

## Press release

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### Surge in ETF inflows supports Q3 gold demand growth

Global gold demand grew modestly to 1,107.9t in the third quarter of 2019, a rise of 3% on the same period last year, according to the World Gold Council's latest Gold Demand Trends report. A surge in exchange-traded fund (ETF) inflows outweighed softer demand elsewhere in the market. Although central bank demand remained healthy, it was significantly lower than the record levels of purchases in Q3 2018. Jewellery demand, however, was hampered by the continued strength in the gold price, which hit a new multi-year high, as well as consumers being downbeat on the health of the global economy.

**Holdings of gold-backed ETFs hit a new all-time high of 2,855.3t in Q3.** Holdings grew by 258.2t during the quarter, the highest level of quarterly inflows since Q1 2016. Accommodative monetary policies, along with safe-haven and momentum buying, were the main factors driving inflows into the sector.

**Central banks added 156.2t to reserves in Q3, falling 38% in comparison to the record Q3 last year.** Q3 2018 recorded the highest level of quarterly net purchases in our data series. Y-t-d, central banks have purchased 547.5t on a net basis, 12% higher y-o-y.

**Jewellery demand was down 16% in Q3 to 460.9t.** Weak consumer sentiment, due to continued geopolitical and economic uncertainty, coupled with substantially higher gold prices, dented jewellery purchases in all major markets.

**Bar and coin investment halved in Q3, to 150.3t.** Higher gold prices, across many key currencies, were the main cause of the decline to what is a multi-year quarterly low, as retail investors across the globe opted to defer purchases and lock-in profits.

**Gold supply rose 4% in Q3 to 1,222.3t.** Growth was driven by a 10% increase in recycling, to its highest level since Q1 2016, as the ongoing price rally continued to encourage selling back by consumers. Mine production was virtually unchanged y-o-y at 877.8t.

**The gold price rally continued to reach new multi-year highs.** The gold price rose 5% during Q3, finding sustained support around US\$1,500/oz. The driving factors behind this price momentum continued to be ongoing geopolitical tensions, a slowdown in economic growth, and lower interest rates from central banks across the globe.

Alistair Hewitt, Head of Market Intelligence at the World Gold Council, commented: *“Demand this quarter nudged higher as the continued surge into ETFs more than compensated for weaker demand elsewhere. Investors have increased their exposure to gold in response to low interest rates, negative yields, and geopolitical and economic uncertainty. Indeed, gold-backed ETF volumes hit an all-time high in September. But those same global trends, notably an economic slowdown in India and China coupled with the sharp increase in the gold price, mean many consumers have held off buying gold jewellery.*

*“Looking forward, we expect to see many of these trends continue into the end of the year as monetary policy is likely to become even more accommodative in the US and global political issues continue to weigh on sentiment.”*

The key findings included in the **Gold Demand Trends Q3 2019** report are as follows:

- **Overall demand** was 1,107.9t in Q3, an increase of 3% compared with 1,079.0t in Q3 2018
- **Total consumer demand** was 611.2t, compared with 844.4t in the same period last year
- **Total investment demand** was up 110% to 408.6t, compared with 194.4t in Q3 2018
- **Global jewellery demand** decreased by 16% to 460.9t in Q3, down from 546.2t in the same period in 2018
- **Central bank demand** fell by 38% to 156.2t, compared with a record high of 253.1t in Q3 2018
- **Demand in the technology sector** decreased by 4% to 82.2t, compared with 85.4t in Q3 2018
- **Total supply** was 1,222.3t, up 4% from 1,179.7t in the same period last year
- **Recycling** was up 10% at 353.7t, compared with 320.6t in Q3 2018

The **Gold Demand Trends Q3 2019** report, which includes comprehensive data provided by Metals Focus, can be viewed at <http://www.gold.org/research/gold-demand-trends>.

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## **ENDS**

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### **Note to editors:**

#### **World Gold Council**

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership and be the global authority on the gold market.

We develop gold-backed solutions, services and products, based on authoritative market insight and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

The membership of the World Gold Council includes the world's leading and most forward-thinking gold mining companies.