India gold market update
Recovery taking shape

WORLD GOLD COUNCIL

Highlights

- International and domestic gold prices[1] gained ground in August, partially reversing June's sharp correction after a period of stability in July
- Jewellery demand reportedly strengthened: consumers responded to lower and more stable prices, while retailers and manufacturers replenished inventories ahead of the festive season
- Investment demand remained steady; gold ETFs continue to attract inflows, bar and coin demand held up, albeit softer than the heightened levels seen earlier in the year
- Activity in the futures market picked up in July, lifting trading volumes and turnover
- Gold imports rebounded in July, signalling firmer demand conditions.

Looking ahead

- Demand conditions are improving, raising expectations of a stronger festive season. While elevated prices may continue to influence jewellery purchases, investment demand remains supportive.

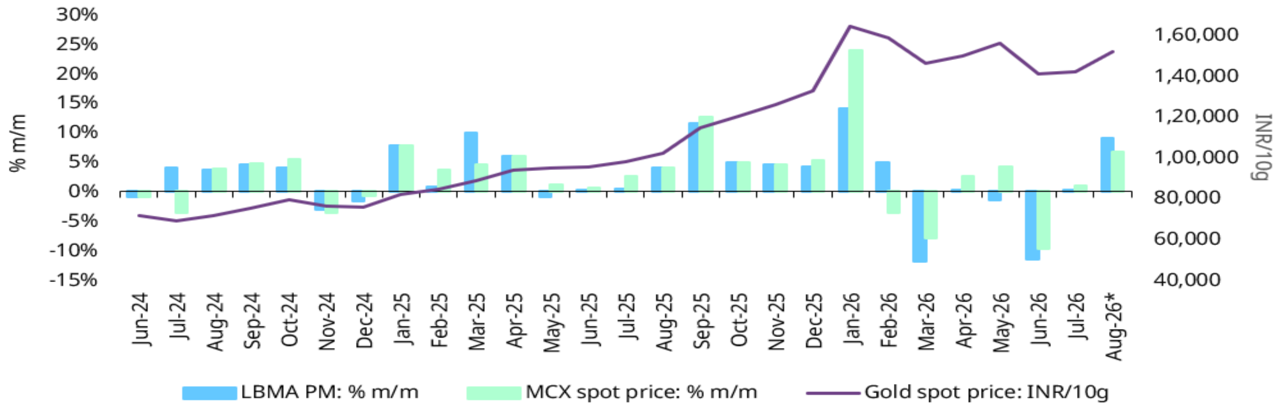
Correction gives way to recovery

Following a sharp price correction in June, gold prices stabilised during July before recovering in early August, reaching their highest levels in over two months. International gold price (LBMA Gold PM) rose 9% in the first two weeks of August to US$4,391/oz, while domestic prices gained nearly 7% to INR151,744/10g.[2] The appreciation of the INR against the US dollar partially offset the rise in the international price, limiting gains in domestic prices.

Shifting monetary policy expectations, a weaker US dollar, and renewed inflows into gold ETFs supported gold prices, contributing to the recent recovery in the gold market.

Chart 1: Gold regains ground

Month-end LBMA Gold Price PM and MCX spot gold price changes and movement*



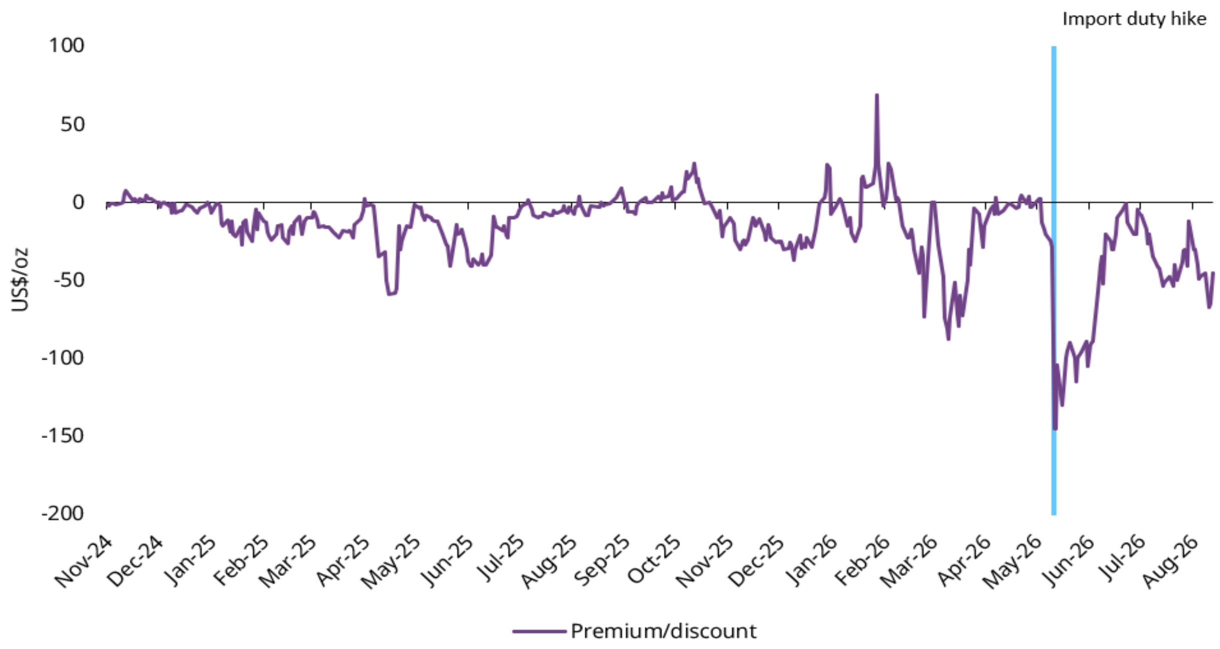
*As of 14 August, 2026. Source: Bloomberg, World Gold Council

1. LBMA Gold Price PM and MCX spot gold price as of 14 August 2026.
2. LBMA Gold Price PM and MCX spot gold price as of 14 August 2026.

Domestic gold prices remain below import parity,[3] indicating local supply availability. Market feedback suggests that the exchange of old gold for new jewellery has increased market supply and kept prices at a discount to the landed cost. While discounts narrowed meaningfully, from around US$100/oz in mid-May and early June, to about US$45/oz in mid-August, they remained above July's average US$34/oz.

Chart 2: Improving market balance trims discounts

NCDEX gold premium/discount relative to the official domestic price*



*As of 14 August 2026.
Source: NCDEX, World Gold Council

Buyers return

Jewellery demand has reportedly strengthened, as consumers viewed recent price action as a buying opportunity. Industry feedback suggests that deferred purchases returned to the market, resulting in higher footfall and a recovery in demand beyond essential wedding-related purchases. Manufacturers have reportedly begun receiving higher order flows, and inventory replenishment by jewellers has picked up ahead of the festive season, suggesting growing confidence in seasonal demand. Old gold exchange remains elevated and continues to play an important role in facilitating purchases.

Physical investment demand, while moderating from earlier highs, remained supportive during the period of price correction. Lower prices continued to attract investors seeking strategic exposure to gold, while the recent rebound appears to have revived interest.

Continued inflows into gold ETFs

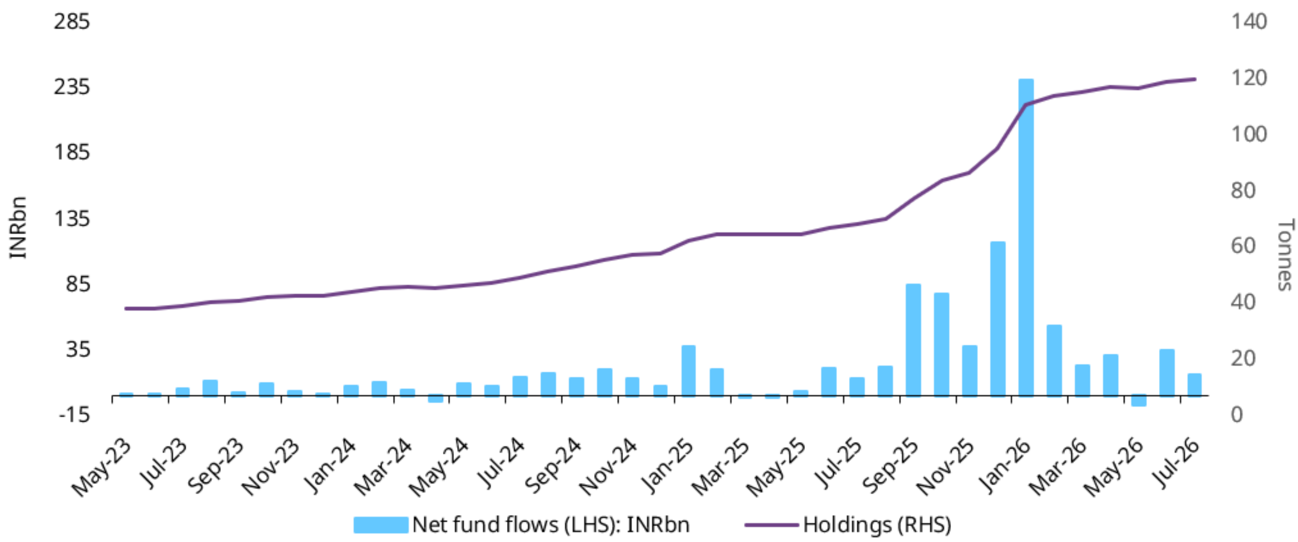
Indian gold ETFs continued to attract investor interest in July, albeit at a slower pace than in June. As per data from the Association of Mutual Funds of India (AMFI), net inflows totalled INR15.6bn (US$163mn) during the month, 55% lower m/m, while holdings increased by 1t to 120t, in line with our initial estimate. Total assets under management (AUM) rose 2% m/m to INR1,733bn(US$18.1bn). And positive flows are continuing; the first two weeks of August saw an estimated net inflow of INR11.79bn(US$124mn).

Investor participation also grew; a further 57k new folios (accounts) were added during July, taking the total number of accounts to 12.53mn.

3. Import parity or landed price is the international gold price (LBMA Gold Price AM) adjusted for import tax.

Chart 3: Steady ETF demand

Gold ETF flows in INRbn, and total holdings in tonnes*



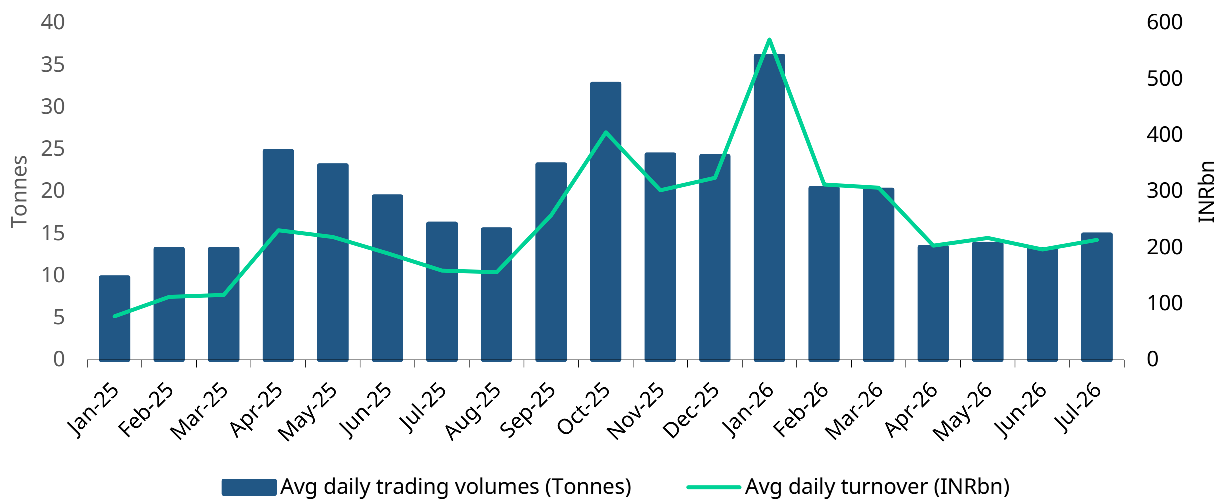
*As of end July 2026.
Source: AMFI, ICRA Analytics, CMIE, World Gold Council

Futures activity picks up

Following a softer April-June period, gold futures trading picked up in July, indicating greater trader participation and hedging activity as gold prices stabilised and began to recover. Average daily trading volumes on the Multi Commodity Exchange of India (MCX India) rose to 14.9t, up from an average 13.5t over the previous three months, while average daily turnover increased 9% m/m to INR214bn(US$2.2bn). Despite the improvement, activity remained below the earlier elevated levels: average daily trading volumes were 59% lower than January's peak and 8% below July 2025 levels. Turnover, however, was 35% higher y/y, reflecting the impact of higher gold prices on traded value.

Chart 4: Futures trading edges higher

Gold futures trading on MCX; volume and turnover



Source: MCX India, World Gold Council

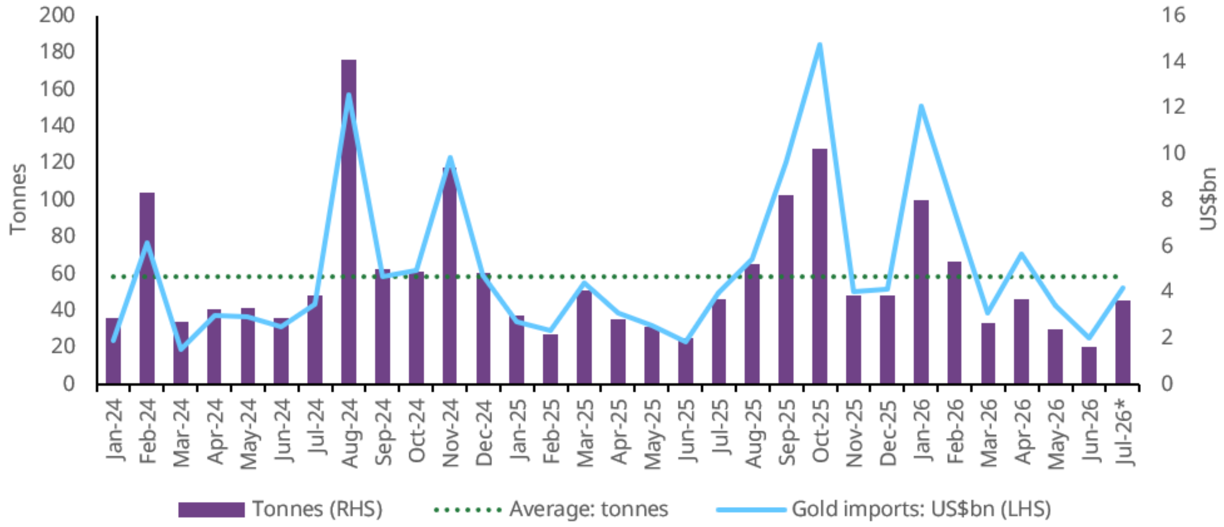
Imports rebound

Gold imports rebounded in July after two consecutive months of weakness, suggesting an improvement in demand and inventory replenishment by manufacturers and retailers ahead of the festive season. Import value rose to US$4.16bn, more than double June's US$1.97bn, while import volumes are estimated to have increased to 40-45t, up from 20t in June.

While recycled gold – primarily from the exchange of old gold jewellery for new – continues to supplement supply, the recovery in imports points to stronger physical demand compared with recent months. Despite the increase, gold's share of total merchandise imports remained relatively modest at 5%, compared with the average 11% during January-March.

Chart 5: Imports rise

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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