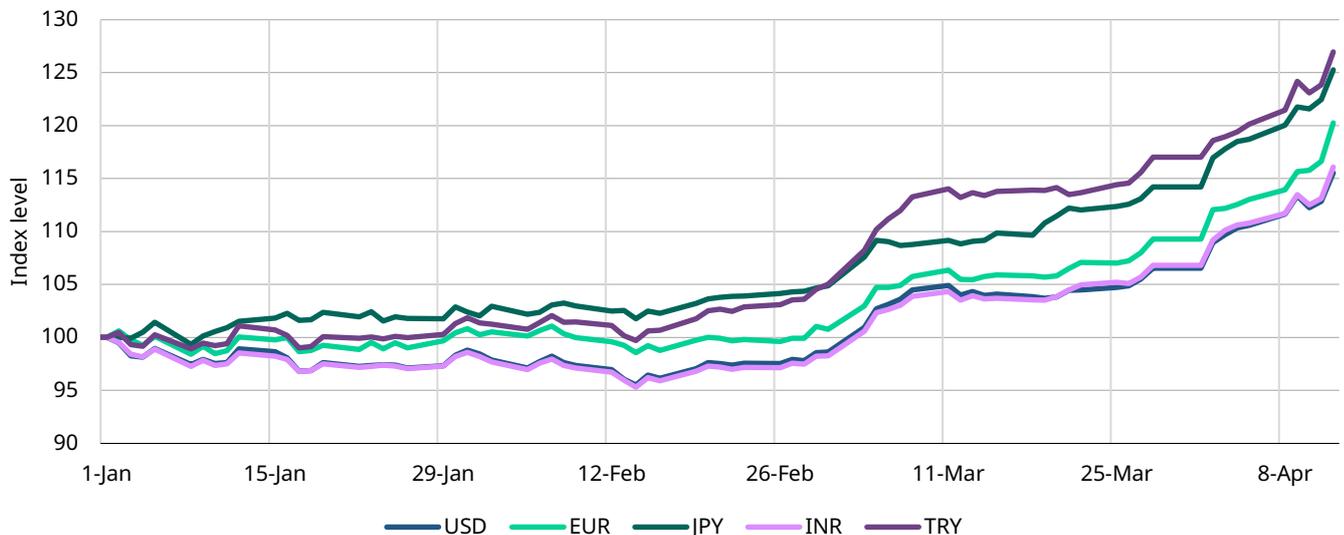
Global demand for gold jewellery in Q1 came in at 479t, around 3% above the first quarter average from the past five years of 465t.

While gold jewellery volumes were slightly lower than Q1'23, the value of demand confirms that consumers were far from reluctant to spend on gold jewellery even as prices shot up.

The US dollar value of global gold jewellery consumption in Q1 was 7% higher y/y at US\$32bn – the highest value for a

### Chart 3: After a slow start to Q1, March saw gold prices off the races

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



\*Data as of 12 April 2024.

Source: Bloomberg, ICE Benchmark Administration, World Gold Council

first quarter demand since 2013 (when volumes were far in excess of recent levels).

Q1 was a tale of two halves: a positive January and February versus a very weak March. The relative stability in the gold price during the first two months of the quarter aided demand during that period: by mid-February, the US\$ price had undergone a gentle price pullback of around 4%. Given that this occurred in the lead-up to the lunar New Year it was well-timed to attract jewellery consumers in Asian markets. However, demand collapsed in March as the gold price rocketed and in some markets this resulted in a negative y/y comparison.

## China

Gold jewellery demand in China totalled 184t in Q1 – 6% lower y/y compared to a very strong Q1'23. Nevertheless, demand was 13% above the ten-year average of 162t as demand held broadly in line with levels that were typical in the years prior to the pandemic.

The quarter was something of a roller-coaster ride for Chinese gold jewellery sales. For many wholesalers and manufacturers, January was their busiest start to a year on record thanks to seasonal spending before and during the Spring Festival; the modestly lower gold price; the popularity of items marking the auspicious Year of the Dragon; and continued focus on gold jewellery as a means of wealth preservation given the weaker currency and stock markets.



This strength carried over into February, aided by the Chinese New Year (CNY) sales boost and continued price stability.

But March was a different story – demand fell off a cliff due to the double whammy of a sudden gold price surge and the typical seasonal post-CNY lull. Given the comparison with a very strong base period last year, this generated the net y/y decline. Nevertheless, in value terms, jewellery demand surged to almost CNY90bn, second only to the CNY92bn total seen in Q2 2013 – an unparalleled quarter in Chinese jewellery demand, amounting to 327t.

**24K hard pure products and Heritage gold jewellery continued to outperform other categories in Q1.** This was helped by the industry’s design innovation: the touch of various gem and diamond inlays has boosted the popularity of these products. Meanwhile, 18K and 22K products lost further market share to higher carat items, especially as consumers pay increasing attention to gold jewellery’s financial value. In general, consumers reacted to surging prices by showing a preference for light-weight items with lower cost, as well as seeking products with lower labour charges.

March demand weakness has so far continued into Q2. Our field research indicates that continued successive record highs in the local gold price during April have kept consumers on the sidelines and retailers cautious in restocking ahead of the traditionally lively Labour Day Holiday. The slowdown in consumer demand led to the retail sector reining in its network expansion plans: store openings will likely be reduced in the coming months.

The fact that Q2 is usually an off season for gold jewellery consumption is likely to create further pressure on demand. That being said, we expect 24K hard pure gold products to outperform other categories thanks to their lighter weights that translate into cheaper unit-total costs and suitability for summer wear.

## India

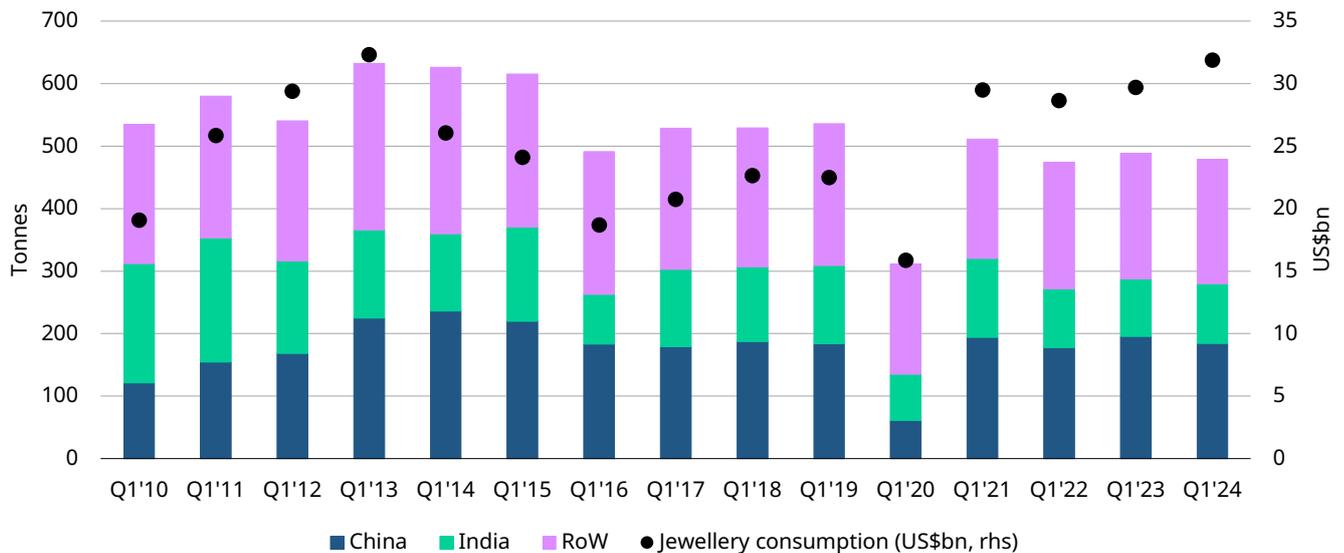
Gold jewellery demand in India was 95t, 4% above the comparatively weak Q1’23. India’s continued strong macroeconomic environment was supportive for gold consumption. Rural demand is now seeing similar growth to that of urban India; in recent quarters it lagged behind as it struggled to shake off the effects of the pandemic.

The early improvement in demand was evident in the local gold price, which moved to a premium in late January until late February, before reverting sharply to a sizable discount in March as the surging price choked off demand. The prospect of impending elections likely further contributed to the March slowdown, as gold consumption tends to decline during these periods.

In response to the higher prices, 18K diamond jewellery saw some improvement, as did jewellery with coloured gemstones. Recycling activity also increased in reaction to the price rise, as is typical in price-sensitive markets like India.

**Chart 4: Jewellery demand volumes resilient, values rampant**

Q1 gold jewellery consumption, tonnes and US\$ value\*



\*Data as of 31 March 2024.

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



Demand remains weak so far in Q2, reflecting continued record highs in the gold price. Stock-building in preparation for Akshaya Tritiya and the forthcoming wedding season are reportedly muted. But in contrast to China's conservative retail expansion, large retailers are apparently maintaining expansion plans and continuing with aggressive marketing campaigns. While seasonal factors may support demand in value terms, the prospects for gold jewellery volumes will be muted if the price sees further fresh record highs, particularly as elections will likely impact the sector.

## Middle East and Turkey

**Jewellery demand in Turkey posted its eighth consecutive y/y gain: demand was 19% higher at 11t.** This was the strongest first quarter for jewellery demand in the country since 2015. But the growth in demand volume pales in contrast with the value measure: the local currency value of gold shot up to an unprecedented TRY23bn, more than double the Q1'23 total and 19% higher than the record set in the previous quarter.

Investment motives continue to fuel gold jewellery demand in this high-carat market, among them: official CPI of over 68%; global and regional geopolitical tension; negative real interest rates, and a lack of viable alternative investments.<sup>3</sup>

With no current end in sight to this backdrop, demand is likely to remain robust, albeit that continued record highs in the price may stifle continued strong growth of the scale seen in recent quarters.

**Jewellery demand for the Middle East region was 4% lower y/y at 42t in Q1.** Weaker demand in the UAE and Saudi Arabia outweighed an improvement in Egypt. The high gold price environment was reportedly the reason for the y/y declines in the UAE (-10%) and Saudi Arabia (-12%). In contrast, Egypt (+3% y/y) saw local gold prices fall in Q1 as the local currency strengthened after the country secured bailout funding from the IMF. Demand in Iran was flat y/y as the impact of rocketing local gold prices offset continued safe-haven-driven buying.

## US and Europe

**The US market fell by a modest 2%, its eighth consecutive y/y decline as gold jewellery consumption continued to 'normalise' following the bumper years produced by the pandemic.** Q1 demand of 25t was nevertheless healthy compared with first quarter volumes typical in the years prior to 2020 (the Q1 average for 2010-2019 was 22t). And in value terms, demand of US\$1.6bn was the highest for a first quarter in our US data series.

The resilience of the US economy and labour market have lifted consumer sentiment, which in turn has cushioned demand. Further evidence of this came in the lack of any

notable shift towards lower carat items. In fact, field reports suggest that heavier pieces continued to sell well.

At the trade level, the first quarter witnessed heavy restocking after inventories had been run down during 2023 due to a combination of recession fears and an unexpectedly strong and late Q4 holiday buying season. The latter explains a slight upward revision to our Q4'23 US jewellery consumption data (from 48t to 49t).

**European jewellery demand edged lower in Q1, declining by 2% y/y to 11t.** Similar to the US, the decline was in part due to continued normalisation post-COVID. Germany saw the largest decline (-11% y/y), not helped by the shaky economic backdrop undermining consumer sentiment.

## ASEAN markets

**Thailand, Vietnam and Indonesia experienced similar y/y declines in Q1 jewellery demand, down by 10% – 12% as the late Q1 gold price rally choked off demand in March.**

Thailand's 10% y/y decline in gold jewellery demand to 2t was a price response: demand slowed sharply as prices started to rise in March. Thailand also saw a sharp rise in recycling activity, albeit remaining below levels seen during the pandemic.

Q1 gold jewellery demand in Vietnam registered a fifth consecutive y/y decline. Demand was 10% lower at 4t, the lowest first quarter since 2015. Despite a flurry of demand in February around the Vietnamese New Year celebrations and God of Fortune Day, demand was heavily impacted by the high price of gold.

Indonesia posted a 12% y/y decline to 5t. The rise in gold prices reportedly boosted demand for lower carat jewellery, including 16- and 12-carat pieces.

## Rest of Asia

**Japan showed continued resilience, with the strongest first quarter of gold jewellery demand since 2019.**

Demand was 7% higher y/y at just over 3t. Meanwhile, the local currency value of demand jumped 32% y/y to JPY32bn – the highest value for a first quarter in our data series.

In South Korea, gold jewellery consumption increased by 3% y/y to 3t. This was the first quarter of y/y growth since Q4'21 and came in spite of the historically high price rise in March.

## Australia

**Q1 jewellery demand in Australia weakened by 15% y/y.**

The picture remained much the same in this quarter as in Q4'23. Consumers remained under pressure from a challenging macroeconomic environment, which, together with rising prices, undermined demand.

3. [Turkey Inflation Rate | tradingeconomics.com](https://tradingeconomics.com/turkey/inflation-rate)



# Investment

Q1 gold investment (excluding OTC) was notably lower at 199t as ETF outflows eclipsed modest growth in bar and coin demand

- Holdings of global gold ETFs declined by 114t in the first quarter (-US\$6bn)
- Q1 bar and coin investment generated a 3% y/y increase to 312t
- OTC investment of 136t was a key contributor to total demand and to the gold price reaching record highs in March.

Tonnes	Q1'23	Q1'24		Y/y % change
Investment	275.3	198.6	▼	-28
Bar & Coin	303.9	312.3	▲	3
India	34.4	41.1	▲	19
China, P.R.: Mainland	65.9	110.5	▲	68
Gold-backed ETFs	-28.6	-113.7	-	-

Source: Bloomberg, Company filings, Metals Focus, World Gold Council

Q1 gold investment (excluding OTC) was down by 28% y/y. Strength in total bar and coin investment was purely due to buoyant demand for small gold bars, which was offset by a slump in demand for gold coins. This partly reflects a

divergence in West/East investment behaviour that was evident across all areas of gold investment during the quarter: profit-taking by Western investors contrasted with largely one-way investment demand in Asia.

Global gold ETFs saw an eighth consecutive quarter of outflows. Despite a 114t drop in ETF holdings, assets under management (in US dollar terms) rose to their highest for almost two years at US\$222bn, thanks to gold's strong price performance.

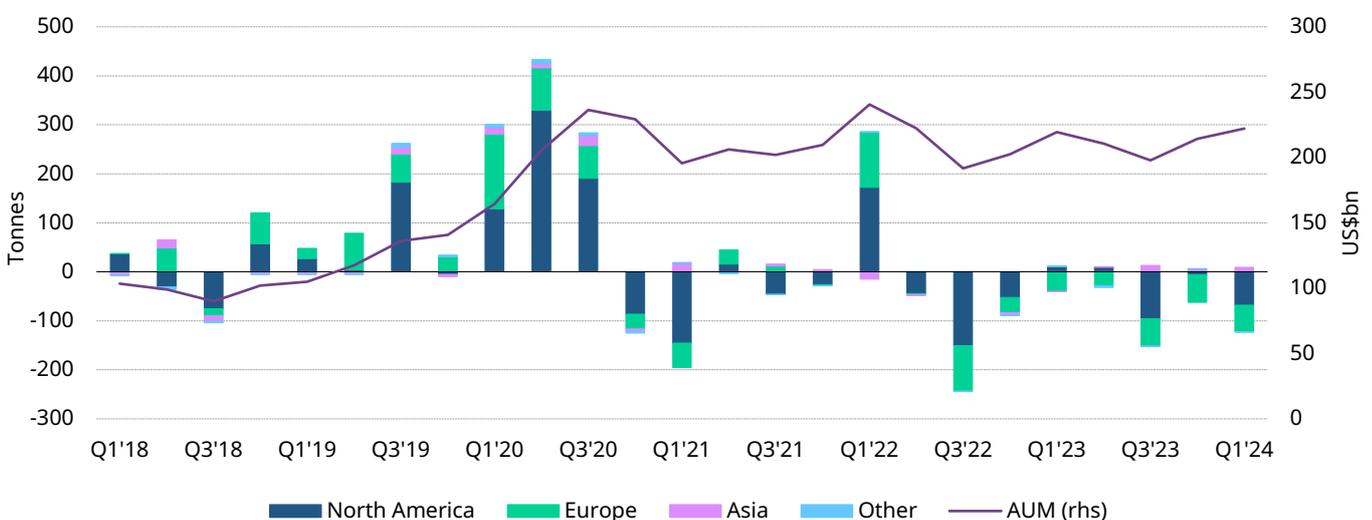
A consideration of the 'OTC investment and Other' category completes the picture for global investment. This captures investment buying in the over-the-counter market (over and above central bank activity, which also typically takes place through OTC transactions). It remains a sizable element of global demand, measuring 136t in Q1 and averaging 120t per quarter since the beginning of 2023. Estimating and attributing this investment buying is difficult due to its opaque nature.

While OTC demand is not directly observable, the positioning of speculative investors in the US futures market can be indicative of it: net long positions held by money managers saw a sharp increase throughout March and reached their highest level for two years, at around 540t. Comparable moves were seen in Chinese futures markets towards the end of the quarter, and more significantly in April. Similar to shifts we reported last year, the OTC volume also incorporated buying by high net worth individuals in several markets, as well as healthy stock build-up in markets across Asia.

## ETFs

**Global gold ETFs lost 114t in Q1 -total holdings declined 4% to 3,113t.** Outflows measured US\$6bn during the

**Chart 5: European and North American gold ETFs saw outflows while Asian funds continued to gain assets**  
Quarterly change in gold-backed ETFs, tonnes\*



\*Data as of 31 March 2024.

Source: Bloomberg, Company filings, ICE Benchmark Administration, World Gold Council



quarter, but accounting for the 8% Q1 price gain, total AUM rose 4% to US\$222bn. A monthly breakdown shows that outflows slowed markedly, with March seeing a far smaller decline than January or February.

At a regional level, US- and European-listed ETFs both saw a 4% fall in holdings.

In volume terms, North America saw the largest tonnage decline – a function of this being the region with the largest and most liquid funds. The 68t decline in holdings was concentrated in January and February, whereas March witnessed a slight reversal, with modest monthly inflows of US\$360mn (+5t).

For much of the quarter investors seemed to focus on the resilience of the US labour market and hotter-than-expected inflation prints, which pushed rate cut expectations further out. Equity market strength further diverted investor attention away from gold. The mid-March turnaround was a reaction to the gold price rally, which triggered activity in the options market and sparked sizable inflows in the closing weeks of the quarter. A fall in both the dollar and Treasury yields early in the month helped spur the inflows, as did comments by the Federal Reserve that a strong labour market, by itself, “would not be a reason to hold off on rate cuts”.<sup>4</sup>

US funds have seen only tentative inflows early in Q2, suggesting that the gold price rally has discouraged further significant outflows for now.

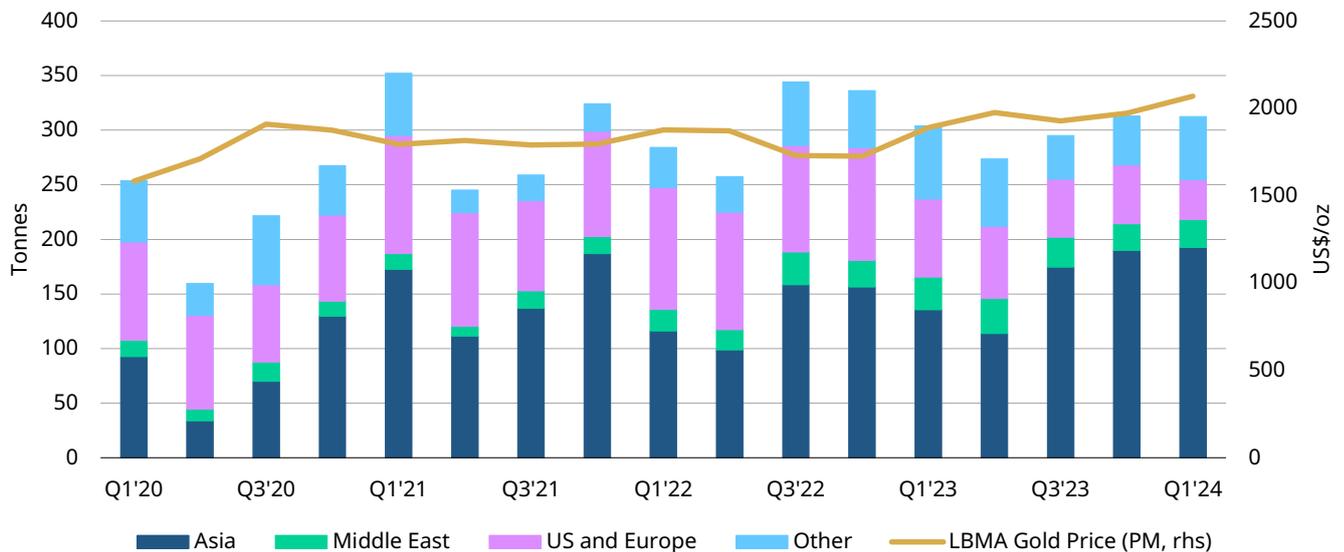
**European-listed funds were not far behind their North American counterparts; holdings fell by 54t during the quarter.** January and February outflows were driven by similar reasons to the US: investors adjusting their bets on a monetary policy pivot by the ECB and rallying local stock markets.

In contrast to the US, however, outflows in Europe accelerated during March. This was almost entirely due to losses from UK-listed funds, where the pattern of outflows appeared to reflect profit-taking at times that coincided with a pause in gold’s price rally. Elsewhere in Europe, funds listed in Germany and France saw small inflows in March.

**Asian-listed funds registered non-stop inflows for the fourth consecutive quarter, adding 10t (US\$696mn) during the quarter.** China generated the bulk of the increase, with investor interest in gold flourishing in an environment of a weakening local currency and poorly performing domestic equity markets. Japan also recorded positive, albeit minor, flows (+2t), amid gold’s staggering yen price performance. Funds listed in other regions were barely changed during the quarter, as a small increase in South Africa was counterbalanced by a small decrease in Turkey.

**Chart 6: Eastern bar and coin investment takes market share from the West**

Quarterly net gold bar and coin investment, tonnes, and the average quarterly gold price, US\$/oz\*



\*Data as of 31 March 2024. Source: Metals Focus, ICE Benchmark Administration, World Gold Council

4. [Transcript of Chair Powell's Press Conference, Federal Reserve, 20 March 2024](#)



## Bar and coin

**Global bar and coin investment in Q1 matched the previous quarter at 312t, translating to a modest 3% y/y increase.** Gold price action helped to maintain buoyant demand, which came in 17% above its five-year average of 268t.

As previously noted, Western and Eastern markets tend to see contrasting trends in gold investment. And while this quarter was no exception, there was something of a turnaround in their respective behaviour. Typically, investors in Eastern markets are more responsive to price and will tend to react to a sharp rise by sitting on the sidelines (waiting for a pause or corrective pullback in the price as an opportunity to buy) and/or by taking profit and cashing in on their gold investments. Western investors have historically been attracted to a rising price and tend to buy into the rally.

The most recent quarter has seen these roles reversed: investment demand in Asia and the Middle East has shown considerable growth, unaccompanied by a marked increase in profit-taking/selling back. In contrast, investors in the US and Europe have taken a different approach. While investment demand for gold bars and coins remains healthy, it has been countered by strong profit-taking from investors keen to realise gains on their gold holdings as the price reached successive record highs.

## China

Bar and coin demand in China jumped to 110t in Q1, an increase of 68% y/y and the strongest quarterly total for more than seven years. Value preservation needs, seasonal gifting demand and the outstanding gold price performance attracted investors.

A weaker local currency during the first two months of the year, together with concerns over volatility in the property and stock markets (mainly in January), led Chinese investors to seek value preservation, and spurred demand for gold. Chinese New Year-related purchases added to demand, with investors showing a strong appetite for dragon-themed gold bars and coins.

The staggering gold price rally in March also attracted investors who are faced with a range of poorly-performing alternative investments. And [continued announcements of official gold purchases by the People's Bank of China](#) further underscored the positive view of gold, among both small-scale 'average' investors and larger-scale, high-net-worth investors.

In the face of a soaring gold price the [local premium eased during March](#), but the average Q1 premium was the highest ever for a first quarter, at US\$40/oz, providing further evidence of the strength of investment buying in China.

**China's bar and coin investment should remain healthy over coming quarters.** China is likely to continue its path of easing monetary policy to support the country's economic recovery. And gold should therefore remain attractive to local investors as yields trend lower. Investor interest will also likely be sustained by continued weakness in the housing market and ongoing global geopolitical tension, as well as continued central bank gold buying. That being said, any sharp increase in gold price volatility may deter investors, while any speed bumps in China's economic growth could also impact household budgets and the capacity to buy gold.

## India

**Q1 saw healthy levels of gold bar and coin investment in India, up 19% y/y at 41t.** This was on a par with Q1 2022, which was itself the strongest first quarter since 2014.

In a repeat of the pattern seen in India during Q4'23, demand was sparked by the price correction in February, which investors expected would be temporary and would presage a rebound. The subsequent sharp price rally reaffirmed those positive price expectations. Investors bought into the rally as the price reached successive record highs, anticipating a continued uptrend.

The strength in bar and coin investment echoed sentiment elsewhere in India's gold market. ETFs saw positive Q1 inflows (+2t), and two new funds were launched during the quarter, indicating continued growth in these products.

While investor sentiment towards gold remains positive, the domestic general election, which runs from April to June, may keep demand subdued. Data shows that [gold consumption tends to decline ahead of such elections](#), particularly as there is greater scrutiny on the movement of gold and cash.

Any further sharp rises in the gold price could present a short-term headwind by sparking profit-taking and may result in a reduction in volumes purchased due to affordability constraints.

## Middle East and Turkey

**Gold investment demand in Turkey remained greatly elevated at 44t.** Bar and coin investment was up 50% on the previous quarter – despite the rocketing domestic price – although the y/y comparison showed a 12% drop from last year's record quarterly high. To put Q1 demand tonnage into context, it stood at 89% above the 24t five-year quarterly average. And in lira value terms, demand was a record-breaking TR91bn, compared with TR58bn in Q1'23.



The ongoing environment of extreme inflation, domestic political tension, global geopolitical volatility and negative real interest rates continued to fuel investment for gold as a safe haven and inflation hedge.

Demand remains lofty despite continued restrictive quotas, limit the official permissible volume of bullion imports to 12t per month. The result has been to drive up local premiums to more than US\$200 in March, having ranged between US\$50-100 for the earlier months of the quarter.

**Bar and coin investment in the Middle East region of 26t was 15% lower y/y, from the very high base of Q1'23.**

Demand was little changed from the previous quarter and 35% ahead of its five-year average of 19t.

Iran, the largest bar and coin market in the region, saw continued healthy demand against a backdrop of heightened regional tension. Investment in the quarter reached 12t and premiums roughly doubled, to around 10-15% by the end of March. Nonetheless, the y/y comparison shows an 11% decline, reflecting the strength of demand seen in the first quarter of 2023.

Investment demand in the UAE cooled 10% y/y as investors waited for a pause or correction in the soaring gold price. Nonetheless, safe-haven motives provide a solid foundation for demand in this market.

Elsewhere, Egypt's improved economic circumstances diluted the safe-haven motive of gold investors. Economic sentiment soared on the back of the IMF bailout and currency float, while the latter also led to a fall in local gold prices for much of the quarter. These factors combined to knock back gold demand by 36% y/y to 5t.

## The West

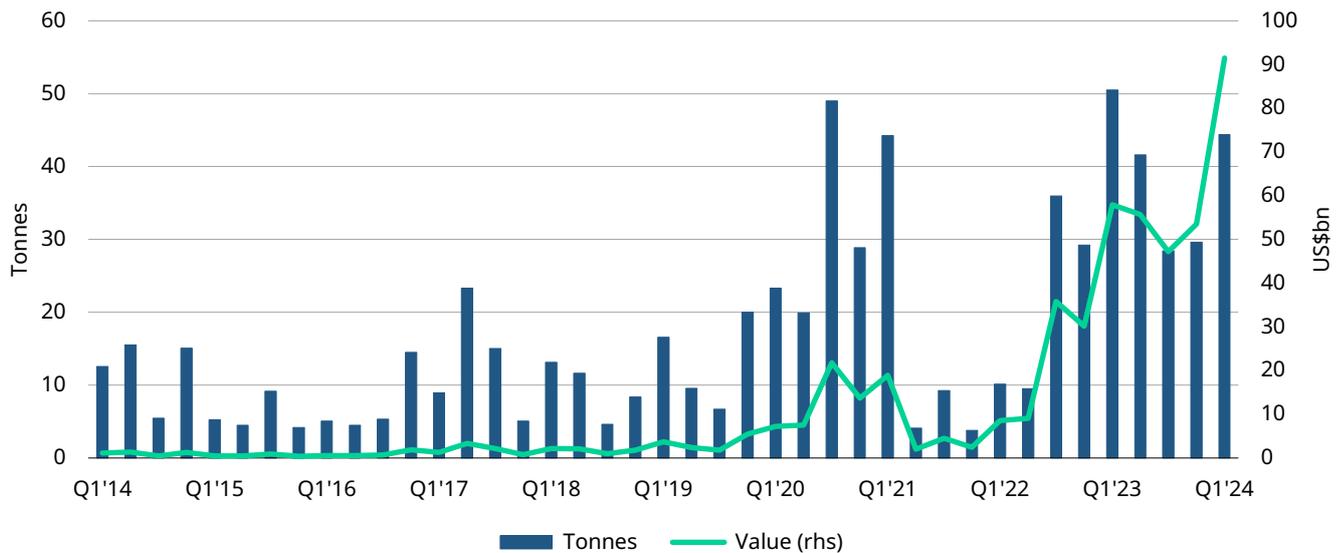
**US and European investment markets witnessed a modest Q1 decline in buying of new gold bars and coins, but saw a concurrent sharp rise in selling back; the net impact of which is a sharp drop in overall (net) quarterly bar and coin figures.**

We noted a slowdown in US investment during the closing weeks of 2023 and this continued into 2024 as profit-taking proliferated. However, the 44% y/y decline in bar and coin to 18t partly reflects a high base: at 33t, Q1'23 was the highest first quarter in our data series.

Buying interest remained healthy, as suggested by the usual uplift in January sales of Gold Eagle coins reported by the US Mint. Albeit driven by the issuance of the 2024 series of Gold Eagles, the data can be taken as indicative of healthy demand in a market able that is able to absorb new coins. Continued concern over ongoing conflicts in the Middle East and Ukraine, the need for diversification strategies and a helpful – albeit minor – boost from Costco's recent entry to the gold bar market kept demand smouldering at healthy levels.<sup>5</sup>

### Chart 7: Turkish investment demand reached eye-watering values in Q1

Quarterly Turkish net gold bar and coin investment, tonnes and US\$ value\*



\*Data as of 31 March 2024. Source: Bloomberg, Metals Focus, ICE Benchmark Administration, World Gold Council

5. [Costco is selling gold bars - and the wholesale giant says they're selling fast | The Independent](#)



But this was met with a jump in liquidations as investors saw continued record high gold prices as too good to pass up, particularly in a quarter without the regional bank failures that lit a fire under demand in Q1 of last year.

Falling premiums reflected loosening dynamics in the market, with robust two-way activity emerging in what had been a largely one-way market for much of the previous four years.

European investment trends echoed those of the US: healthy levels of fresh buying were countered by a wave of selling back as the gold price took off, resulting in lower overall quarterly demand. Regional demand of 18t was half that of Q1'23 as the record gold price encouraged profit-taking.

Germany's investment market reported active two-way trading, resulting in total demand of 7t (-48% y/y). March saw a decline in premiums on German gold investment products, indicative of shifting dynamics.

## ASEAN markets

**Currency devaluation was a common theme among the ASEAN markets we track in Gold Demand Trends.** This fuelled safe-haven/wealth-preservation demand for gold, as well as attracting investors with superlative returns in local prices.

**Vietnam registered the strongest Q1 for bar and coin demand since 2015, at just over 14t.** Local investors were attracted by gold's outstanding performance during the quarter, particularly in the face of rising energy prices – which are expected to fuel inflation – and local currency depreciation against the dollar. Premiums on gold bars reportedly reached a record of US\$650/oz. In an attempt to address these tight market conditions, the Vietnamese government has loosened restrictions on the supply of gold, and the State Bank of Vietnam (SBV) plans to resume its process of auctioning gold bars to the market in late April.

**Thailand saw a 10% y/y increase in gold bar and coin investment, to 6t.** The local gold price rise outstripped that of the international price, thanks to continued depreciation in the baht during the quarter. Although this drew investor attention, demand in the country remains well below pre-pandemic levels, not least because the rise in online gold trading platforms has cannibalised demand for gold bars and coins to a certain extent. Demand in Indonesia was similarly robust, rising 15% y/y to 7t. The continued erosion of value in the rupiah encouraged investors to seek protection against currency devaluation.

## Rest of Asia

**Despite the gold price smashing through a series of all-time highs in Q1, Japan saw only mild net selling of just 1t.** This continued the recent trend of growing investment interest among a younger cohort, which almost matches the continued liquidations more commonplace among the older generation who invested in gold at much lower prices.

The record high gold price fuelled investor interest in South Korea: bar and coin demand was 27% higher y/y at 5t. This represented the strongest quarter for South Korean investment for over two years.

## Australia

Bar and coin demand in Australia halved y/y to 2t in Q1. Australian bar and coin investors reacted to the price rise in a similar way to those in Western markets: continued buying interest was met with a surge in profit-taking.



# Central Banks

## Central banks double down on gold demand by setting new first quarter record

- Central bank net demand totalled 290t in Q1 – the strongest start to any year on record<sup>6</sup>
- Reported purchases remained broad-based, with China, Turkey and India leading the way
- The strong start reinforces our view that central bank demand will remain robust in 2024.

Tonnes	Q1'23	Q1'24		y/y % change
Central banks and other institutions	286.2	289.7 ▲		1

Source: Metals Focus, World Gold Council

With central banks accelerating their gold purchases to above 1,000t per year in 2022 and 2023, the market is finally beginning to appreciate the importance of their contribution to gold demand. Accounting for almost a quarter of annual gold demand in both those years, many have attributed central banks' ongoing voracious appetite for gold as a key driver of its recent performance in the face of seemingly challenging conditions: namely, higher yields and US dollar strength.

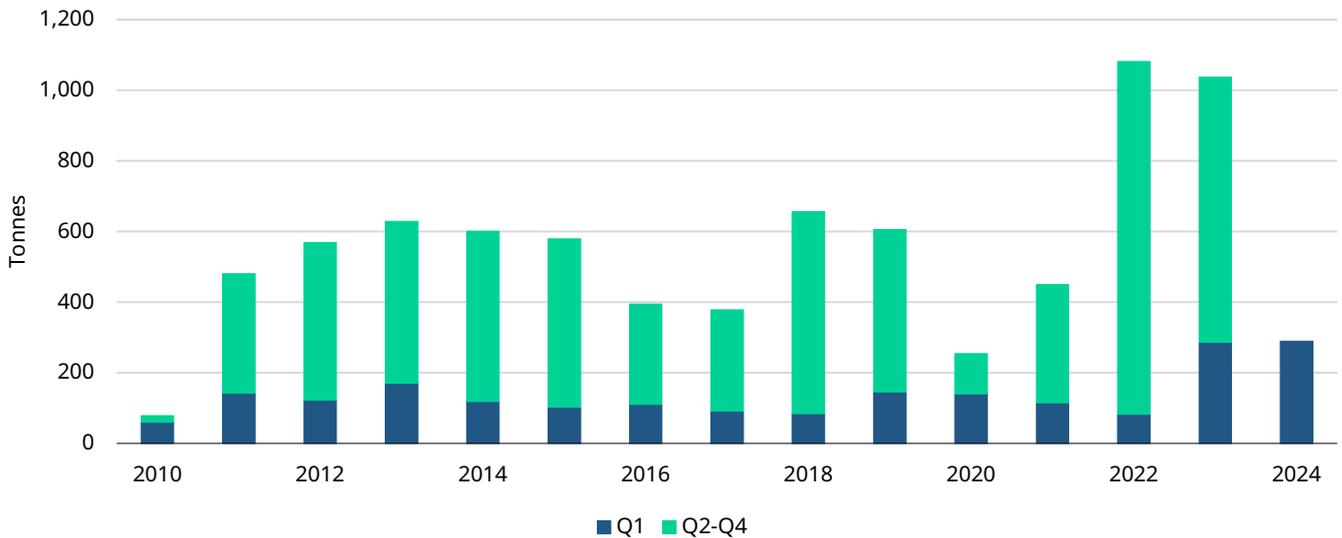
And despite the high bar set in the last two years, the voracious buying has continued into 2024 in the face of the renewed gold price rally. Global official gold reserves rose by a net 290t, the highest Q1 total in our data series back to 2000; 1% higher than the previous Q1 record set in 2023 (286t) and 69% more than the five-year quarterly average (171t).

Not only is the long-standing trend in central bank gold buying firmly intact, it also continues to be dominated by banks from emerging markets. Ten central banks reported increased gold reserves (of a tonne or more) during Q1, all of whom have been active over recent quarters.

**East and Central Asian central banks accounted for the majority of Q1 net purchases.** The People's Bank of China carried its recent momentum into Q1, reporting an addition of 27t to its gold reserves during the quarter.

### Chart 8: Central banks carry gold buying momentum into 2024

Central bank net purchases, tonnes\*



\*Data as of 31 March 2024.

Source: Metals Focus, Refinitiv GFMS, World Gold Council

6. As publicly reported at the time of writing. For purposes of Gold Demand Trends, central bank demand is defined as net purchases (i.e. gross purchases less gross sales) by central banks and other official sector institutions, including supra national entities such as the IMF and sovereign wealth funds where applicable. Our quarterly central bank demand data is sourced from Metals Focus, whose proprietary estimates of official sector activity incorporate various sources, including IMF IFS

reports, international trade data, and others. As such, IMF IFS publicly reported data is a subset of what is included in Gold Demand Trends. Both data sets are subject to revision as new information is made available and/or to accommodate late or updated data reported by official institutions data.



This marks the 17th consecutive monthly increase, helping to lift its reported gold holdings to 2,262t (16% higher than at the end of October 2022 when it resumed reporting monthly additions). The data indicates that this is the PBoC's longest ever reported streak of monthly additions to its gold reserves.

Together with the higher gold price, this pushes gold's share of total reserves close to 4.6%, notably higher than the 3.2% share it had in October 2022.

The Reserve Bank of India grew its gold reserves by 19t during the first quarter, exceeding last year's annual net purchases (16t). The National Bank of Kazakhstan (16t), the Monetary Authority of Singapore (2t) – the only developed market bank to add to its gold reserves – the Central Bank of Oman (4t) and the National Bank of the Kyrgyz Republic (2t) were the other notable buyers in the region.

In Europe, both the Czech National Bank (5t) and the National Bank of Poland (1t) reported increasing their gold reserves during the period. And in the Middle East, the Qatar Central bank reported a 2t increase in its gold reserves in Q1.

Elsewhere, the Central Bank of Turkey continued to accumulate gold through Q1. It bought a further 30t, bringing its gold reserves to 570t. There was no repeat of the selling that occurred in March last year, despite

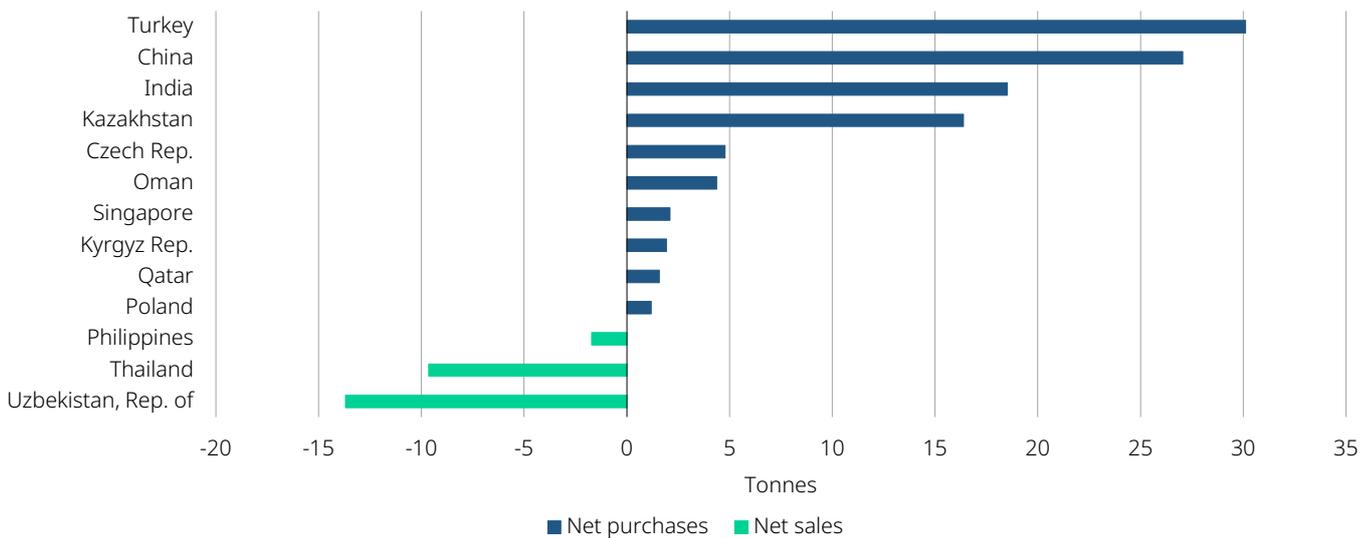
continued tightness in the domestic gold market due to heightened demand. The central bank has now bought gold for ten consecutive months, helping to lift gold reserves towards levels seen a year ago.<sup>7</sup>

**Reported gold reductions (of a tonne or more) totalled 25t in Q1.** But a breakdown of this figure shows that the Central Bank of Uzbekistan (14t) and the Bank of Thailand (10t) accounted for the lion's share. It should be noted for the latter, however, that "The reduction was not due to any gold sale.". The Bank of Thailand further stated that: "Starting March 29, 2024, monetary gold is revised to be in line with gold reported in International Reserves and to comply with IMF definition where only gold with a purity of at least 995/1,000 should be recorded."<sup>8</sup> By comparison, notable selling from the Central Bank of the Philippines (2t) was far more modest.

In April, a Bloomberg report stated that the National Bank of Kazakhstan may resume gold sales owing to the "positive dynamics" of the gold price. However, it also indicated that its plan was to keep gold's share of total reserves at 50-55%. This is not the first report of this kind, where the central bank has made clear that it continues to optimise its international reserves. Given that since 2011 the central bank has had the right to buy all domestically produced gold, and that its international reserves hold a substantial weight of gold, some selling from time to time can be expected.<sup>9</sup>

### Chart 9: Turkey, China and India led the way as buying outweighed sales during Q1

Year-to-date central bank net purchases and sales by country\*



\*Data as of 31 March 2024, where available. Note: chart includes net purchases/sales of a tonne or more. Source: IMF IFS, respective central banks, World Gold Council

7. Turkey official sector gold reserves are the sum of central bank owned gold and Treasury gold holdings. This is equivalent to gross gold reserves less all gold held at the central bank in relation to commercial sector gold policies, such as the Reserve Option Mechanism (ROM), collateral, deposits and swaps. Please follow this link for information on this methodology: [www.gold.org/download/file/16208/Central-bank-stats-methodology-technical-adjustments.pdf](http://www.gold.org/download/file/16208/Central-bank-stats-methodology-technical-adjustments.pdf)

8. ธนาคารแห่งประเทศไทย | Bank of Thailand (bot.or.th)

9. Kazakhstan was the 15th largest gold producing nation in 2022 – the latest data available. For more, please see: [Global mine production by country | World Gold Council](http://www.gold.org/global-mine-production-by-country)



Unreported buying – the difference between quarterly data presented in Gold Demand Trends and central bank activity reported via public sources, such as the IMF – jumped back up to levels not seen since 2022. Lags in reported data mean that further detail around this activity may yet come to light.<sup>10</sup>

In what was an interesting quarter for the gold market, central banks made clear their commitment to the longstanding trend of gold buying. While the recent price rally may have impacted trade execution, for those central banks that manage their gold reserves more actively, we do not expect it will derail any strategic gold accumulation plans they may have. But more data will be needed to better assess how the current price levels may/may not have impacted central bank activity. As such, we retain our view that central banks will remain net buyers in the coming quarters, providing a key pillar of support for gold. For more on this, [please see the Outlook section](#).

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10. Most central banks report their data on a regular basis, which means our data is up to date with a two-month lag. However, very often institutions are late in reporting and do not report their updated gold holdings for several months. In these cases,

gold purchases and sales will be reported with a significant delay, due mostly to the late reporting of the central bank.



# Technology

## Supply chain restocking in the electronics sector bolsters gold demand during Q1

- Industrial demand for gold in Q1 rose by 10% y/y to 79t
- This growth was driven by a recovering electronics sector, which saw a 13% y/y rise to 64t
- Other industrial applications recorded a small rise of 2% y/y to 12t, while dental demand continued its long-term decline with a fall of 5% y/y to 2t.

Tonnes	Q1'23	Q1'24	Y/y % change
Technology	71.2	78.6	▲ 10
Electronics	57.1	64.4	▲ 13
Other Industrial	11.7	11.9	▲ 2
Dentistry	2.4	2.3	▼ -5

Source: Metals Focus, World Gold Council

The reported Q4 2023 recovery in the electronics sector continued into early 2024 as production increased across most segments in East Asian countries. This was driven by supply chain restocking and emerging AI-related opportunities. Overall, technology demand is expected to continue its upward trend throughout the year.

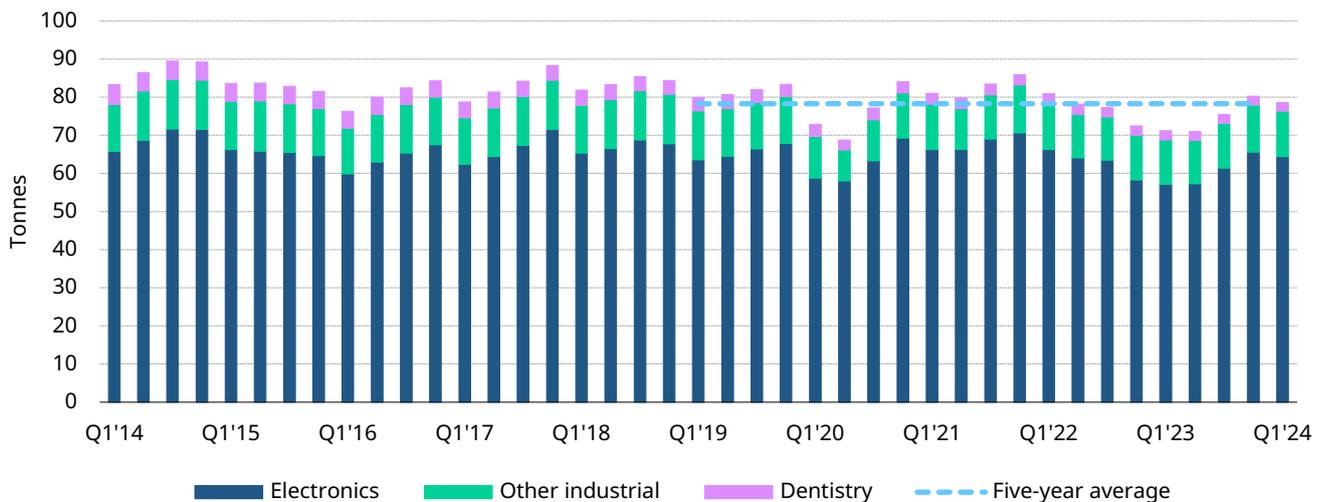
## Electronics

**Gold demand in the electronics sector increased in Q1.** Expected growth in AI-related devices and infrastructure was reportedly behind much of this recovery. For example, analysts at Gartner forecast strong growth for AI-enabled PC and smartphones,<sup>11</sup> alongside stabilising demand for traditional devices after almost two years of decline.

**Demand from the wireless sector surged during Q1, with strong growth reported in several areas.** The replenishment of depleted inventories across the supply chain gained pace and the release of new smartphones led to an increase in power amplifier demand<sup>12</sup> The rapid growth of cloud computing catalysed by the AI boom boosted demand for high-end communication chips. Meanwhile, the adoption of low earth orbit satellites (LEOs) has moved faster than expected as operators accelerated deployment and expanded new applications. Looking forward, the evolution of WiFi-6 to WiFi-7<sup>13</sup> is expected to provide further support throughout 2024 alongside the ongoing stabilisation of the consumer electronic market.

**Chart 10: Solid AI-driven recovery in electronics boosts total sector demand**

Quarterly gold volumes used in technology and the five-year quarterly average, tonnes\*



\*Data as of 31 March 2024.  
Source: Metals Focus, World Gold Council

11. [Gartner Predicts Worldwide Shipments of AI PCs and GenAI Smartphones to Total 295 Million Units in 2024](#)

12. Power amplifier chips are used to amplify the signal transmitted from the phone's antenna to the cell tower and are critical components of modern mobile phones.

13. [Wi-Fi 7: Poised To Revolutionize Wireless Connectivity | forbes.com](#)



**Gold used in Light Emitting Diodes (LEDs) also strengthened during the quarter.** This was fuelled by another strong period of automotive demand, as well as a resurgence in demand for displays/panels, helped by the prospect of major events such as the Paris Olympics and Euro 2024. After inventories in the panel industry ended 2023 at normal levels, Q1 saw an increase in stocking activity and a 5-10% rise in capacity utilisation. We expect this rebound in the backlight LED market to last for the first half of the year at least.

**Memory chips, traditionally a steady source of demand, also reported Q1 growth.** DRAM and NAND-Flash saw significant upticks in procurement as downstream users stockpiled specific components for AI-related applications. AI is certainly the driving force behind this strong demand and in turn has boosted demand for High Bandwidth Memory (HBM).<sup>14</sup> Earnings of major memory manufacturers such as Samsung are likely to be fuelled by this “AI-driven memory upturn cycle” as chip prices rebound over the coming two years.<sup>15</sup>

The Printed Circuit Board (PCB) sector was the only segment to record a small fall in demand. Q1 is the traditional low season for PCBs, but consumer electronics manufacturers exercised caution in their orders due to an uncertain outlook for H2. There has also been considerable structural change in the sector as PCB manufacturing continues to be transferred to South East Asian countries such as Thailand, Vietnam and Malaysia.<sup>16</sup> However, demand from the automotive sector remains healthy and capacity utilisation rates are expected to rise q/q throughout the year.

At the aggregate level, all four major electronics fabrication hubs around the world recorded a y/y increase in gold demand during Q1: Japan – 19t (24.0%); South Korea – 6t (20.2%); the US – 17t (1.6%), and Mainland China and Hong Kong – 17t (18.5%).

## Other industrial and dentistry

**Other industrial applications recorded a y/y increase of 2% to 12t during Q1, again mostly due to the post-COVID recovery in China.** In contrast, Italy saw some losses due to non-price-related substitution in plating options and Indian offtake fell as a result of weak discretionary spending that fed through to weak gifting demand. Dental demand fell 5% y/y to 2t due to ongoing structural losses.

14. [High-Bandwidth Memory \(HBM\) - Semiconductor Engineering | semiengineering.com](#)

15. [Samsung Q1 2024 earnings guidance: Memory chip prices rebound | cnbc.com](#)

16. [Thailand emerges as key PCB production hub, reshaping global supply chains | DIGITIMES Research](#)



# Supply

## Total supply rose 3% in Q1 due to record mine production and higher recycling

- Q1 mine production increased 4% y/y to a record level for the first quarter
- Gold recycling volumes rose by 12% y/y as the gold price increased
- Mine production looks set to new record in 2024, while higher prices may encourage more – but limited – recycling.

Tonnes	Q1'23	Q1'24		Y/y % change
Total supply	1,206.4	1,238.3	▲	3
Mine production	855.1	893.0	▲	4
Net producer hedging	39.4	-5.5	-	-
Recycled gold	311.9	350.8	▲	12

Source: Metals Focus, World Gold Council

Total gold supply increased by 4% y/y in Q1'24. This was driven by strong mine production of 893t – an all-time Q1 high in our data series, which dates back to 2000 – and a 12% y/y increase in recycling to 351t. Total supply would have increased further, but provisional estimates suggest a modest reduction in the aggregate hedge book, although as usual there is room for substantial revisions in this data-set once mining companies have released their quarterly reports.

## Mine production

**The first quarter mine production of 893t represents a 4% y/y increase from the previous Q1 record of 855t, set in 2023.**

On a q/q basis, however, production fell by 5%, due primarily to seasonal fluctuations: open pit and alluvial operations tend to cut back or stop altogether in the coldest part of the year, especially in China, Russia and other Central Asia countries. South Africa's gold mining industry is also subject to reduced output as a result of the long summer holidays over Christmas and the New Year.

Notable Q1 production increases – based on data available at the time of publication – occurred in the following countries<sup>17</sup>:

- Higher production in **Canada** at Meadowbank and Magino mines – the latter due to high growth as it ramps up – are estimated to have driven up production by 16% y/y
- **Ghana** saw production up 15% y/y due to the recovery in production at the Ahafo mine. Operations had been impacted by the failure of a conveyor to the primary crusher and damage to the SAG mill<sup>18</sup>
- Higher production at the vast Grasberg copper-gold mine together with higher forecast output from Batu Hijau and Tujuh Bukit should see **Indonesian** mine output up 14% y/y
- In **China** mine production increased 5% y/y. Growth was reported from mines in key provinces such as Shandong and Henan early in the quarter; lower grade operations are expected to expand due to the high gold price.

Operations in some countries were hit by a mix of mining, geological and weather factors:

- **Bolivia** saw output down 38% y/y due to lower production from Amayapampa and decreased artisanal and small-scale mining (ASM)
- In **Mexico** mine production is believed to have fallen 19% y/y after guidance was cut for some mines, including Peñasquito, La Herradura, Morales and Mulatos. Peñasquito is scheduled to produce lower grade ore throughout 2024
- Mine production in the **Philippines** is estimated to be 5% lower y/y due to lower throughput and lower ore grades
- In **Australia**, mine production fell by 4% y/y due to a combination of lower output from Cadia Valley, Boddington and Fosterville together with adverse weather conditions, which affected some mines.

Regionally, Africa and Asia are estimated to report the largest Q1'24 increases in mine production, each up 7% y/y on higher volumes from Ghana and China respectively. Gold production is also expected to increase in North America (+5t y/y) and Central and South America (+3t y/y) due to higher output from Canada and Brazil, respectively. For 2024 as a whole and over the next five years, Canadian mine production is expected to report a notable production increase as mines are commissioned, ramped up or expanded.

Based on current estimates, mine production started 2024 strongly, up 4% y/y. As a result, the year looks set to surpass the previous record of 3,656t set in 2018.

17. Q1 production figures presented here are currently estimated owing to the lag in company reporting. As more information is released, this data will be updated in future Gold Demand Trends reports.

18. SAG stands for semi-autonomous grinding.



In Q4'23, based on the latest data available, average all-in sustaining costs (AISC) for the gold mining industry reached a record high, up 7% y/y to US\$1,342/oz. Average AISC for the industry increased in each quarter of 2023, but cost inflation slowed sharply compared to the very rapid increases seen in 2021 (up 11%) and 2022 (+12% to US\$1,276/oz).

## Net producer hedging

The global delta-adjusted producer hedge book climbed by 16t to 226t in Q4'23, the last available data for producer hedging. This takes the annual change in the industry's position to +55t, the largest yearly increase in the global hedge book since 2014. We estimate that modest amounts of de-hedging took place in Q1, although with gold's recent strength it is possible that our current estimate of a 6t decline may be reversed once first-quarter company reports have been received.

In the [previous edition](#) of this report, we argued that "The past year has been a useful test of the presumption that gold mining companies are reluctant to expand their hedging activities". Although we have revised up our estimates of the 2023 additions to the aggregate hedge book (to +55t from +17t), we stand by this view. Despite the 32% y/y increase, the absolute level of the global producer hedge book remains small; it stood at a higher level in 2016 and 2017 (259t and 234t respectively).

## Recycled gold

Gold recycling in Q1 rose to 351t (+12% q/q and y/y) in response to higher gold prices. This was the strongest first quarter volume of recycling supply since 2014 and the strongest quarterly performance since Q3'20.

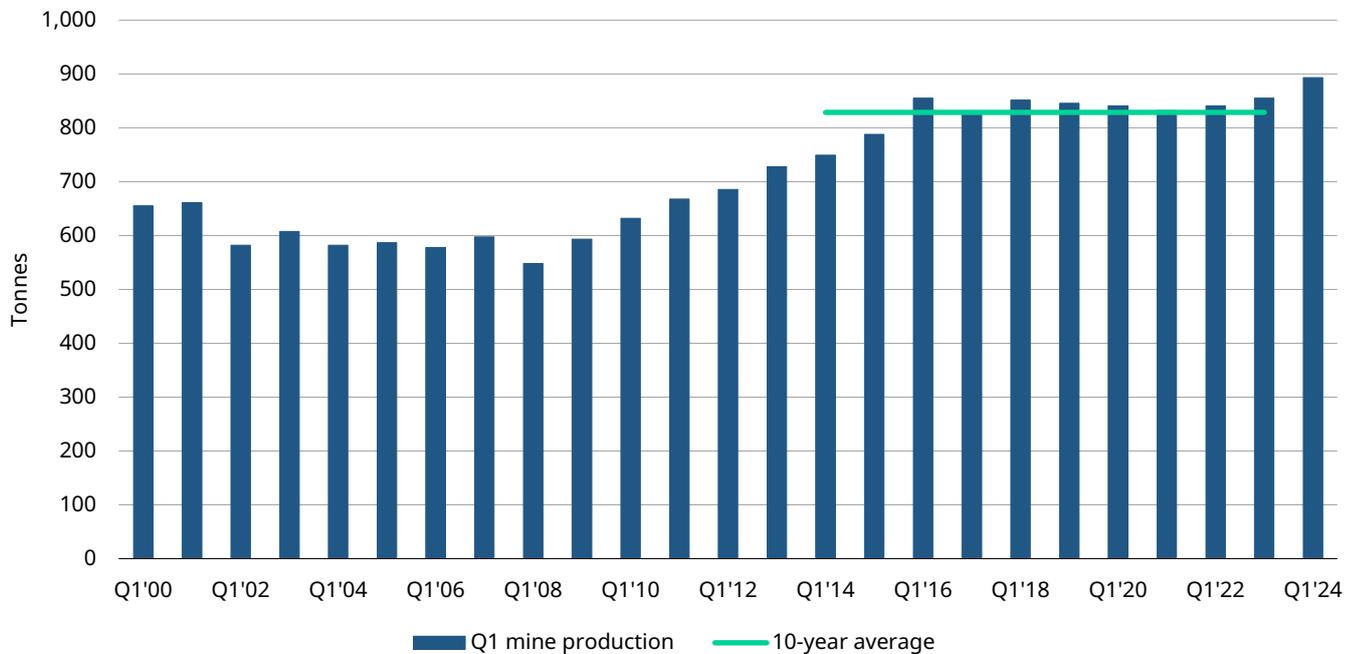
Increases were seen in almost all markets and regions, with higher gold prices the common theme. This upturn should come as no surprise to followers of the gold market – rapidly rising prices are usually accompanied by increased volumes of gold recycling, primarily in the form of jewellery but the increase in volumes has been more modest than some may have been expecting given the gold price ascent.<sup>19</sup>

Developments in major markets:

- **East Asia** saw the largest regional increase. This was mostly driven by stronger volumes in **China** – a consequence of the lingering COVID impacts seen in Q1'23. In addition, we received reports of high levels of recycling volumes from the (jewellery) trade
- Considering the rapid gold price rise during the quarter, **Thailand** saw relatively muted recycling supply. Normally, Thai holders of jewellery are quick to sell back if prices move higher. But a lot of gold was liquidated during the financial distress of COVID, which hit Thailand particularly hard, resulting in lower near-market supplies

**Chart 11: Mine production hit a new first quarter record in 2024**

Q1 global gold mine production, tonnes\*



\*Data as of 31 March 2024. Source: Metals Focus, Refinitiv GFMS, World Gold Council

19. Recycling supply consists of 90-95% gold jewellery and the remainder from technology. Selling back of bars and coins is not included in recycling as these will

typically be sold in the secondary market, and are included within the net total bar and coin investment figure.



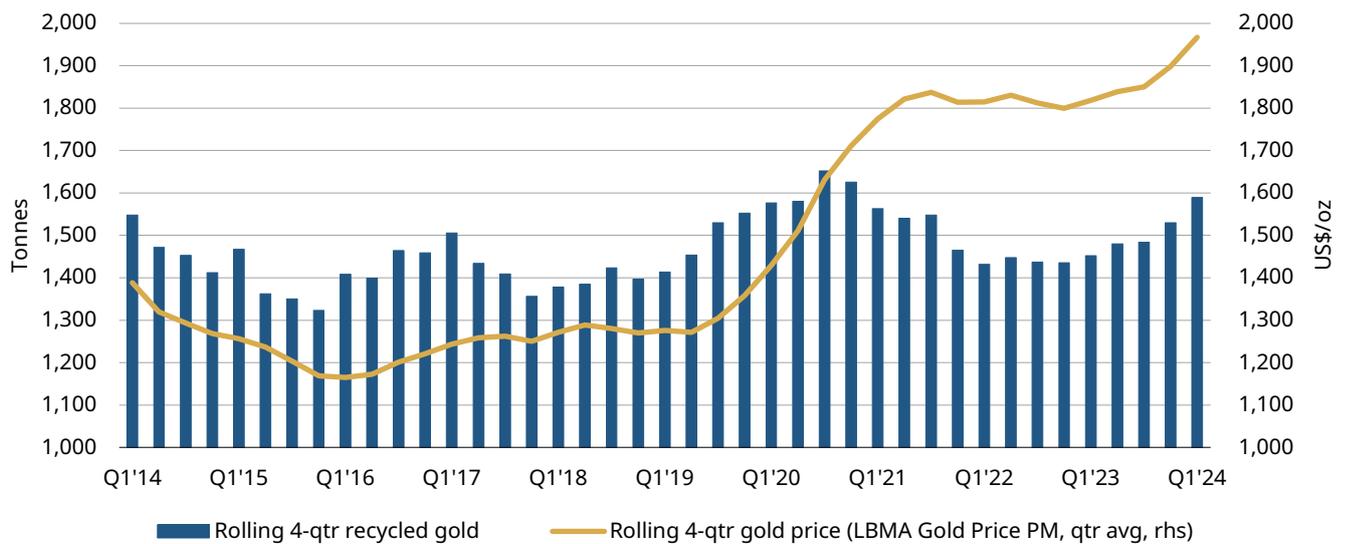
- Although **Indian** recycling volumes increased, there were very few reports of distress selling. With a strong economy and expectations of a normal-to-good monsoon, there seems little desire to cash in on high gold prices at the moment
- **Europe** also saw minimal distress selling. Another explanation for the relatively small increase in Europe is that the gold price, at EUR60/g for much of January and February, was less enticing to gold holders. Gold only broke much higher, to approximately EUR 65/g, in March. This may be a prelude to higher recycling supply in Q2
- In the **US** recycling volumes increased only marginally: reports suggest that trade rather than retail flows were behind the uptick. As well as 'cost of carry' arguments – i.e. high gold prices and high interest rates make the cost of holding gold more expensive – there has been some talk of an increasing novelty factor in the US jewellery market. If a new line fails to sell well when introduced, it is quickly abandoned. It will be interesting to see whether this trend extends to other developed markets

- **Middle Eastern** recycling volumes increased marginally q/q but posted a y/y decline, the only region to do so. A combination of regional conflict and some economic distress has kept recycling volumes relatively depressed; gold holders have been inclined to hold onto safe-haven assets such as gold.

While the increase in recycling supply was lower than may have been expected, almost all markets responded to higher prices. Continued gold price gains at the start of the second quarter, if sustained for any length of time, are likely to prompt further increases in scrap supply. We remain of the view, however, that near market stocks have been somewhat depleted in many regions, potentially limiting any increase in recycling supply in the coming quarters and beyond.

**Chart 12: Recycled gold rose to its highest level since Q3 2020**

Quarterly supply of recycled gold, tonnes\*



\*Data as of 31 March 2024.  
Source: ICE Benchmark Administration, Metals Focus, World Gold Council



# Notes and definitions

## Notes

### Revisions to data

All data is subject to revision in the light of new information.

### Historical data series

Demand and supply data from Q1 2014 are provided by Metals Focus. Data between Q1 2010 and Q4 2013 is a synthesis of Metals Focus and GFMS, Thomson Reuters data, which was created using relatively simple statistical techniques. For more information on this process, please see [Creating a consistent data series by Dr James Abdey](#).

## Definitions

### Bars

Net investment (i.e. gross purchases less gross sales) in small gold bars (1kg and below) sold at the retail level. Where identifiable, this also includes gold bought and stored via online vendors.

### Central banks

Net purchases (i.e. gross purchases less gross sales) by central banks and other official sector institutions, including supra national entities such as the IMF. Swaps and the effects of delta hedging are excluded.

### Comex net long positioning

The Commodity Futures Trading Commission (CFTC) publishes a weekly [Commitment of Traders \(COT\)](#) report that provides information on the positioning of speculative investors in the U.S. futures markets. The report gives the aggregate positions held by traders from the previous Tuesday, including the number of long contracts (that stand to benefit if prices rise) and short contracts (that benefit if they fall). The report is often used as an indicator of market sentiment regarding the price of gold: short positioning reflects bearish sentiment while long positioning reflects bullish sentiment in the gold futures' markets.

### Consumer demand

The sum of jewellery consumption and total bar and coin investment occurring within a country i.e. the amount (in fine weight) of gold purchased directly by individuals. Technology demand is not included at the individual country level, as it is measured at the point of fabrication rather than at the point of consumption.

### Electronics

The volume of gold bullion or grain fabricated into components used in the production of electronics, including – but not limited to – semiconductors and bonding wire.

### Dentistry

The volume of gold bullion or grain fabricated into products destined for dental applications such as dental alloys.

### Gold-backed Exchange-Traded Funds (ETFs) and similar

The volume of gold held in physical form by open-ended Exchange Traded Funds (ETFs) and other products such as close-end funds, and mutual funds. Most funds included in this list are fully backed by physical gold. While several funds allow other holdings such as cash, derivatives or other precious metals, we monitor only those funds investing at least 90% in physical gold and appropriately adjust their reported assets to estimate physical holdings only. For funds that include physical holdings of multiple precious metals, the total AUM depicted for such funds is lower than their actual total AUM. Over time, the data set will adapt to most accurately represent the universe of active funds. For a comprehensive list of the funds we track or to subscribe to our monthly update on gold-backed ETF holdings, visit <https://www.gold.org/goldhub/data/global-gold-backed-etf-holdings-and-flows>

### Fabrication

Fabrication is the first transformation of gold bullion into a semi-finished or finished product.

### Gold bullion

Gold, in bar form, refined to a purity of at least 99.5%.

### Gold demand

The total of jewellery fabrication, technology fabrication, investment and net purchases by central banks.

### Jewellery consumption

End-user (consumer) demand for all newly-made carat jewellery sold at the retail level, by volume of fine gold. Measured on a gross basis (i.e. includes recycled gold). Excludes: purchases funded by the trading-in of existing carat gold jewellery (gold-for-gold exchange); and purchases of second-hand jewellery, other metals plated with gold, and coins and bars used as jewellery. At the global level, it is measured as jewellery fabrication adjusted for changes in inventories held by the trade. At the country level, it is jewellery fabrication adjusted for changes in trade stocks plus imports, less exports.

### Jewellery fabrication

Jewellery fabrication is the first transformation of gold bullion into semi-finished or finished jewellery. This differs from jewellery consumption as it excludes stock building/de-stocking by manufacturers and distributors. At the individual country level, it also excludes imports or exports.



## Jewellery inventory

Changes to the level of jewellery stocks along the jewellery distribution chain, this is the difference between gold fabrication and gold consumption. A negative figure represents a draw-down of stocks when consumption exceeds fabrication. A positive figure represents a build-up of stocks.

## LBMA Gold price PM

Unless otherwise specified, gold price values from 20 March 2015 are based on the LBMA Gold price PM administered by ICE Benchmark Administration (IBA), with prior values being based on the London PM Fix. For more information, see <https://www.gold.org/goldhub/research/market-primer/gold-prices>

## Medals/imitation coins

Fabrication of gold coins without a face value, produced by both private and official/national mints. India dominates this category with, on average, around 75% of the total. 'Medallion' is the name given to unofficial coins in India. Medals of at least 99% purity are also included.

## Mine production

The volume (in fine weight) of gold mined globally. This includes an estimate for gold produced by artisanal and small-scale gold mining (ASGM), which is largely informal. For more information, refer to: <https://www.gold.org/goldhub/research/market-primer/mine-production>

## Net producer hedging

The net impact in the physical market of mining companies' gold forward sales, loans and options positions. Hedging transactions – which release gold to the market from existing above-ground stocks – accelerates the sale of gold. De-hedging – the process of closing out hedged positions – has the opposite impact and will reduce the amount of gold available to the market in any given quarter. Over time, hedging activity does not generate a net change in the supply of gold. For more information, refer to: <https://www.gold.org/goldhub/research/market-primer/mine-production>

## Official coins

Net investment in gold bullion coins (i.e. gross purchases less gross sales) at the retail level. It is equal to the volume of fine gold in coins fabricated by official/national mints which are, or have been, legal tender in the country of issue. It is measured at the country of consumption rather than at the country of origin (for example, the Perth Mint in Australia, sells most of the coins it produces through its global distribution network). In practice it includes the initial sale of many coins destined ultimately to be considered as numismatic rather than bullion.

## OTC and other

This number captures demand in the OTC market (for which data is not readily available), changes to inventories on commodity exchanges, any unobserved changes in fabrication inventories and any statistical residual. It is the difference between total supply and gold demand.

## Other industrial

Gold used in the production of compounds, such as

Gold Potassium Cyanide, for electro-plating in industrial applications as well as in the production of gold-plated jewellery and other decorative items such as gold thread. India accounts for the bulk of demand in this category.

## Over-the-counter (OTC)

Over-the-counter (OTC) transactions (also referred to as

'off exchange' trading) take place directly between two parties, unlike exchange trading which is conducted via an exchange.

## Recycled gold

Gold recovered from fabricated products, including unused trade stocks, which is refined back into bullion. This specifically refers to gold sold for cash. It does not include gold traded-in for other gold products (for example, by consumers at jewellery stores) or process scrap (scrap generated during manufacturing, which never becomes part of a fabricated product but instead returns as scrap to a refiner). For more information, refer to <https://www.gold.org/goldhub/research/market-primer/recycling>

## Technology

This captures all gold used in the fabrication of electronics, dental, medical, decorative and other technological applications, with electronics representing the largest component of this category. It includes gold destined for plating jewellery.

## Tonne (Metric)

1,000 kg or 32,151 troy oz of fine gold.

## Total bar and coin

Total net investment in gold bars, coins and medals/imitation coins.

## Total supply

The total of mine production, net producer hedging and recycling.

## Year-to-date (y-t-d)

In Gold Demand Trends, year-to-date refers to the period to the end of the quarter being reviewed (i.e. for Gold Demand Trends Q2 2017, 'year-to-date' referred to the period from 31/12/2016 to 30/06/2017).



## World Gold Council

We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary and insights.

We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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**Data sets and methodology visit:**  
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