

Press release

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Australian demand for gold falls in Q3 as sticky inflation weighs on investment sentiment

Gold remains supported by sustained 'historic' buying from central banks

Australian demand for gold fell sharply in the third quarter of 2023 as high AUD gold prices tamped local demand amidst pressures from higher interest rates and rising costs of living.

The World Gold Council's Q3 *Gold Demand Trends* report reveals that AUD demand for gold was down by 44% from highs seen when economies reopened post COVID in Q3 2022. Australians consumed 12% less gold jewellery in Q3 y/y, while local investment demand for bar & coin was down 58% y/y.

Globally, support for the asset continues as central bank buying maintains a historic pace, bringing quarterly gold demand (excluding OTC) to 1,147t, 8% ahead of its five-year average.

According to the World Gold Council's data series,¹ central banks saw the third strongest quarter of net buying, reaching 337t. Although shy of breaking the Q3 2022 record, year-to-date demand has reached 800t, a new record for our data series. This strong buying streak from central banks is expected to stay on course for the remainder of the year, indicating a robust annual total again in 2023.

Investment demand over the quarter stood at 157t, a 56% increase year-on-year but weak compared to the five-year average. Falling demand in Europe weighed down Q3 bar and coin investment, although at 296t, demand is up on the previous quarter and notably above the five-year average. Gold ETFs saw continued outflows in Q3, largely driven by investor sentiment that interest rates will continue to stay high. However, continued strength in OTC investment² resulted in 120t in the third quarter, driven in part by High Net Worth demand in Turkey and some stock building in other markets.

Global demand for jewellery remained resilient in the face of elevated gold prices, but there was a slight softening of consumption, down 2% y/y to 516t, due to cost of living pressures in many markets around the world.

Total gold supply rose 6% y/y in Q3, with mine production reaching a year-to-date record of 2,744t. A consistently high gold price helped prop up recycling to 289t, 8% higher y/y.

¹ This year-to-date record is in reference to the first three quarters of the year, in the World Gold Council's data series which dates back to 2000.

² [Notes and Definitions | Gold Demand Trends Q2 2023 | World Gold Council](#)

Joe Cavatoni, Market Strategist, World Gold Council commented:

“Gold Investment during Q3 was weak as many economies proved resilient to tighter central bank monetary policies, causing bond yields to rise and the US dollar to strengthen, forces that typically curtail gold demand.

“The stronger US dollar favored AUD gold, returning 8.6% to the end of Q3. We’ve since seen geopolitical events move the price of gold in the short-term to above 17% YTD, principally for its role as a safe haven asset.

“Of the 157 tonnes net investment demand, less than 1t went into physically backed gold ETFs in Australia. While small, Q3 was the first quarter of net inflows to Australian physical gold backed ETFs since Q2 2022, which may mark a turning point for investors from being sellers of gold to potentially becoming buyers as we near the end of the US rate hike cycle.”

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

“Gold demand has been resilient throughout this year, performing well against the headwinds of high interest rates and a strong US dollar. Our report shows that gold demand is healthy this quarter, compared with its five -year average. Looking forward, with geopolitical tensions on the rise and an expectation for continued robust central bank buying, gold demand may surprise to the upside.”

The **Gold Demand Trends Q3 2023** report, which includes comprehensive data provided by Metals Focus, can be viewed [here](#).

The World Gold Council is celebrating **30 years of Gold Demand Trends**. Learn more [here](#).

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Note to editors

World Gold Council

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