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16-17 June 2021



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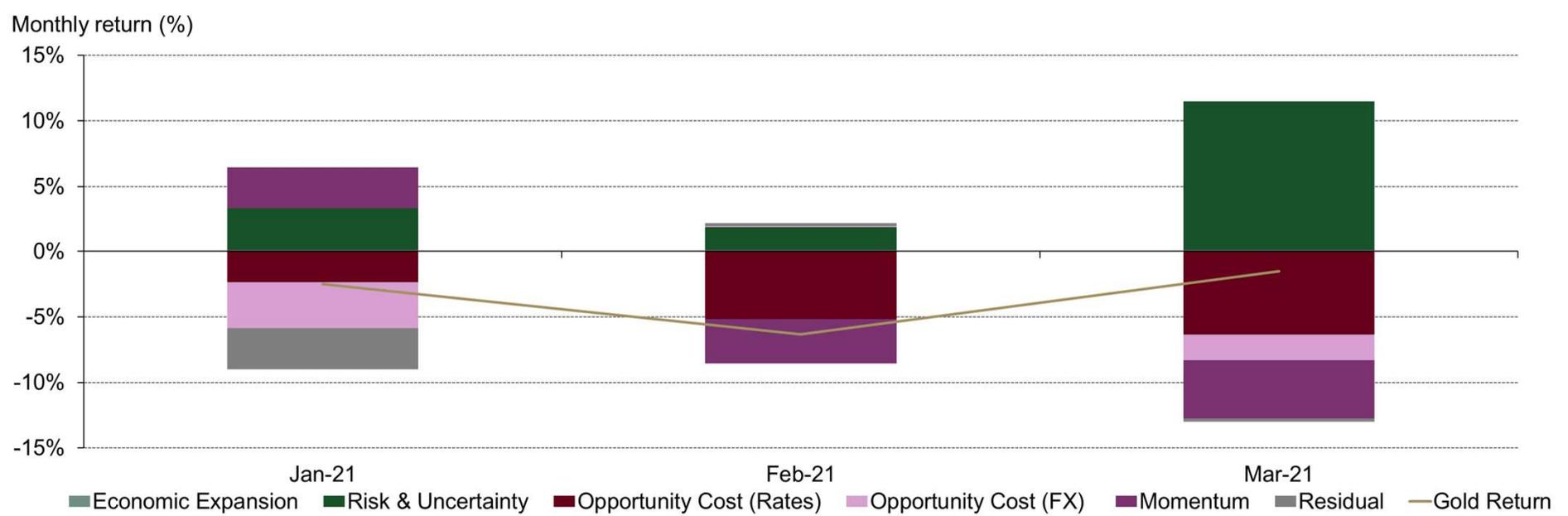
Gold Fundamentals

John Reade, Chief Market Strategist

- June 2021

Rising interest rates weighed on gold throughout Q1

Contributions of gold price drivers to periodic gold returns*



*To 31 March 2021. Note: This is a multiple variable model featuring the four key thematic driver categories of monthly gold price returns: economic expansion, market risk, opportunity cost and momentum, themes that capture motives behind gold demand and most poignantly, investment demand; considered the marginal driver of gold price returns in the short-run. Residual includes other factors not currently captured by the model. Chart shown here is based on analysis covering a shorter estimation period of three years.

On Goldhub, see [Short-term gold price drivers](#)

Sources: Bloomberg, World Gold Council

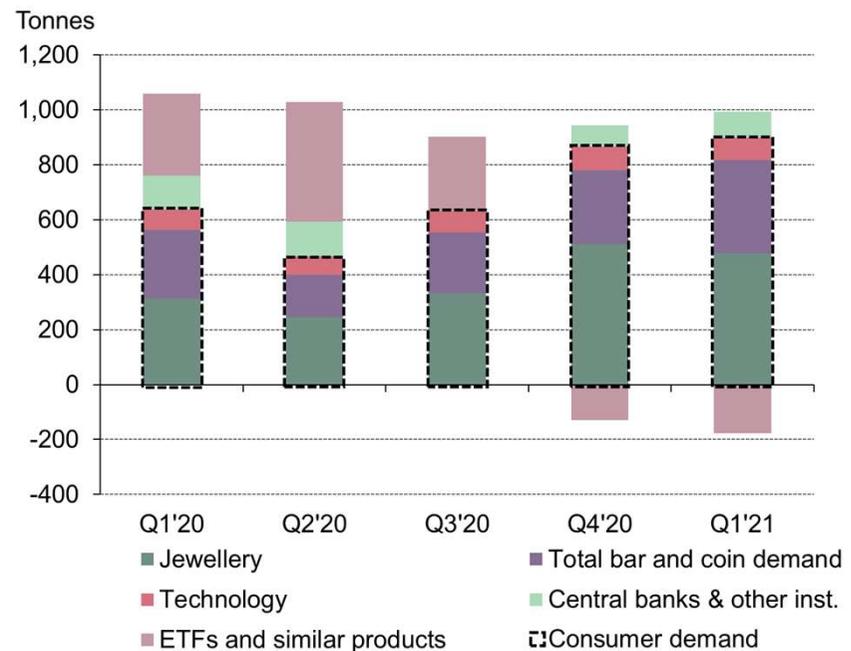
Stronger consumer demand mitigated impact of ETF outflows in Q1

- Strengthening consumer demand mitigated the impact of ETF outflows as global economies continued their recovery.
- Gold demand (excluding OTC) was 815.7t, down 23% compared with Q1 2020
- Jewellery demand of 477.4t, a strong improvement from the very weak Q1 2020
- Bar and coin investment of 339.5t was buoyed by bargain-hunting and inflationary pressures
- Gold ETFs* lost 177.9
- Net buying by central banks totalled 95.5t

See [Gold Demand Trends: Q1 2021](#) for more details.

*We refer to 'gold ETFs' as the universe of physically-backed gold exchange traded funds, exchange traded products, closed-end funds and other similar structures we track on regular basis. See [Gold ETF flows](#) for more details.

Quarterly gold demand by sector



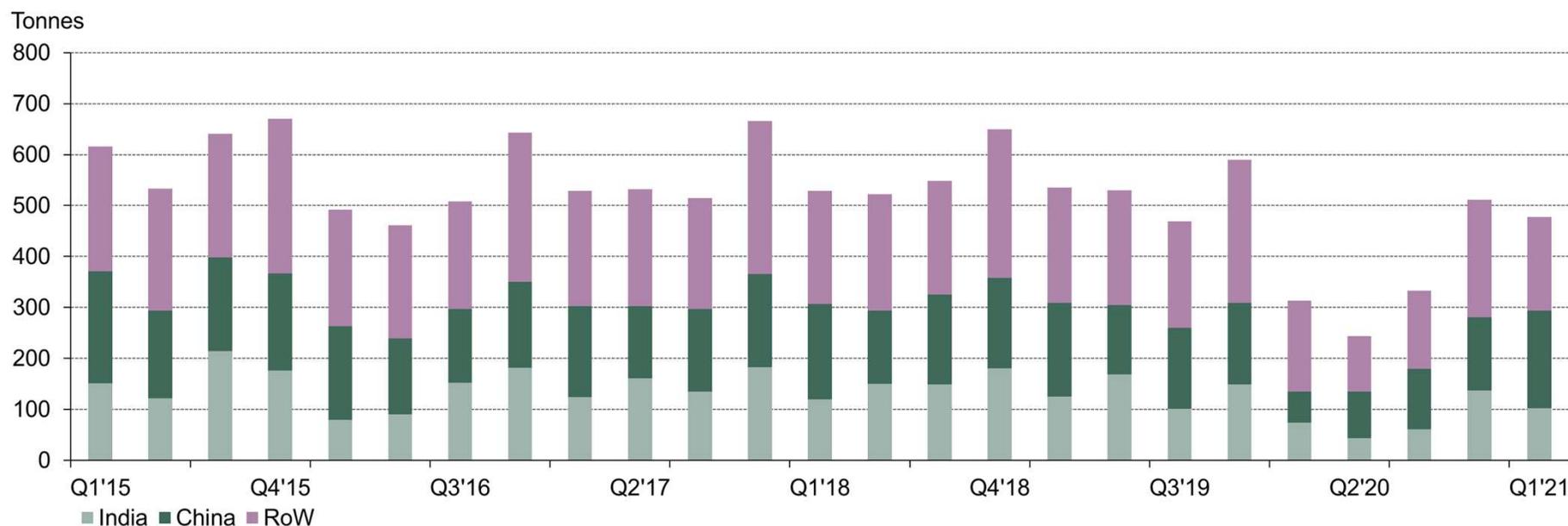
Note: Data as of 31 March 2021. For an explanation of gold market sectors, please see the Notes and definitions download: <https://www.gold.org/goldhub/data/gold-supply-and-demand-statistics>

Source: Metals Focus, World Gold Council

Jewellery demand growth in China and India underpinned global strength

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Quarterly jewellery demand in tonnes



Note: Data as of 31 March 2021. For an explanation of jewellery demand, please see the Notes and definitions download: www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2021/notes-and-definitions.

Source: Metals Focus, World Gold Council

See [Gold Demand Trends: Q1 2021](#) for more details.

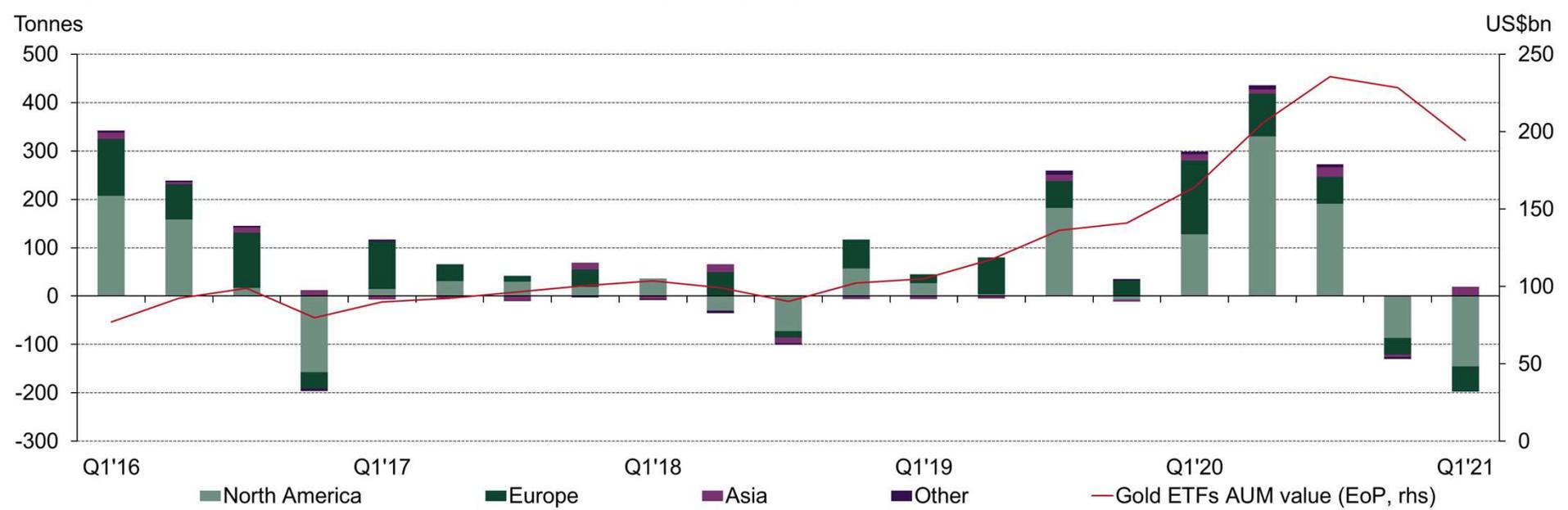
India demand outlook for Q2 is cautious with second wave of COVID-19



- Indian demand in Q1 2021 grew – showed us what to expect once the pandemic is truly behind
- Outlook for Q2 cautious – high uncertainty following spike in cases, likely impact on weddings and discretionary purchases
- 2021 is, however, slightly different from what happened last year:
 - No complete lockdown
 - Massive push to large scale vaccination
 - Trade better equipped through digital and omni-channel retail strategies
 - Softer prices amidst uncertainty should support investment buying
 - Trade aware and concerned not to lose personnel
 - Comparison to lower base in 2020 due to strict lockdown from April till mid-May last year

Largest global gold ETF outflows since Q4 2016 pulled back AUM to US\$195bn

Quarterly gold ETF demand in tonnes and collective assets under management (AUM) in US\$



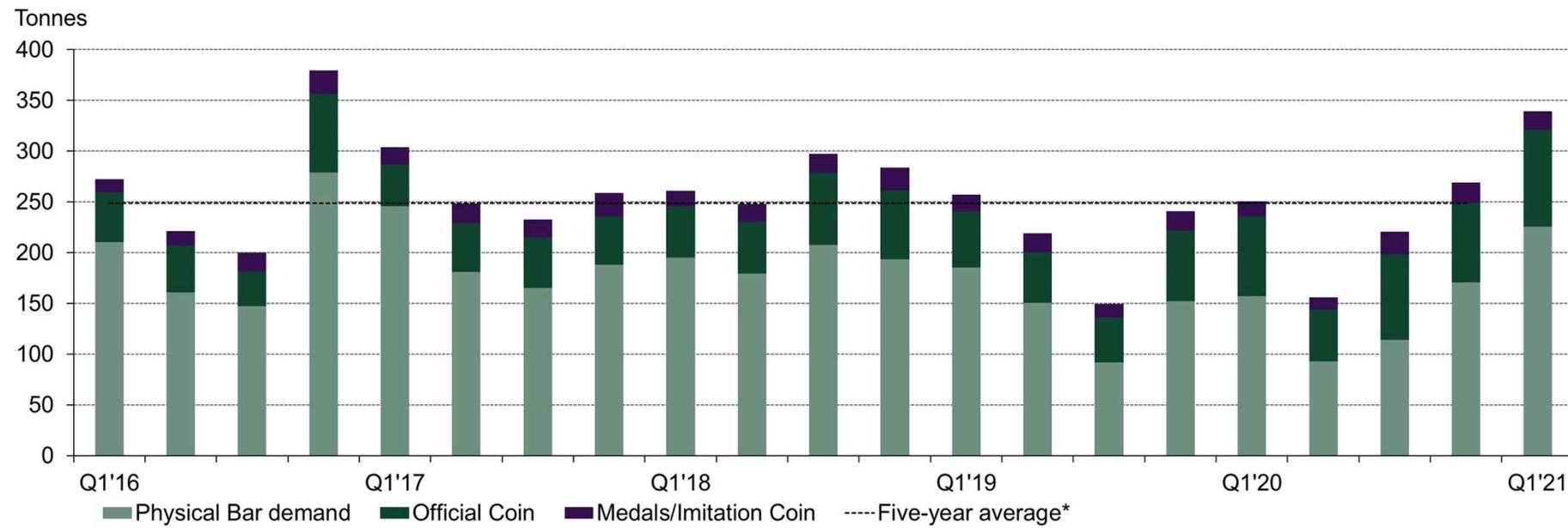
Note: Data as of 31 March 2021. Gold ETF AUM value is calculated by multiplying the end of period (EoP) gold holdings in tonnes by the end of period LBMA Gold Price PM in US dollars. For a listing of the Exchange Traded Funds and similar products, please see the Notes and definitions download: www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2021/notes-and-definitions

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

See [Gold Demand Trends: Q1 2021](#) for more details.

Bar and coin investment jumped to 17-quarter high and above five-year average

Total bar and coin demand by category



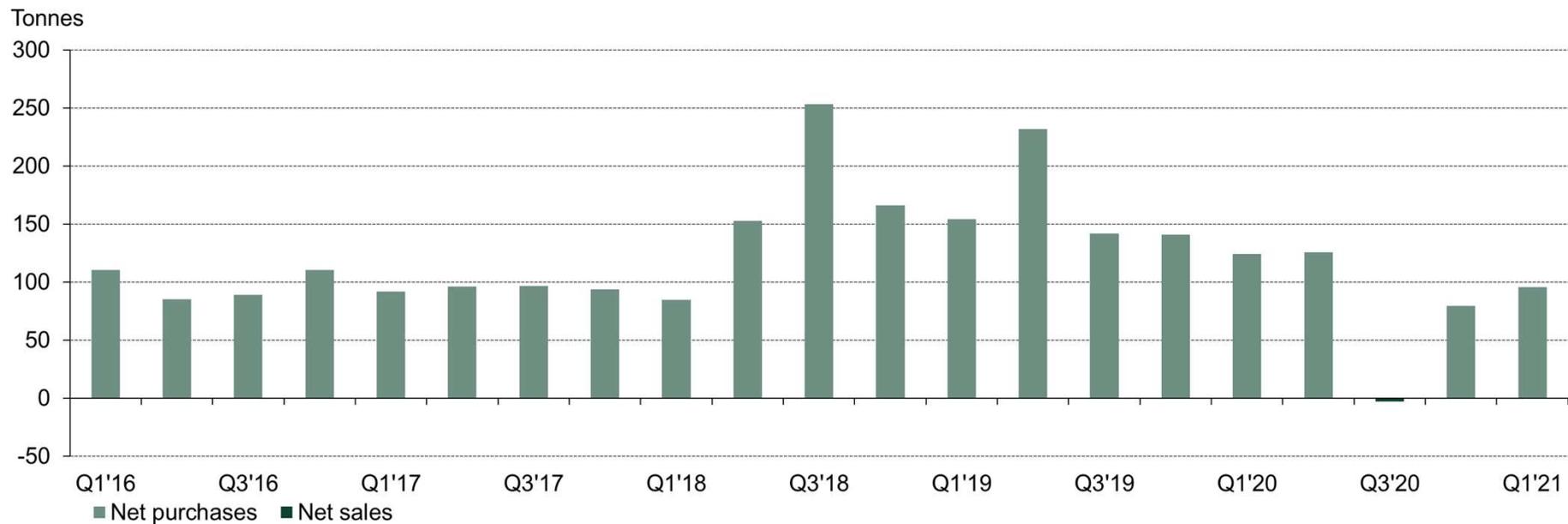
Note: Data as of 31 March 2021. *Average is the five year quarterly average between Q1'16 and Q4'20. For an explanation of total bar and coin demand, please see the Notes and definitions download: www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2021/notes-and-definitions

Source: Metals Focus, World Gold Council

See [Gold Demand Trends: Q1 2021](#) for more details.

Central banks bought a healthy 95t in Q1 2021

Quarterly global central bank demand



Note: Data as of 31 March 2021. For an explanation of central bank demand, please see the Notes and definitions download: www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2021/notes-and-definitions

Source: Metals Focus, World Gold Council

See [Gold Demand Trends: Q1 2021](#) for more details.

Outlook: demand and supply dynamics

Demand



Investment

Rates are levelling off and inflation remains a concern



Consumer

Steady price and economic recovery supportive but new COVID waves may create headwinds



Central bank

Moderate net purchases likely to continue

Supply



Mine production

Recovery trend linked to historical drivers likely to continue



Recycling

Likely to mirror (inversely) consumer demand and may offset mine production recovery

Appendix

06 July 2021

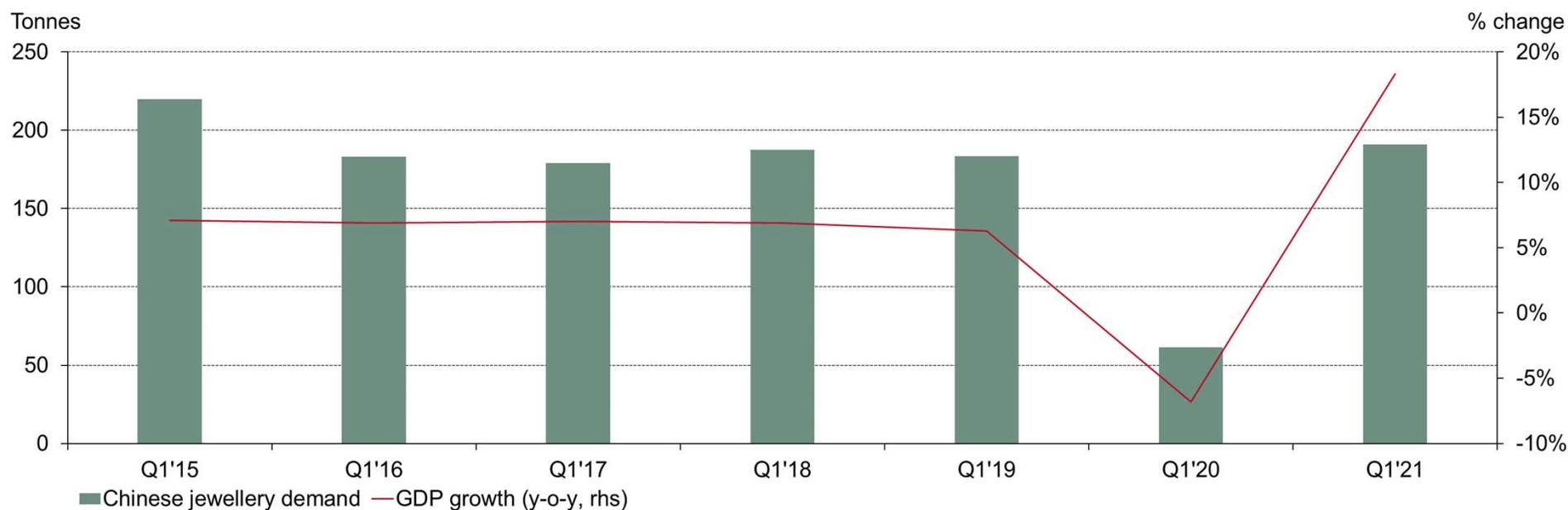
World Gold Council - Gold Demand Trends Q1 2021

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Highest Q1 jewellery demand in China since 2015, backed by economic growth

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Quarterly Chinese jewellery demand and GDP growth



Note: Data as of 31 March 2021. For an explanation of jewellery demand, please see the Notes and definitions download: www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q1-2021/notes-and-definitions

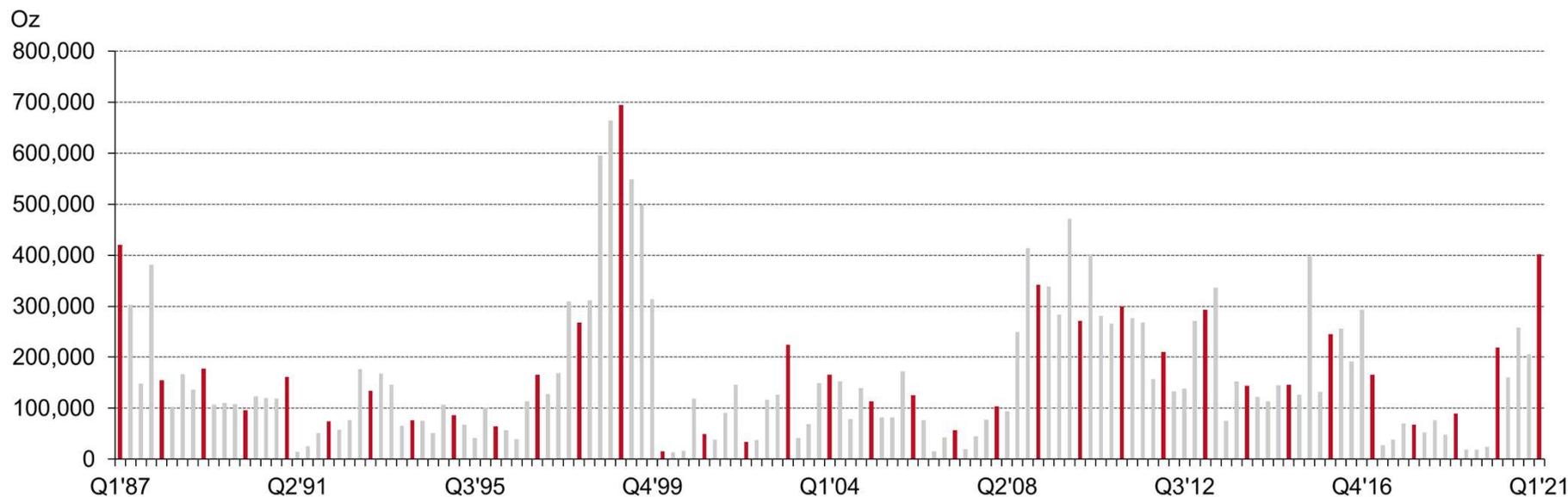
Source: Metals Focus, National Bureau of Statistics, World Gold Council

See [Gold Demand Trends: Q1 2021](#) for more details.

The US Mint reported surging sales of Gold Eagle coins in Q1

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Quarterly gold American Eagle coin sales



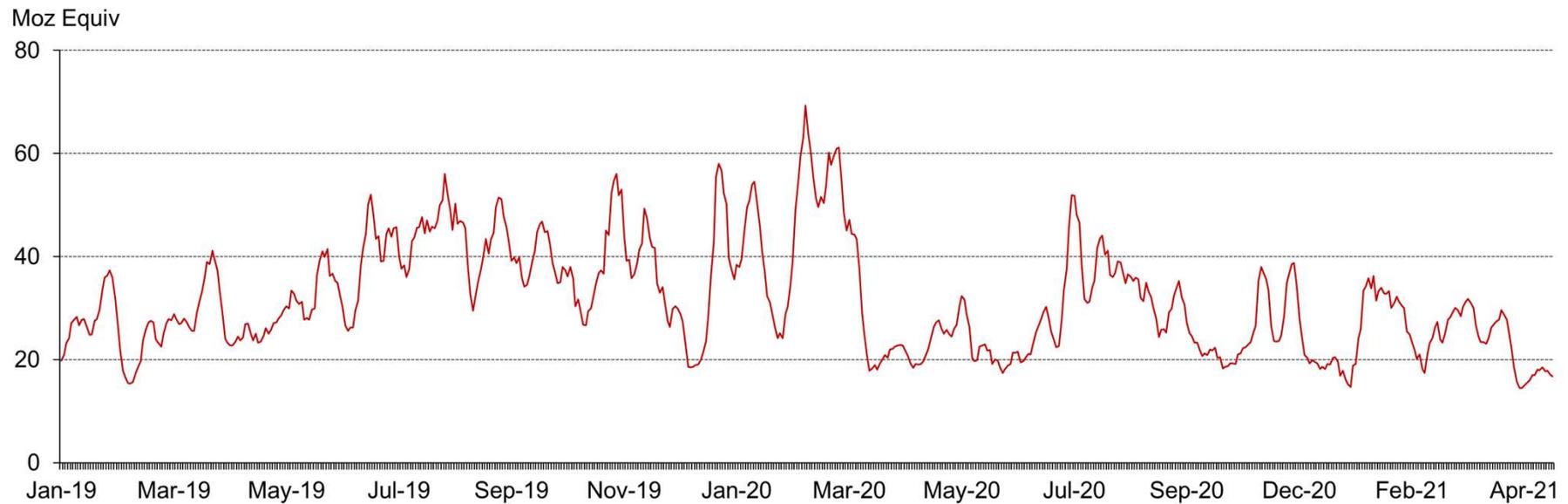
Note: Data as of 31 March 2021. Red bar indicates sales in Q1 of each year. Total sales volumes shown include sales for one ounce, half ounce, quarter ounce, and tenth ounce coins.

Source: US Mint, World Gold Council

See [Gold Demand Trends: Q1 2021](#) for more details.

Comex volumes remain depressed

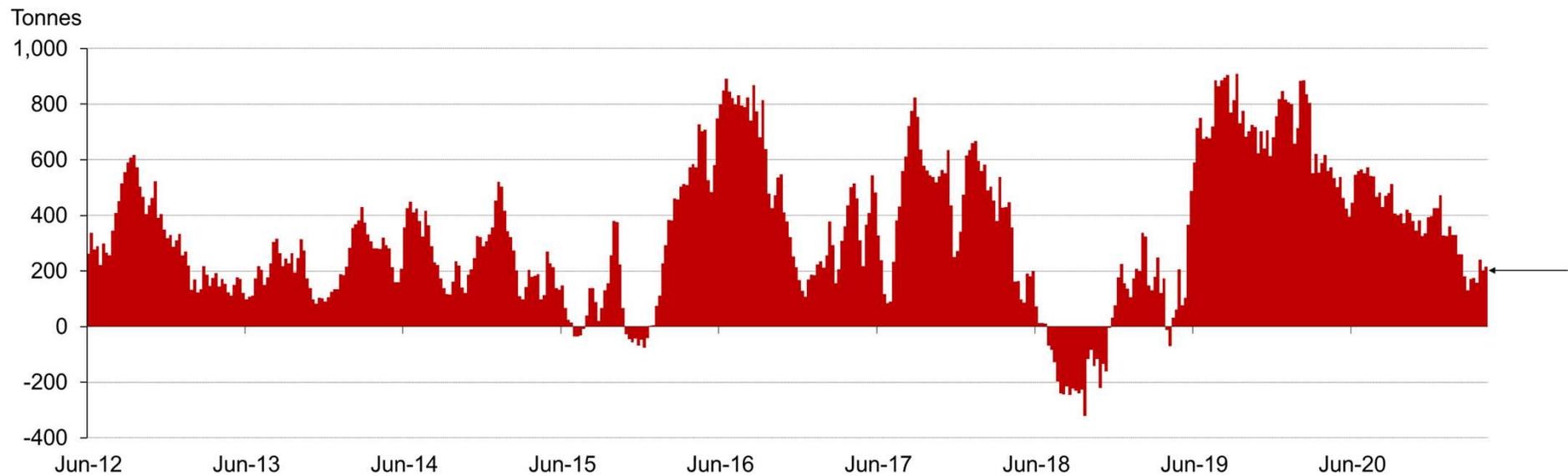
Comex Gold Trading Volumes - 5 day moving average



Source: Bloomberg, World Gold Council

Investment in gold via Comex futures subdued

COTR - Comex Net Managed Money Positions



Source: Bloomberg, CFTC, World Gold Council

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