

Press release

Location and date London, 09 November 2017

Gold demand falls 9% to 915t in Q3 as ETF inflows slow from unprecedented highs in 2016

Global gold demand in Q3 2017 was 915 tonnes (t), a drop of 9% compared with the same period in 2016, according to the World Gold Council's latest Gold Demand Trends report. This decline was led by two key factors: a softer quarter in the jewellery sector and significantly lower inflows into exchange-traded funds (ETFs).

Global jewellery demand was down 3% year-on-year in Q3, as the newly introduced Goods & Services Tax and tighter anti-money laundering regulations around transactions in India deterred buyers. While ETFs had another quarter of positive inflows, these fell far short of the remarkable 144t influx into the sector in Q3 2016. By contrast, demand from other sectors consolidated: central bank demand was healthy in Q3, up 25% year-on-year to 111t, while bar and coin investment strengthened by 17% to 222t, albeit from a low base.

- **Gold jewellery demand fell in Q3 2017.** A weak quarter in India was the main reason for the year-on-year decline in global demand, down from 495t in Q3 2016 to 479t in Q3 2017. Jewellery volumes continue to languish below longer-term average levels.
- **Tax and regulatory changes in India weighed on domestic gold demand.** The new GST regime deterred consumers, as did new anti-money laundering regulations governing jewellery retail transactions.
- **Inflows into gold-backed ETFs stalled: holdings grew by just 19t.** Investors continued to favour gold's risk-hedging properties, but the greater focus was on buoyant stock markets.
- **Gold bar and coin demand growth was driven in large part by China.** Global investment in bars and coins rose by 17%, from relatively weak year-earlier levels. Mainland investors in China bought on price dips, clocking up a fourth consecutive quarter of growth.
- **Central bank demand of 111t in Q3 was 25% higher year-on-year.** Russia and Turkey together added nearly 95t of gold to global official reserves.
- **Volumes of gold used in technology increased for the fourth consecutive quarter.** Strong demand for LEDs and continued growth in the use of 3D sensors in new smartphones boosted demand by 2%.

Alistair Hewitt, Head of Market Intelligence at the World Gold Council, commented: *"It was a tough quarter for gold demand. India was coming to terms with GST and anti-money laundering regulations and, although we saw ETF inflows at 19t, they were significantly lower than last year. But there were some real bright spots: retail investment demand in China grew for the fourth consecutive quarter; the Turkish and Russian central banks added to gold reserves; and, after years of declines, we also saw increased use of gold in technology, supported by the demand for high-end smartphones."*

Total supply fell 2% in Q3 2017. Mine production fell 1% year-on-year in Q3, which was also the fifth consecutive quarter of net de-hedging. Recycling activity continued to normalise after jumping in 2016.

The key findings included in the **Gold Demand Trends Q3 2017** report are as follows:

- **Overall demand** was 915t, a fall of 9% compared with 1,001t in Q3 2016
- **Total consumer demand** rose by 2% to 701t, from 686t in the same period last year
- **Total investment demand** fell 28% to 241t compared with 335t in Q3 2016
- **Global jewellery demand** dropped 3% to 479t, from 495t in the same period last year
- **Central bank demand** climbed 25% to 111t compared with 89t in Q3 2016
- **Demand in the technology sector** increased 2% to 84t compared with 83t in Q3 2016
- **Total supply** was down 2% to 1,146t, from 1,168t in the same period last year
- **Recycling** fell 6% to 315t compared with 335t in Q3 2016

The **Gold Demand Trends Q3 2017** report, which includes comprehensive data provided by Metals Focus, can be viewed at <http://www.gold.org/research/gold-demand-trends> and on our iOS and Android apps. Gold Demand Trends data can also be explored using our interactive charting tool <http://www.gold.org/data/gold-supply-and-demand/gold-market-chart>.

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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.