



# China's Gold Market in 2022

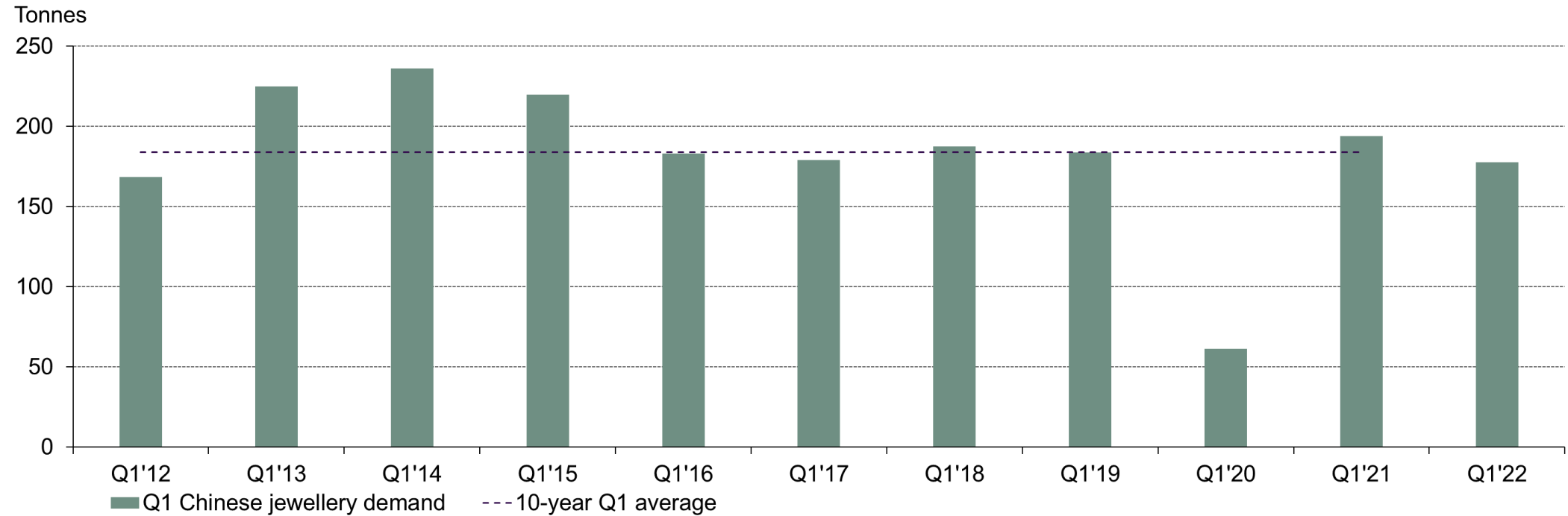
June 2022

# **China's Gold Demand Experienced a Weak Q1**

---

# China's Gold Jewellery Demand in Q1 was Relatively Resilient

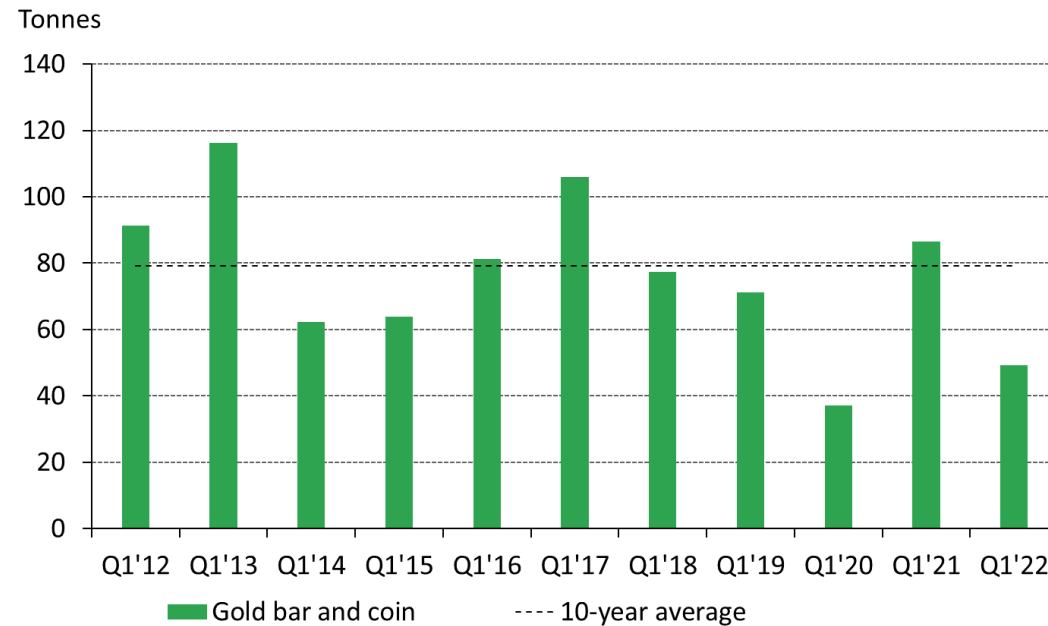
Chinese first quarter gold jewellery demand and 10-year average



Note: Data as of 31 March 2022.  
Source: Metals Focus, Refinitiv GFMS, World Gold Council

# Q1's Retail Investment Demand in China Weakened

## Bar and coin sales in Q1 were markedly lower y-o-y



Note: Data as of 31 March 2022.

Source: Metals Focus, World Gold Council

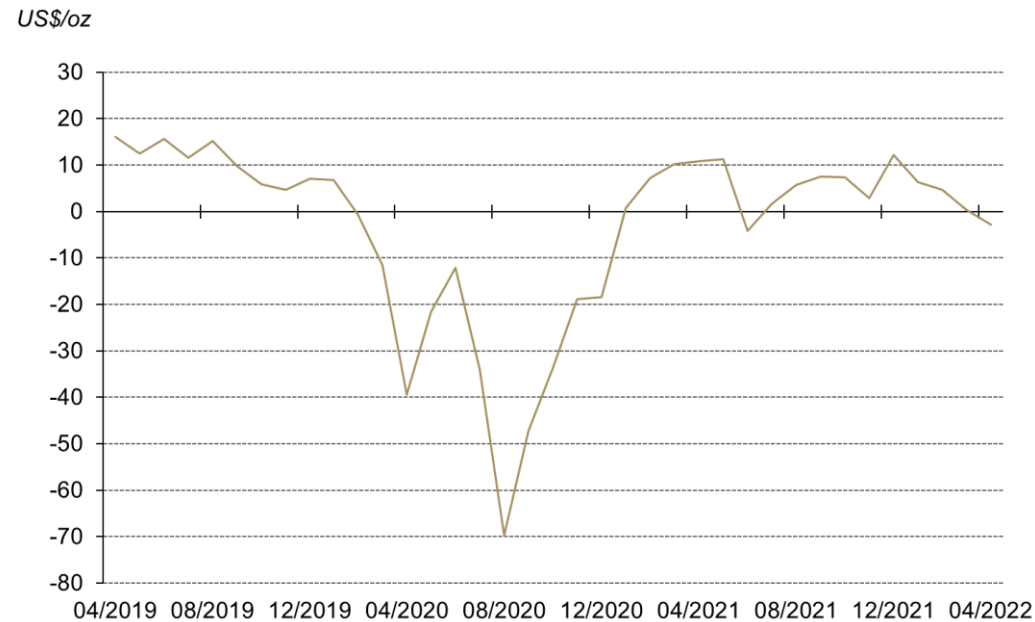
## Gold ETF investors were selling their holdings





# The Local Gold Price Spread Narrowed

## Local gold price spread fell in 2022



- Lower wholesale physical demand amid market lockdowns
- Expectation for weaker gold consumption

Note: Data as of 30 April. Spread is calculated based on daily Shanghai Gold Benchmark Price PM & LBMA Gold Price AM

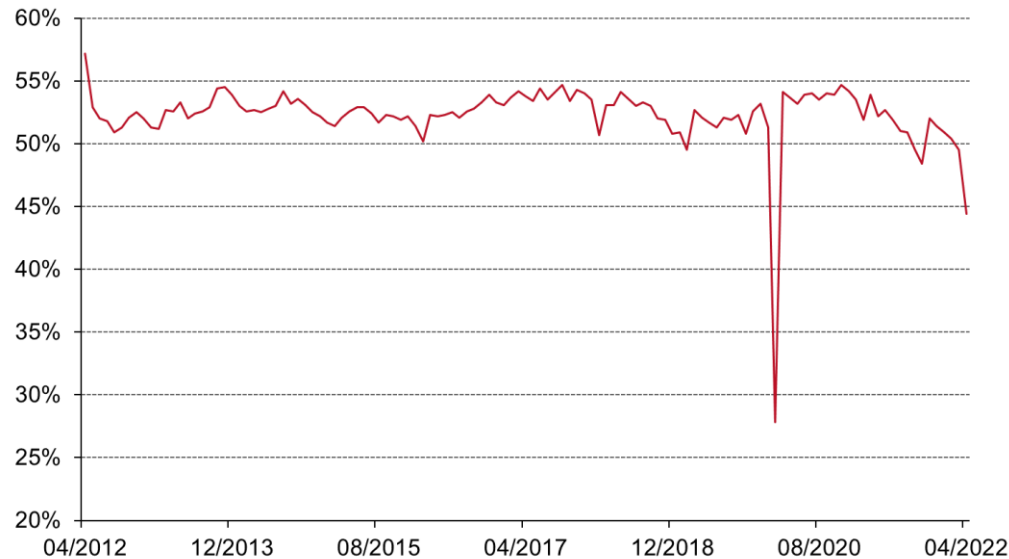
Source: Shanghai Gold Exchange, ICE Benchmark Administrative, World Gold Council

# COVID-resurgence Clouds Our Short-term Outlook, Not the Long-term Expectation

---

# Lockdowns in Major Cities Severely Constrained Economic Activities

Economic activities significantly stalled (Manufacturing PMI – the left chart) amid the COVID shock



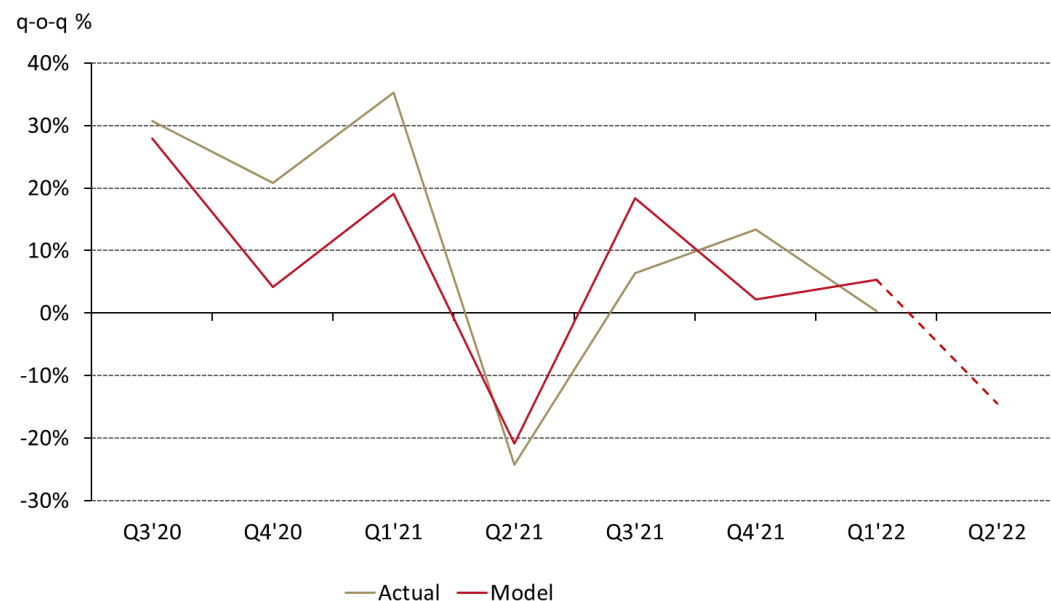
## Also in April

- Retail sales down 11% y-o-y
- Industrial added value down 2.9% y-o-y
- Unemployment rate rose to 6.1%

Source: National Bureau of Statistics, World Gold Council

# Q2's Gold Jewellery Demand in China Might be Worse than Our Expectation

Our model produces a q-o-q decline in Q2's jewellery demand



- **Factors we cannot model:**
  - **COVID-related lockdowns**
  - **their impact on wedding demand**
- **We might see a worse-than-expected Q2 for gold jewellery demand**

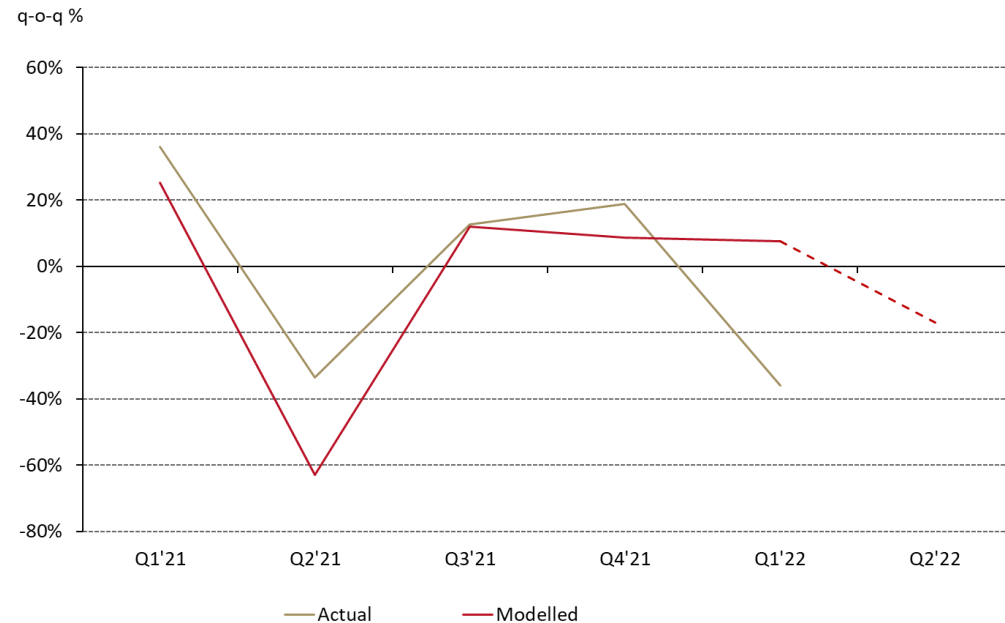
Note: our quarterly jewellery model includes registered marriages in the past quarter, GDP in the past quarter and the local gold price in the current quarter. In our forecast, we assumed a 3% decline in the local gold price based on Bloomberg's median forecast and marriage numbers based on our own marriage model.

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



# Similarly, Bar and Coin Sales Could Weaken Further

Our model implies a q-o-q decline in Q2's bar and coin sales



## Unexpected factors

- Lockdowns, slower income growth

## Potential longer-term supporting drivers

- Lower interest rate
- Volatile currency
- Higher inflation

Note: our quarterly bar and coin model includes q-o-q changes in disposable income in the past quarter, CPI, 10-yr government bond yield and USD/CNY in the current quarter. In our forecast, our parameter assumptions are based on Bloomberg economic median forecasts.

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

# Key WGC China Projects

---

# Key Gold Investment Projects

**Institutional Investors**

**Retail Investors**

**Promote gold allocation among institutional investors:**

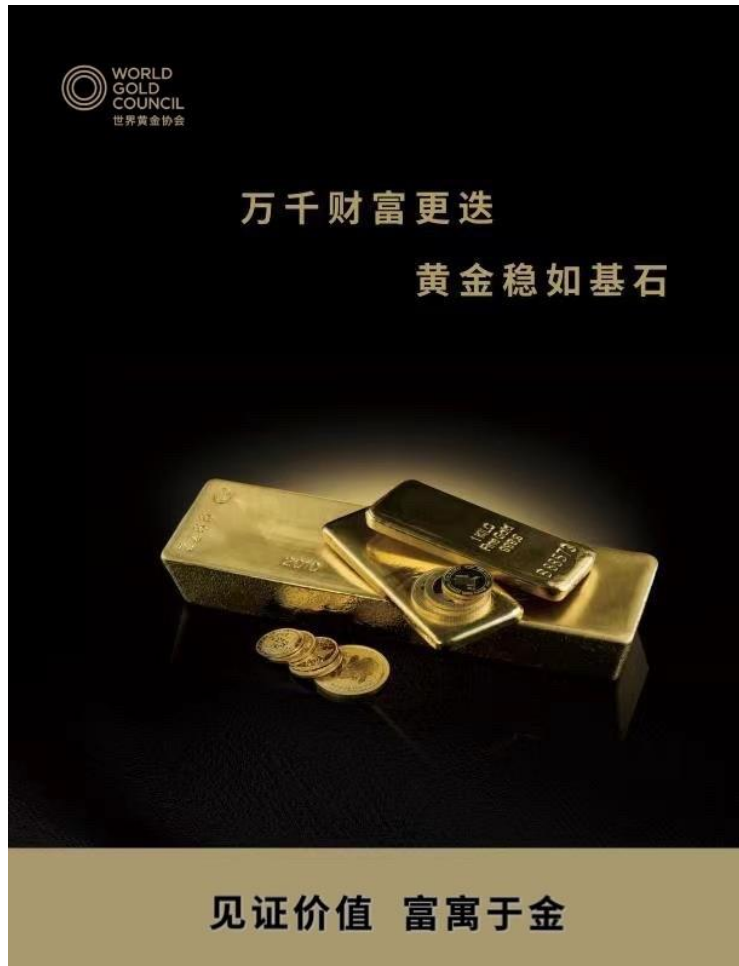
E.g. insurance industry policy lobbying  
Engagement with key institutional investors

**Increase the awareness of gold as a strategic asset among retail investors:**

E.g. explore retail product types that are attractive to youngsters  
promote ESG awareness

# Consistent Marketing Efforts to Investors

Gold, the everlasting value



Gold provides stable long-term return free of credit risk





# Key Gold Jewellery Market Projects



New  
categories  
promotion

- Heritage gold jewellery
- 24K hard gold jewellery
- Digital marketing

- New category standard
- Unit supply chain, leverage resources

Healthy  
market  
development



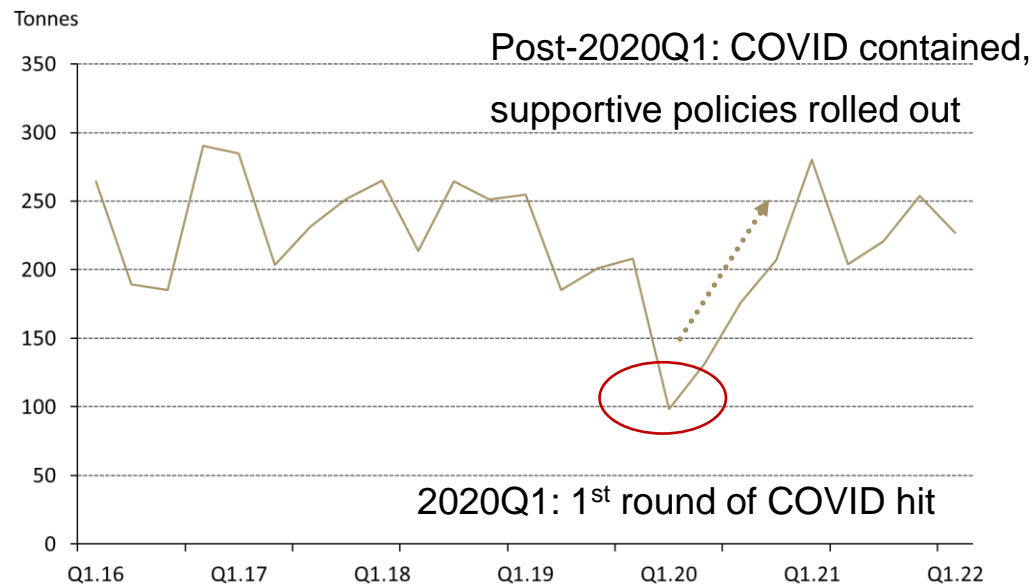
Source: CTF, China Gold Jewellery





# Outlook 2022

If history is any guide, gold consumption will rebound when the worst is over



China's gold consumption (quarterly series)

Source: Metals Focus, World Gold Council

- **COVID-containment & policy adjustment**
- **Accommodative macro policies**
- **A stable gold price**
- **Investment demand for gold**

# Important Information and Disclosures

---

© 2022 World Gold Council. All rights reserved. World Gold Council and the Circle device are trademarks of the World Gold Council or its affiliates. Other third-party data and content is the intellectual property of the respective third party and all rights are reserved to them.

The material contained in this document is provided solely for general information and educational purposes and is not, and should not be construed as, an offer to buy or sell, or as a solicitation of an offer to buy or sell, Gold, any Gold related products or any other products, securities or investments. Nothing in this document should be taken as making any recommendations or providing any investment or other advice with respect to the purchase, sale or other disposition of Gold, any Gold related products or any other products, securities or investments, including without limitation, any advice to the effect that any Gold related transaction is appropriate for any investment objective or financial situation of a prospective investor. A decision to invest in Gold, any Gold related products or any other products, securities or investments should not be made in reliance on any of the statements in this document. Before making any investment decision, prospective investors should seek advice from their financial advisers, take into account their individual financial needs and circumstances and carefully consider the risks associated with such investment decision. World Gold Council and/or a related party may participate as a sponsor of the forum where this information is presented.

Without limiting any of the foregoing, in no event will the World Gold Council or any of its affiliates be liable for any decision made or action taken in reliance on the information in this document and, in any event, the World Gold Council and its affiliates shall not be liable for any consequential, special, punitive, incidental, indirect or similar damages arising from, related to or connected with this document, even if notified of the possibility of such damages.

This document contains forward-looking statements. The use of the words “believes,” “expects,” “may,” or “suggests,” or similar terminology, identifies a statement as “forward-looking.” The forward-looking statements included in this document are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on the analysis of World Gold Council of the statistics available to it. Assumptions relating to the forward-looking statement involve judgments with respect to, among other things, future economic, competitive and market conditions all of which are difficult or impossible to predict accurately. In addition, the demand for Gold and the international Gold markets are subject to substantial risks which increase the uncertainty inherent in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by the World Gold Council that the forward-looking statements will be achieved. The World Gold Council cautions you not to place undue reliance on its forward-looking statements. Except in the normal course of our publication cycle, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we assume no responsibility for updating any forward-looking statements.

## **Information regarding Qaurum<sup>SM</sup> and the Gold Valuation Framework**

Note that the resulting performance of various investment outcomes that can be generated through use of Qaurum, the Gold Valuation Framework and other information are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. Diversification does not guarantee investment returns and does not eliminate the risk of loss. World Gold Council and its affiliates and subsidiaries (collectively, “WGC”) provide no warranty or guarantee regarding the functionality of the tool, including without limitation any projections, estimates or calculations.



# Thank you!

---



[www.gold.org](http://www.gold.org)