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London, 1<sup>st</sup> November, 2022

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## **A strong third quarter lifts gold demand to pre-pandemic levels**

The World Gold Council's latest Gold Demand Trends report reveals that gold demand (excluding OTC) in the third quarter of 2022 hit 1,181 tonnes, up 28% year-on-year. Strong demand pushed the year-to-date total to its pre-COVID levels. Gold demand was bolstered by consumers and central banks, although there was a notable contraction in investment demand.

Investment was down 47% year-on-year, as ETF investors responded to a challenging combination of markedly higher interest rates and a strong US dollar with significant outflows of 227t. These movements, alongside weakness in OTC demand and negative sentiment in futures markets, hampered gold's price performance – contributing to an 8% quarter-on-quarter drop in the price during Q3 2022.

Despite these headwinds, gold continued to hold favour with retail investors who reacted to different market cues and turned to gold for its status as a store of value amidst rampant inflation and geopolitical uncertainty. Investors sought to hedge inflation with bar and coin investment, driving total retail demand up 36% y-o-y. This was supported by significant purchasing in Turkey (up more than fivefold y-o-y) and in Germany (up 25% y-o-y at 42t), but also from visible contributions across all major markets.

Jewellery consumption continued to rebound and is now back to pre-pandemic levels, reaching 523t – 10% higher compared to Q3 2021. Much of this growth was spearheaded by India's urban consumers who drove up demand 17% y-o-y to 146t. Similarly impressive growth was also seen in much of the Middle East, with Saudi Arabian jewellery consumption up 20% since Q3 2021, and United Arab Emirates up 30% for the same period. Chinese jewellery demand also saw a modest 5% increase y-o-y driven by improved consumer confidence and a dip in the local gold price, prompting the release of some pent-up demand.

Just as consumer gold demand firmed, central bank<sup>1</sup> buying picked up significantly with estimated record purchases of nearly 400t in the third quarter. This pattern reflects insights from our recent central bank survey, in which 25% of respondents said they intended to increase their gold reserves in the next 12 months.<sup>2</sup>

Turning to supply, mine production (net of hedging) was up 2% versus Q3 2021, with gold mining seeing its sixth consecutive quarter of growth. By contrast, recycling was 6% lower y-o-y in Q3, as consumers held onto their gold in the face of surging inflation and an uncertain economic outlook.

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<sup>1</sup> See our notes and definitions for the Gold Demand Trends Report series:

<https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2022/notes-and-definitions>

<sup>2</sup> World Gold Council, Annual Central Bank Survey - June 2022 <https://www.gold.org/goldhub/data/2022-central-bank-gold-reserve-survey>

**Louise Street, Senior Markets Analyst at the World Gold Council commented:**

“Despite a shaky macroeconomic environment, demand this year has reflected gold’s status as a safe haven asset, underscored by the fact that it has outperformed most asset classes in 2022.

“Looking ahead, we anticipate central bank buying and retail investment to remain strong and that could help offset potential declines in OTC and ETF investment that may prevail if the dollar strength persists. We also expect to see jewellery demand continue to perform strongly in some regions such as India and Southeast Asia, while the technology sector will likely witness further decline in the face of economic deceleration.”

The **Gold Demand Trends Q3 2022** report, which includes comprehensive data provided by Metals Focus, can be viewed here: <https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2022>

**ENDS**

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**Note to editors**

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Leveraging our broad knowledge and experience, we work to improve understanding of the gold market and underscore gold’s value to individuals, investors, and the world at large.

Collaboration is the cornerstone of our approach. We’re an association whose members are the world’s most forward-thinking gold mining companies. Combining the insights of our members and other industry partners, we seek to unlock gold’s evolving role as a catalyst for advancements that meet societal needs.

We develop standards, expand access to gold, and tackle barriers to adoption to stimulate demand and support a vibrant and sustainable future for the gold market. From our offices in Beijing, London, Mumbai, New York, Shanghai, and Singapore, we deliver positive impact worldwide.

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