

China gold market update

Resilient demand in a festive month

Highlights

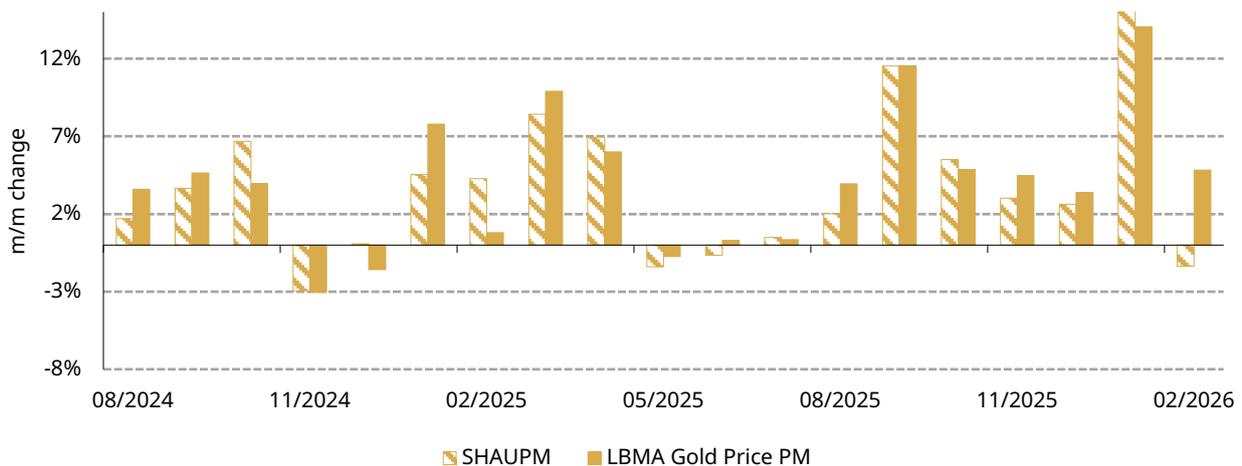
- Gold took different directions in February: the LBMA Gold Price PM in USD kept rising while the Shanghai Gold Benchmark Price PM (SHAUPM) in RMB fell, due mainly to a stronger local currency. So far in March, both prices have stabilised above their key thresholds.
- Wholesale demand showed some resilience during the Spring Festival month, falling modestly by 5t y/y to 85t, likely supported by the industry's pre-holiday restocking and robust investment demand
- Chinese gold ETFs added RMB4.5bn (US\$640mn) in February; holdings rose 4t to 290t while assets under management (AUM) fell 1% to RMB331bn (US\$48bn), impacted by the local gold price decline. And inflows accelerated in early March, likely driven by higher safe-haven demand
- China's gold reserves have expanded for 16 months in a row, and rose a further 1t in February to 2,309t; gold now represents 10% of China's total foreign exchange reserves.

Looking ahead

- The gold jewellery sector may experience some seasonal weaknesses in the month ahead, which could be dampened further if gold price rises. Meanwhile, investment demand for gold should remain robust, potentially supported by ongoing geopolitical risks, globally and regionally.

Chart 1: February saw gold prices take different directions

Monthly returns of the SHAUPM in RMB and LBMA Gold Price PM in USD*



*Data to 27 February 2026.

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



Gold’s diverging price trends from west to east

Gold prices diverged in February (**Chart 1, p1**). The LBMA Gold Price PM in USD rose 4.8%, supported by factors such as heightened geopolitical risks and lower US Treasury yields, while the SHAUPM in RMB fell 1.3%, likely impacted by the 1.4% appreciation in RMB against the dollar and the Chinese New Year (CNY) holiday, which disrupted both local trading and physical gold withdrawals.

So far in March gold prices have experienced mild declines as investor expectations of the Fed’s future rate path shift. But supported by rising safe-haven demand amid the Middle East chaos, the LBMA Gold Price PM remains above the US\$5,000/oz threshold, whilst the SHAUPM stands firmly above RMB1,100/gram.

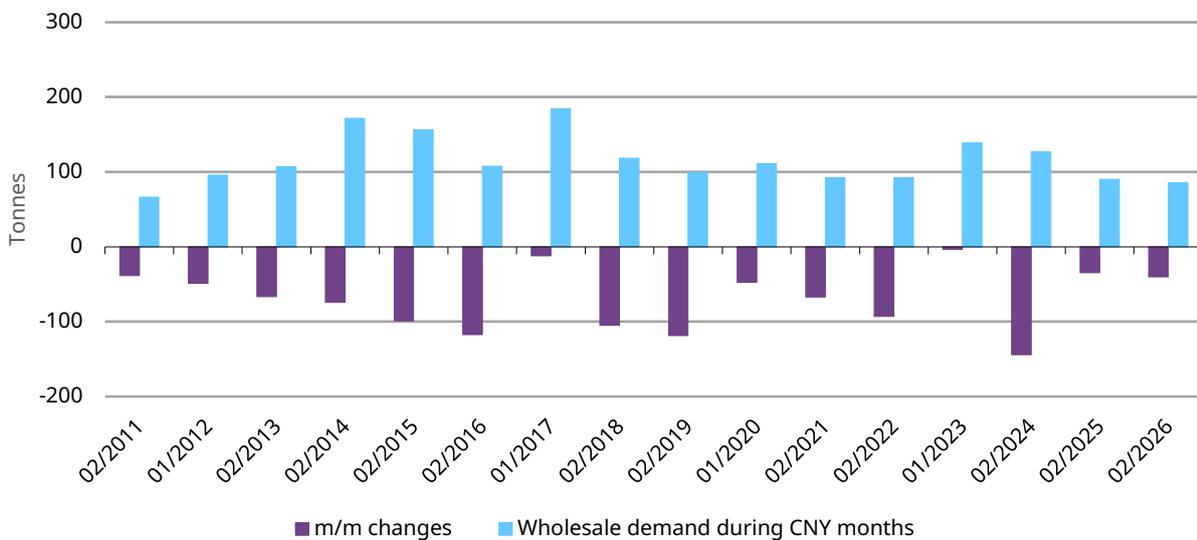
Wholesale gold demand showed resilience

Gold withdrawals from the SGE totalled 85t in February, a CNY month, down 32% m/m (**Chart 2**), mainly due to fewer working days in February (14) compared to January (20).¹ It is noteworthy that most factories in China – including jewellery manufacturers and bullion refiners – usually take longer CNY holidays than other sectors, further weighing on February activity.

Compared to February 2025, also a CNY month, wholesale gold demand fell by a modest 5t. This relative resilience was likely supported by two factors: first, a lower RMB gold price helped underpin some pre-holiday restocking; and second, bullion sales remained robust likely driven by seasonal factors and similar factors drove gold ETF demand detailed below.

Chart 2: Wholesale gold demand during CNY month stayed relatively resilient

Gold withdrawals from the SGE during CNY months*



*Based on the occurrence of the majority of CNY holidays.
Source: Shanghai Gold Exchange, World Gold Council

Inflows into Chinese gold ETFs persisted

Chinese gold ETFs added RMB4.5bn (US\$640mn) in February, marking the sixth consecutive monthly inflow (**Chart 3**). Collective holdings rose 3.6t to 290t in the month, another all-time high. But their total AUM fell 1% m/m to RMB331bn (US\$48bn) as February inflows were insufficient to offset the local gold price drop.

Early-month volatility may have prompted some investors to reduce their holdings. As the local gold price stabilised investors added gold ETFs back into their portfolios. This is likely driven by both dip-buying as well as rising safe-haven demand amid geopolitical tensions globally and regionally. That said, fewer trading days due to the CNY holiday limited February inflows.

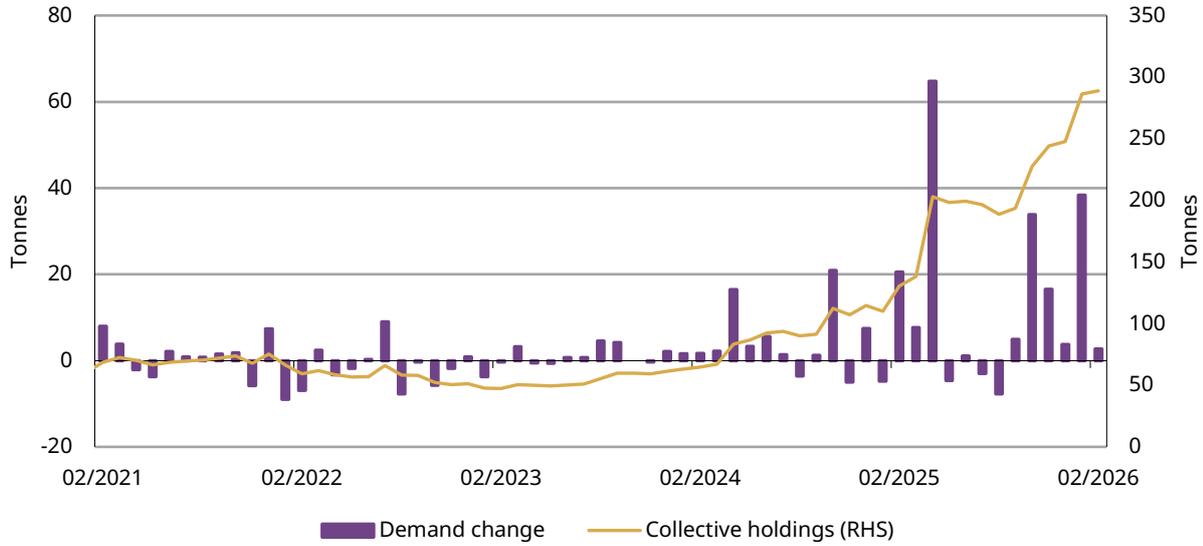
Inflows have accelerated so far in March, despite the gold price volatility. We believe rising safe-haven demand amid escalating global geopolitical tensions and a volatile equity market were main contributors.

1. The Chinese New Years holiday occurred between 15 and 23 February 2026.



Chart 3: Demand for Chinese gold ETFs continued in February

Chinese gold ETF demand and holdings in tonnes*

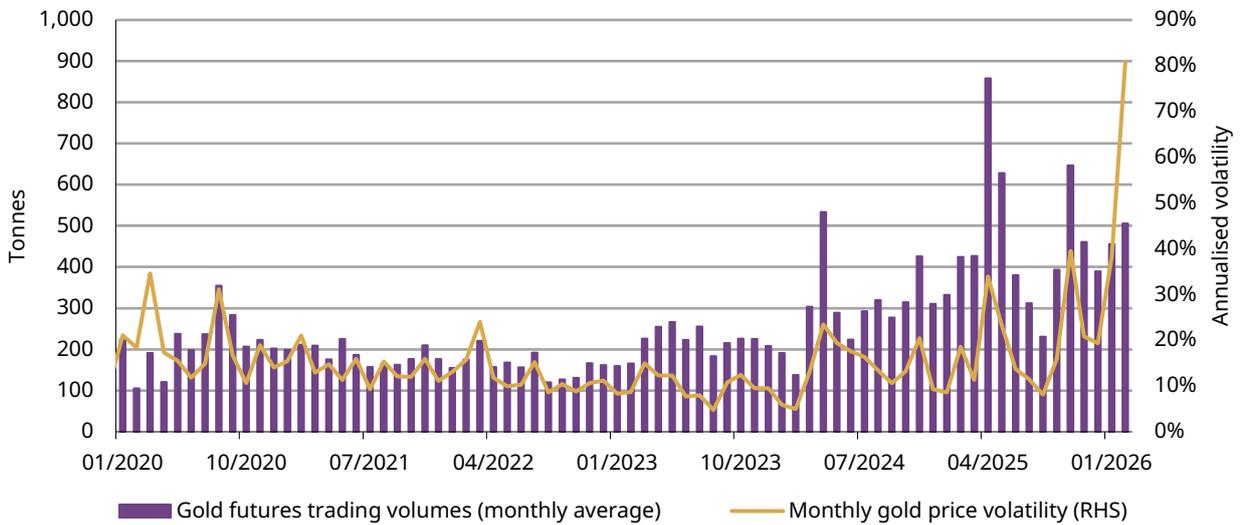


*Data to 27 February 2026.
Source: Company filings, World Gold Council

Trading volumes of gold futures on the Shanghai Futures Exchange (SHFE) averaged 505t per day, 11% higher m/m. The surging gold price volatility lifted tactical traders’ interest in gold futures; this was particularly evident in early February when both volatility and volumes spiked (Chart 4).

Chart 4: Trading volumes of gold futures rose in February

Daily average trading volumes of SHFE gold futures and the active gold futures price*



*As of 27 February 2026.
Source: Shanghai Futures Exchange, World Gold Council

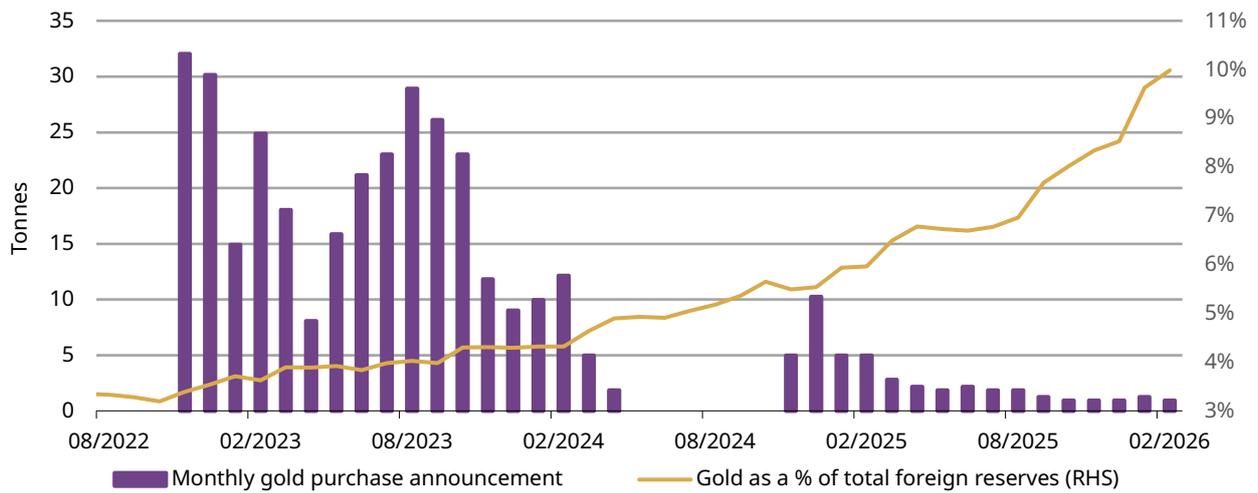


China's official gold holdings kept rising

The PBoC reported another 1t addition to gold holdings in February, pushing the total to 2,309t (**Chart 5**). This now represents 10% of foreign exchange reserves, which rose 0.9% m/m to US\$39tn. China's gold reserves have risen consecutively for 16 months, sending an important message: in today's world, gold's role as an effective portfolio diversifier and uncertainty cushion is highly relevant.

Chart 5: Another addition to China's gold reserves in February

The PBoC's reported gold purchases and gold's share of total foreign exchange reserves*



*Data to February 2026.
Source: State Administration of Foreign Exchanges, 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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