

# India's gold market update

## Gains hold despite demand pressure



### Highlights

- Gold's surge softens, yet y-t-d gains of 23% outperform other assets
- Gold demand remains soft overall; festival shows mixed response
- Heavy redemptions hit gold ETFs in April; AUM and investor base expands
- RBI's gold purchases slow amid record gold reserves
- Gold imports in April withstand price surge, demonstrating resilience.

### Looking ahead

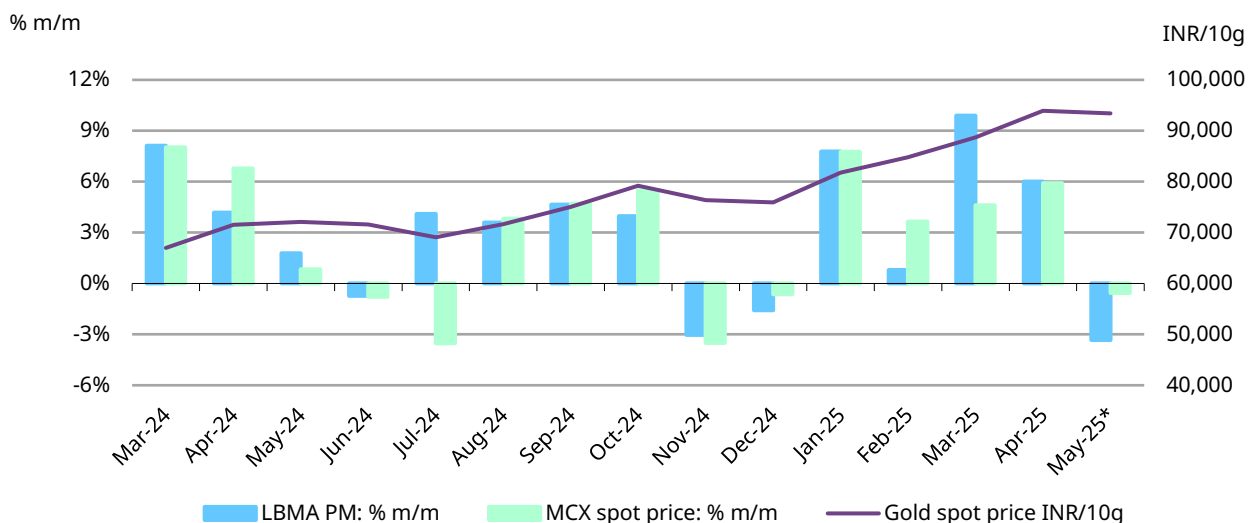
- Stability in prices could prompt a resurgence in demand. Consumer sentiment that the downside to gold prices is limited would reinforce gold's appeal as a reliable investment.

### Gold rallies to historic highs, then recedes

Gold's momentum accelerated in April, surging to a record high of US\$3,500/oz and marking its fourth consecutive month of gains, with a 6% increase. The speed and sharp rise were fuelled by a weakening US dollar, heightened geopolitical and economic uncertainties, and strong inflows into global gold ETFs. However, prices have since retreated, with the LBMA Gold PM price falling 8% so far in May.<sup>1</sup> In India, domestic gold prices mirrored the global trend. Although, the May m-t-d correction was milder at 5%, cushioned by the appreciation of the Indian rupee.

#### Chart 1: Gold slides after four-month surge

Monthly LBMA Price PM and domestic spot price changes and movement\*



\*Based on the LBMA Gold Price PM in USD and MCX spot gold price as of 14 May 2025.  
Source: Bloomberg, World Gold Council

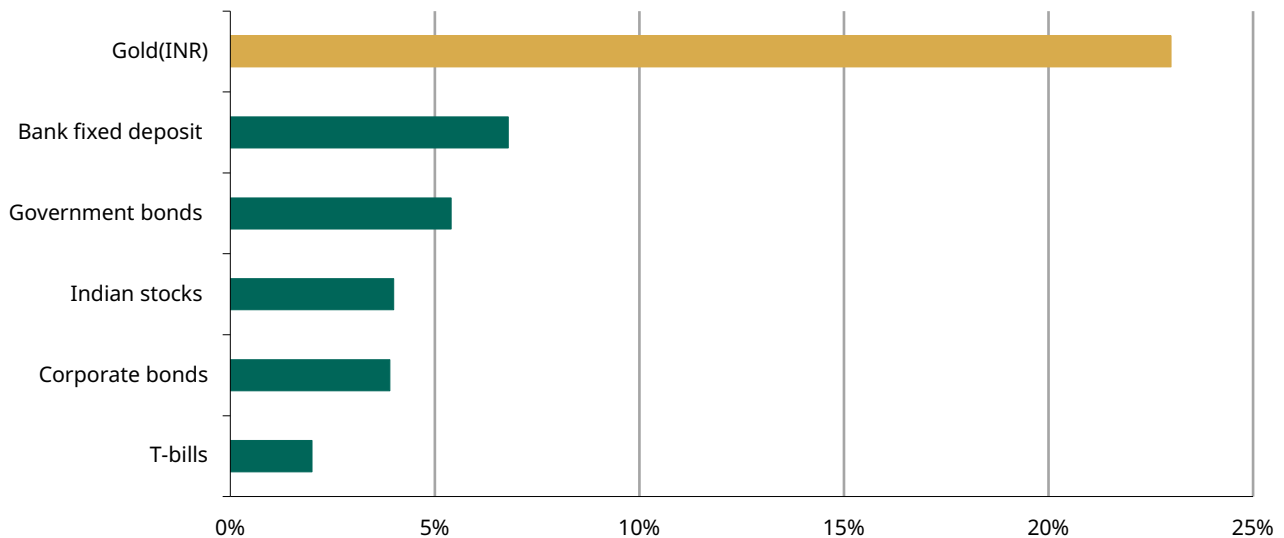
1. As of 14 May 2025.



So far in 2025<sup>2</sup> the LBMA gold price PM in USD has climbed by US\$583/oz or 22%, to US\$3,192/oz. The Indian domestic spot gold prices<sup>3</sup> have also followed a similar trajectory, rising 23% y-t-d to INR93,407/10g. Despite the recent decline, gold outshines other major asset classes on a y-t-d basis (**Chart 2**).

**Chart 2: Gold dominates other asset classes**

% year-to-date returns in INR \*



\*Data as of 14 May 2025. Indices used MCX Gold Index, CRISIL Corporate Bond Index, Nifty Total Return Index, Clearing Corp of India Liquidity Weight T-Bill Index, ICE BofA govt bond index.  
Source: Bloomberg, World Gold Council

## Festive demand paints a mixed picture

Gold jewellery sales in India during April and early May remained subdued, except on the day of Akshaya Tritiya, due to high and volatile gold prices coupled with broader economic uncertainties. Anecdotal evidence suggests that consumers were deferring their purchases, waiting for price stability, or opting for lighter-weight jewellery to accommodate fixed budgets and need-based buying.

The festival of Akshaya Tritiya, which traditionally drives gold purchases, fell on 30 April this year. Overall demand during the festival was restrained and mixed as per market reports. While large and corporate retailers reported higher footfalls and sales – largely driven by aggressive promotional and marketing campaigns - small and independent jewellers experienced sharp declines in demand. The bullion segment, bars and coins, performed better than jewellery, with low-weight coins (especially 5g) proving popular. These were bought as ‘token’ purchases for the festival, with a notable share of sales occurring through online and e-commerce platforms. This behaviour highlights a growing consumer shift towards organised players and investment-oriented gold products.

Regional trends also varied. The southern states recorded stronger sales compared to the other parts of the country, given the greater significance of Akshaya Tritiya is the region. This was followed by a moderate performance in the western parts of the country.

Despite a likely year-on-year decline in the volume of gold sold during Akshay Tritiya, the overall value of sales is expected to have increased, reflecting the nearly 30% rise in gold prices since last year. This indicates a degree of resilience in Indian gold demand.

Additionally, the exchange and recycling of old gold jewellery remained a prominent trend.

2. As of 14 May 2025.

3. MCX spot gold price.



## Gold ETFs see heavy redemptions, but AUM and investor accounts continue to grow

For the second month in a row, Indian gold ETFs recorded net outflows in April. According to data from the Association of Mutual Funds in India (AMFI), redemptions hit a record high of INR 16.69bn (US\$195mn) in April, suggesting profit-taking with gold prices touching fresh record highs during the month.

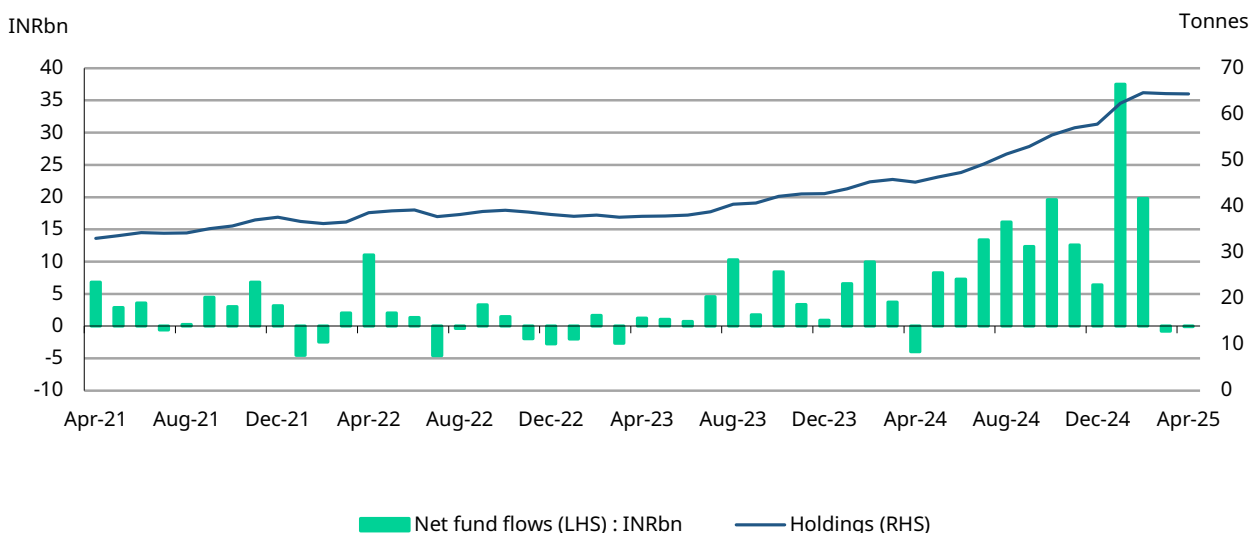
The momentum of inflows into Indian gold ETFs has slowed significantly since the strong activity seen in January and February. The gross inflows in April stood at INR16.63bn (US\$194mn), marking a 50% decline from the average of the first two months of the year. Anecdotal reports suggest that elevated and volatile gold prices have kept many investors on the sidelines. Nevertheless, inflows in April were 58% higher than in March, partially offsetting the impact of the high redemptions. As a result, net outflows in April narrowed to INR0.06bn (US\$0.7mn) from INR0.8bn (USD8.9mn) in March. These figures differ from our initial estimates, which were based on preliminary and partial data.<sup>4</sup>

Notwithstanding the net outflows, the cumulative assets under management (AUM) of gold ETFs rose to INR614bn (~US\$7.2bn), up 4% m/m and 87% y/y, aided by the high gold prices. However, collective gold holdings across the 20 gold ETFs declined marginally by 0.07t from a month ago to 64.4t.

Investor interest in this asset class was upheld with 0.18mn new investor accounts (or folios) added during the month. This brought the total number of gold ETF investor accounts to a record 7.1mn.

### Chart 3: Gold ETF outflows persist, though at a reduced pace

Monthly gold ETF fund flows in INRbn, and total holdings in tonnes\*



\*As of end April 2025.

Source: AMFI, ICRA Analytics, CMIE, World Gold Council

## RBI's gold purchases slow; domestic holdings rise

So far this year, the Reserve Bank of India (RBI) has scaled back its gold purchases after the significant additions made in 2024 (73t). In the first four months of 2025, it added a more modest 3.4t, compared to 24.1t during the same period last year. Even so, the RBI's gold reserves remain at a historic high of 879.6t as of end April-unchanged from the previous month. In value terms, gold now makes up 12% (US\$81.8bn) of India's total forex reserves, marking a 4% increase from a year ago and the highest share on record. This underscores the growing strategic importance of gold in the management of forex reserves.

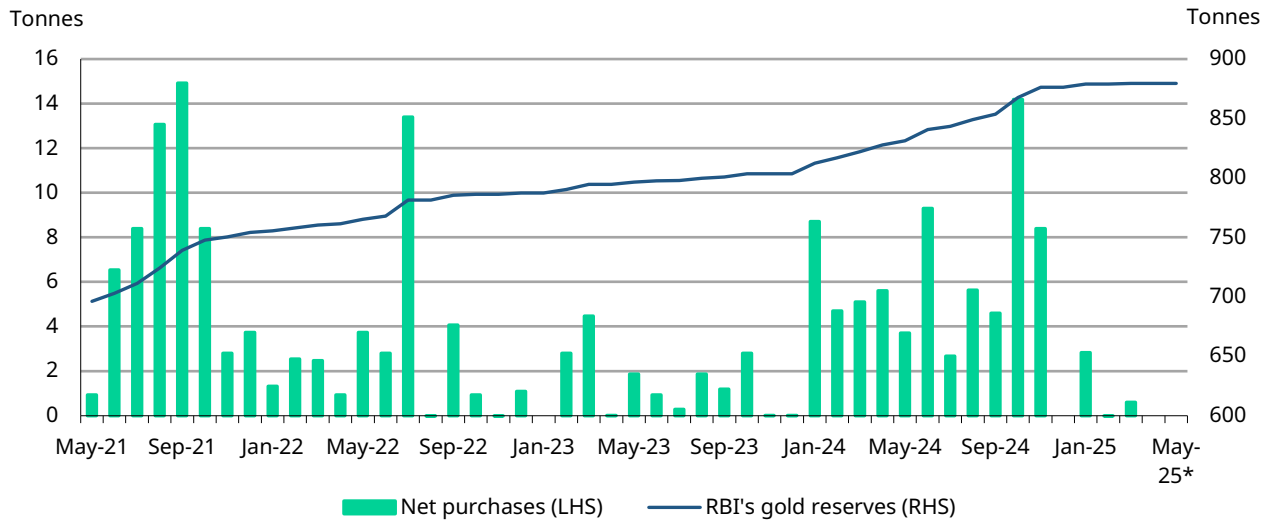
The RBI's approach to managing its gold reserves continues to evolve. As of March 2025, 58% of its gold – about 512t – is reportedly held domestically, up from 38% in March 2023. The remaining 40% (349t) is stored with international institutions such as the Bank of England and the Bank for International Settlements. Since September, 1.52t have been added to the domestic holdings, while 25t were added to the international holdings.

4. Our initial estimate based on partial information available at the time was inflows of US\$182mn.



#### Chart 4: RBI's gold stock holds steady at record levels

RBI's monthly net purchase and reserves, tonnes \*



\*As of 2 May 2025.

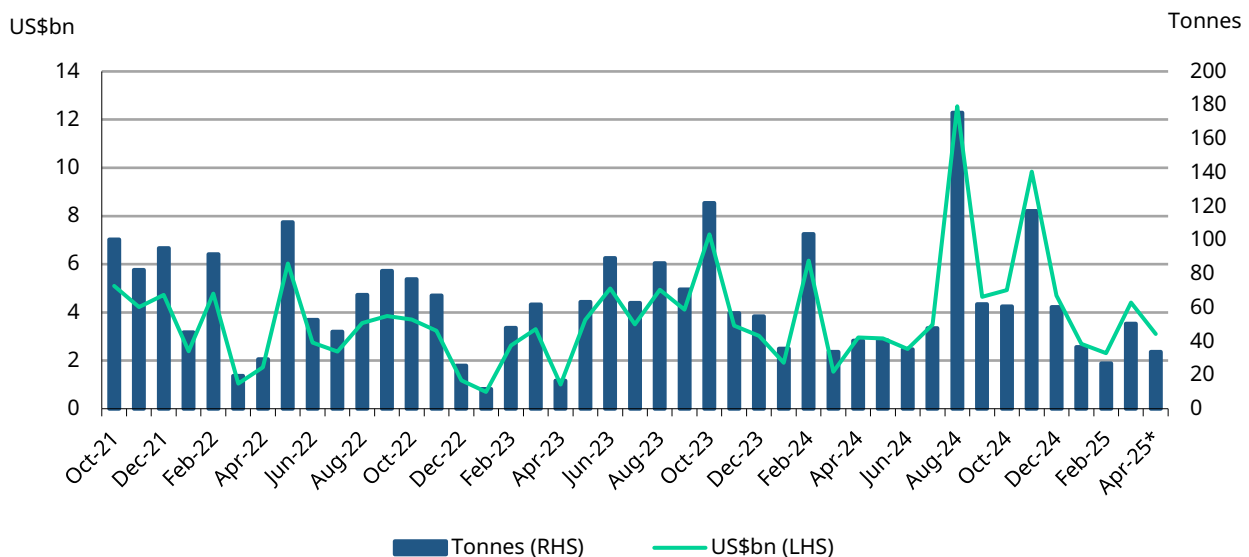
Source: RBI, World Gold Council

#### Imports resilient amid price headwinds

Notwithstanding the surge in prices to unprecedented levels, gold imports in April remained modest but resilient. Imports stood at US\$3.1bn – nearly a third lower than March but above the January – February average of US\$2.5 bn and 5% higher year-on-year, according to Ministry of Commerce data. This points to continued underlying demand, even in a high-price environment, given that gold imports into the country are on consignment basis by nominated banks and agencies. Based on our estimates, import volumes for the month were in the range of 30t – 36t, down from 51t in March and 40t a year ago.

#### Chart 5: Gold imports show resilience

Monthly gold imports in tonnes and US\$bn\*



\*Includes World Gold Council estimates.

Source: Ministry of Commerce and Industry, CMIE, World Gold Council



## World Gold Council

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We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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