

# Gold Demand Trends Q1 2023

5 May, 2023

## Mixed picture for gold demand in Q1

**Continued momentum in central bank buying and resurgent Chinese consumer demand contrasted with a negative contribution from ETFs and weakness in India.** Q1 gold demand (excluding OTC) was 13% lower y/y at 1,081 tonnes (t). Inclusive of OTC, total gold demand strengthened 1% y/y to 1,174t as a recovery in OTC investment – consistent with investor positioning in the futures market – offset weakness in some areas.<sup>1</sup>

Demand from central banks experienced significant growth during the quarter. Official sector institutions remained keen and committed buyers of gold, adding 228t to global reserves.

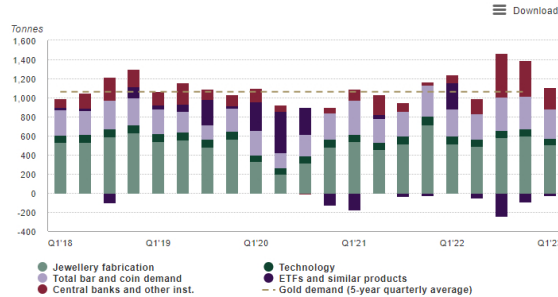
Bar and coin investment gained 5% y/y to 302t, concealing some large regional variations. In contrast, net negative demand for ETFs, although modest at -29t, generated a hefty y/y decline compared with the sizable inflows seen in Q1'22.

Global jewellery consumption was virtually flat at 478t. Jewellery fabrication exceeded consumption as stock building added just over 30t to global inventories.

Gold use in the technology sector continued to suffer from the challenging economic climate. Demand slumped to 70t – the second lowest quarter in our data series back to 2000.

Modest growth in both mine production (+2%) and recycling (+5%) led to a marginal increase in Q1 total gold supply to 1,174t. The uptick in recycling was largely a function of higher gold prices.

### Mixed picture for gold demand in Q1 2023



Sources: Metals Focus, World Gold Council; Disclaimer

Data to 31 March 2023

### Highlights

**The LBMA Gold Price (PM) averaged US\$1,890/oz during the quarter, marginally higher y/y.** The price was over 10% higher than the previous quarter's average, almost matching the Q3'20 record high.

**China saw a strong relief rally in the first post-COVID quarter of unfettered consumer spending.** The recovering domestic economy and healthy income growth reignited domestic consumption, while the eye-catching gold price performance spurred investment interest.

**Indian demand fell sharply as local gold prices applied the brakes.** Record high – and volatile – domestic gold prices discouraged both investment and jewellery consumption during the quarter.

**Investment dominates the outlook for 2023.** We continue to see healthy upside for investment this year, while the picture for fabrication (jewellery and technology) is more muted. Further robust central bank buying is expected, albeit below 2022's record. Modest growth is likely in both mine production and recycling.

### Gold supply and demand

	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Y/y % chg
Supply						

### Downloads:

- Gold Demand Trends Q1 2023
- Gold Demand Trends Q1 2023 - Statistics XLSX
- Gold Demand Trends Q1 2023: Executive Summary

### Sections:

- Executive summary
- Outlook →
- Jewellery →
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### Information:

- METHODOLOGY NOTE
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<b>Mine production</b>	843.1	894.4	956.3	955.7	856	▲	2%
Net producer hedging	25.9	2.3	-25.9	-13	8.1	▼	-69%
Total mine supply	869	896.6	930.4	942.7	864	▼	-1%
Recycled gold	296.2	285.3	268.6	290.5	310.4	▲	5%
<b>Total Supply</b>	<b>1,165.10</b>	<b>1,182.00</b>	<b>1,198.90</b>	<b>1,233.20</b>	<b>1,174.40</b>	<b>▲</b>	<b>1%</b>
<b>Demand</b>							
Jewellery fabrication	516.4	492.3	582.3	601.3	508.6	▼	-2%
Jewellery consumption	475.3	458.4	526.1	629.7	477.9	▲	1%
Jewellery inventory	41.1	33.9	56.2	-28.4	30.7	▼	-25%
Technology	81	78.5	77	72.3	70	▼	-13%
Electronics	66.2	64.6	63.2	58	56	▼	-15%
Other Industrial	12	11.3	11.3	11.9	11.6	▼	-3%
Dentistry	2.7	2.6	2.5	2.4	2.4	▼	-12%
Investment	558.4	213.8	103.9	250.6	273.7	▼	-51%
Total bar & coin demand	287.7	261.2	348	340.3	302.4	▲	5%
Physical Bar demand	183.6	172.8	225.6	222.4	181.9	▼	-1%
Official Coin	84.6	70.8	89.4	89	96.5	▲	14%
Medals/Imitation Coin	19.5	17.6	33	28.9	24.1	▲	23%
ETFs & similar products	270.7	-47.4	-244.1	-89.6	-28.7	-	-
Central banks & other inst.	82.7	158.6	458.6	378.6	228.4	▲	176%
<b>Gold demand</b>	<b>1,238.50</b>	<b>943.2</b>	<b>1,221.80</b>	<b>1,302.80</b>	<b>1,080.80</b>	<b>▼</b>	<b>-13%</b>
OTC and other	-73.3	238.8	-22.8	-69.7	93.6	▲	-
<b>Total Demand</b>	<b>1,165.10</b>	<b>1,182.00</b>	<b>1,198.90</b>	<b>1,233.20</b>	<b>1,174.40</b>	<b>▲</b>	<b>1%</b>
<b>LBMA Gold Price, US\$/oz</b>	<b>1,877.20</b>	<b>1,870.60</b>	<b>1,728.90</b>	<b>1,725.90</b>	<b>1,890.20</b>	<b>▲</b>	<b>1%</b>

Source: ICE Benchmark Administration, Metals Focus, World Gold Council

## Footnote

1. In our data model, 'OTC & other' captures demand in the OTC market, for which data is not readily available. It also captures changes to inventories on commodity exchanges, unobserved changes to fabrication inventories and any statistical residual

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