



Mr Ray Jia

CHINA GOLD MARKET UPDATE

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China's gold consumption has remained resilient in 2026. In H1, demand for gold jewellery and bullion investment rose 4% y/y to 450t, staying above the ten-year average of 428t. Bar and coin investment underpinned the strength in Chinese gold consumption during the first half. Jewellery demand, however, weakened further.

So far in Q3, investment demand has remained healthy, although momentum has moderated from earlier this year. While seasonal factors provided some support for jewellery demand, the sector stays tepid. China remained the world's largest source of gold demand, consuming 792t of gold jewellery and bullion in 2025 and accounting for 27% of the global total. However, China's per capita consumption on gold jewellery and bullion of 0.6g in 2025 trailed only ranked the 14th globally, suggesting substantial demand potential.

Chart 1: Chinese retail gold demand stays resilient in H1 2026

Gold demand (tonnage & value) by sectors in China*



*Based on quarterly average Au9999 prices.

Source: Metals Focus, Shanghai Gold Exchange, World Gold Council

Bar and coin demand overtook jewellery consumption for the first time ever in 2025. At 432t, bar and coin buying reached the highest annual total on record.

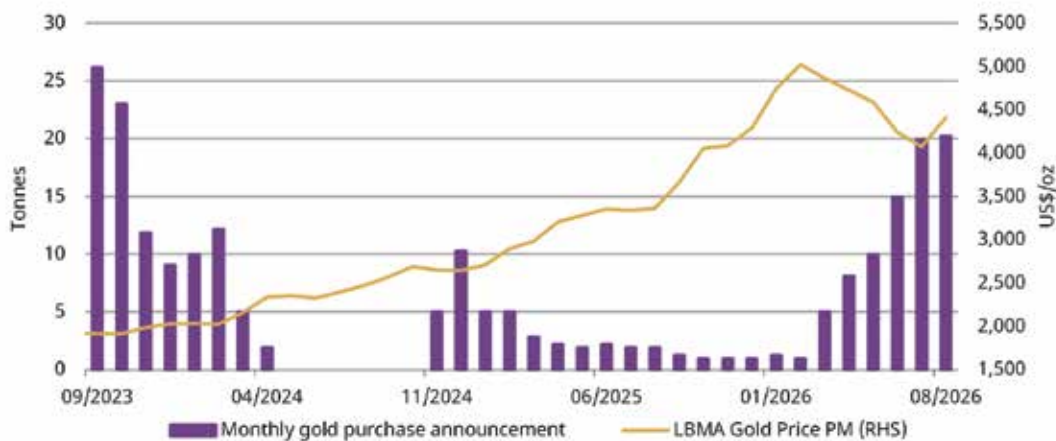
This was mainly supported by the rallying gold price, safe-haven buying, lower local yields and the weakening property sector – one of the major wealth-storing channels for Chinese households. Investors were further encouraged by successive announcements of buying by the PBoC. And the strong investment momentum carried into 2026, with bullion buying reaching a H1 record at 314t supported by similar factors seen in 2025

The investment strength was also reflected in notable Chinese gold ETF inflows. In 2025, Chinese investors bought a total of 133t of gold ETFs. And despite Q2's 21.8t outflow, Chinese gold ETFs have attracted 44.9t between January and August in 2026, pushing their total holdings to 248t.

During H1 2026, gold jewellery demand in tonnage terms declined 30% y/y yet consumption value rose 11% y/y. Consumers dialled back the weight of their gold jewellery purchases as the elevated gold price dented affordability amid their relatively fixed budget. While they went for lighter products, they continued to spend on gold jewellery, contributing to sustained revenue growth for the industry. Among the different categories of gold jewellery, Hard Pure Gold products stood out and kept outperforming others. These products, combining high affordability and innovative design features, continued to be favoured by young customers for self-indulgence and self-expression.

The PBoC was one of the biggest gold official buyers globally. It has accumulated 80t of gold between January and August this year, pushing the total official gold holdings to 2,387t, 9% of total foreign exchange reserves. Notably, August's reported purchase of 20.2t was the largest since October 2023, also marking the 22th consecutive monthly addition. Over the past 22 months, the PBoC's reported gold purchase reached 122t.

Chart 2: 22 months of non-stop PBoC gold accumulation
The PBoC's reported gold purchases monthly*



*Data to August 2026.

Source: State Administration of Foreign Exchanges, World Gold Council

Looking ahead, the divergence between resilient bullion investment and softer jewellery demand in tonnage terms is expected to persist through the rest of this year. Elevated gold prices should they persist, declining local yields amid growth uncertainties, diversification needs from investors and unresting geopolitical risks are likely to deepen the divergence. Meanwhile, we expect the traditional peak season of gold jewellery in Q4 may provide some seasonal support and consumers' interest / spending in gold jewellery to continue to rise.

