

China gold market update

A strong start to 2026

Highlights

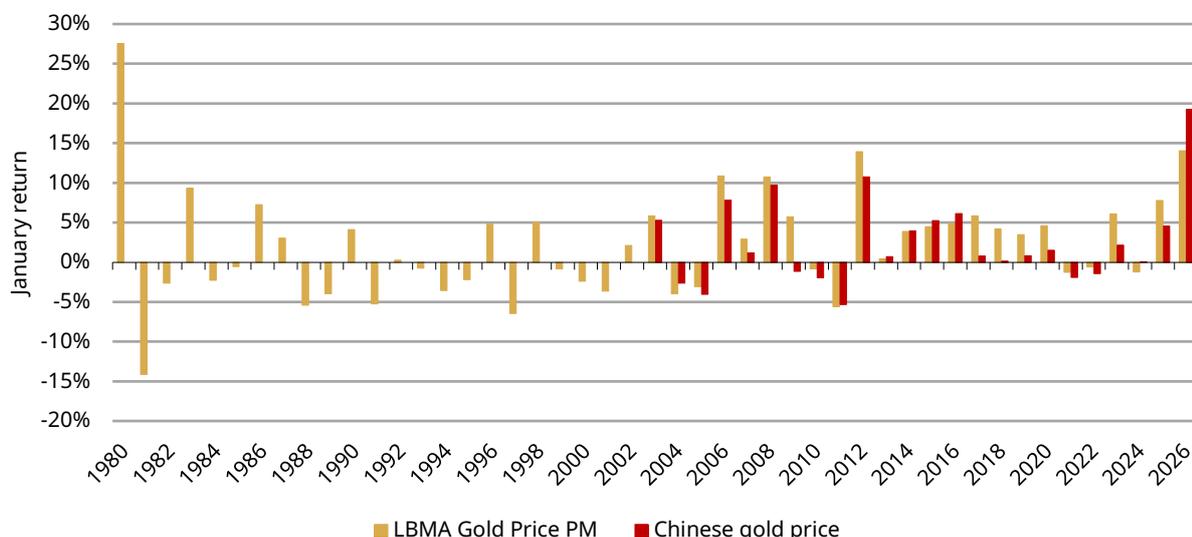
- Gold started 2026 strongly: the LBMA Gold Price PM in USD recorded its highest January since 1980 while the Shanghai Benchmark Gold Price PM (SHAUPM) in RMB saw the strongest start to a year ever...
- ...and while gold pulled back at the end of January and early February, it has found support around key thresholds – US\$5,000/oz and RMB1,000/gram – as consumers and investors may have bought on dips
- Wholesale demand was robust – withdrawals from the Shanghai Gold Exchange (SGE) totalled 126t in January, a mild 1t y/y increase and 11t higher m/m – thanks to strong bullion sales and jeweller restocking activity ahead of the Spring Festival
- Chinese gold ETFs added RMB44bn (US\$6.2bn, 38t) in the month, the strongest start to a year on record; assets under management (AUM) and holdings reached all-time highs
- The People’s Bank of China (PBoC) continued to report gold purchases, pushing holdings 1.2t higher to 2,308t, with gold making up 9.6% of total reserve assets.

Looking ahead

- With the Chinese New Year holiday approaching (15 to 23 February), both gold jewellery demand and bullion investment may improve supported by self-rewarding and gifting-related purchases. That said, the elevated gold price could continue to cap jewellery consumption in volume terms
- Recent rapid gold price swings have spurred stronger activity in both bullion buying and gold recycling, with an increasing number of consumers exchanging old jewellery for new. We expect this to continue, contributing to higher liquidity in China’s gold market.

Chart 1: Despite month-end volatility gold prices started 2026 at levels unseen in decades

January returns of Chinese gold prices in RMB and LBMA Gold Price PM in USD*



*Chinese gold price based on the SHAUPM between 2017 and 2026 and the Au99.99 between 2003 and 2016.
Source: Shanghai Gold Exchange, ICE Benchmark Administration, World Gold Council



A strong but turbulent start to the year

Gold experienced one of its strongest January in decades (**Chart 1, p1**). It continually broke new ground, reaching 11 all-time highs during January and breaching decisively through key thresholds. Overall, the LBMA Gold Price PM in USD and the SHAUPM in RMB rose 14% and 19%, respectively, in the month. However, following a rapid ascent for most of January, gold pulled back by the end of the month – likely impacted by a positive market reception of the Trump-nominated Fed Chair candidate, Kevin Warsh, followed by momentum-driven sales, and to some extent, selloff in other commodities such as silver.

Gold dipped briefly below US\$4,500/oz (nearing RMB1,000/gram) in early February, but has moved back above US\$5,000/oz (RMB1,100/gram). ¹ Consumers and investors have likely taken advantage of the lower price levels to enter the market, especially since the more fundamental factors driving demand for the past year, remains in place.

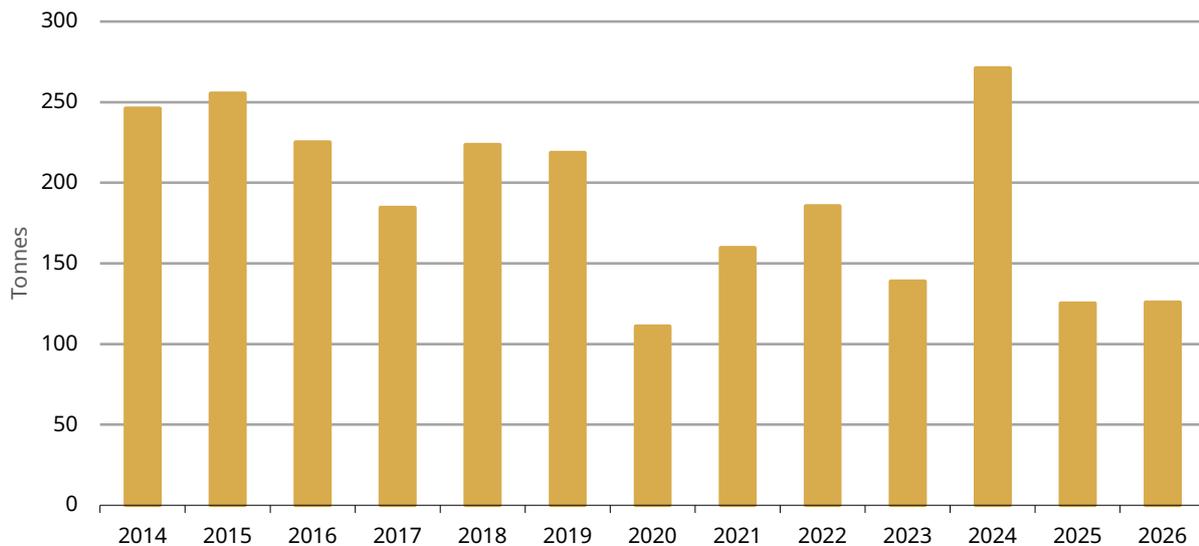
Wholesale gold demand could have been stronger

Banks, jewellery manufacturers and refiners withdrew 126t gold from the SGE during January, broadly in line with January 2025 and 11t higher m/m (**Chart 2**). We believe strong bullion sales, supported by the gold price rally and jeweller restocking ahead of the Spring Festival holiday – particularly during month end as they took advantage of the price dip – helped support demand.

That said, the rapid price surge and rising volatility left some investors and retailers hesitant, worried about a price correction and the risk of holding such a high-cost investment/inventory. These, among other factors, prevented wholesale demand from climbing higher and led to a 10% y/y fall in withdrawals per trading day.

Chart 2: January wholesale gold demand on a par with 2025

Monthly gold withdrawals from the SGE



Source: Shanghai Gold Exchange, World Gold Council

A strong start for Chinese gold ETFs

Chinese gold ETFs expanded by RMB44bn (US\$6.2bn) in January, the second strongest month ever. The fifth consecutive monthly inflow and a higher gold price pushed total AUM to RMB333bn (US\$36bn), 38% higher m/m and an all-time high (**Chart 3, p3**). Holdings jumped 38t to 286t, setting another record.

The powerful gold price rally drew strong investor interest. Meanwhile, declining local yields – amid a targeted rate cut and intensifying expectations of monetary easing – as well as elevated global and regional geopolitical uncertainties, further boosted gold ETF appeal. In addition, we have noted a growing allocation by local institutional investors whose participation in the market had previously been limited; we view this growth as likely driven by the above-mentioned factors.

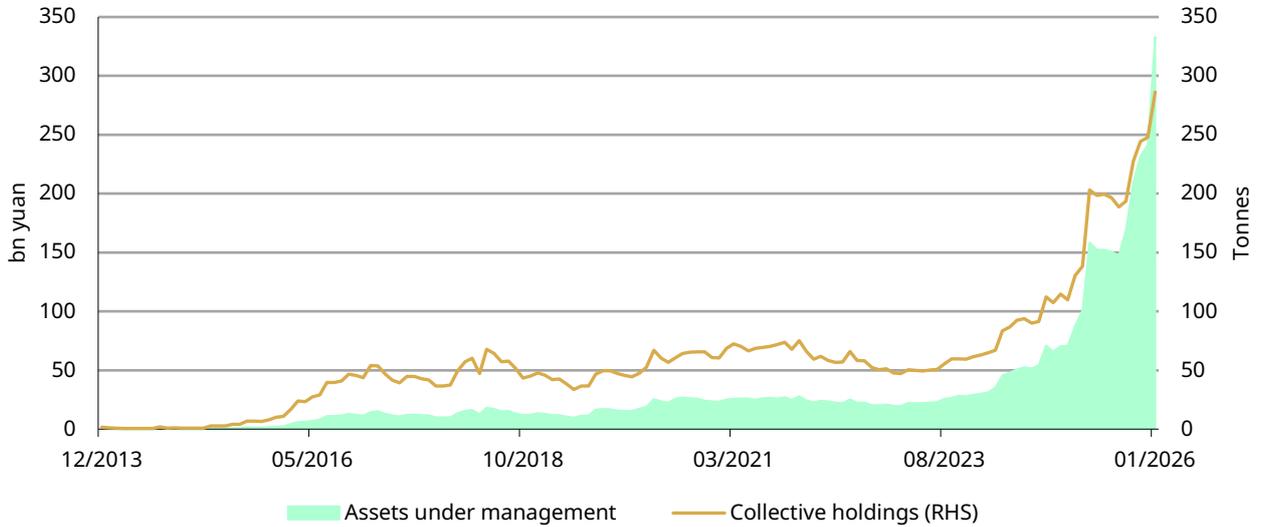
1. Based on movements in XAU in USD and Au9999 in RMB.



Early data suggests that Chinese gold ETFs saw outflows in the first few days of February as the price fell, but demand has picked up in the days since.

Chart 3: Chinese gold ETFs' AUM and holdings reached new all-time highs

Chinese gold ETFs' total AUM in bn yuan and holdings in tonnes*

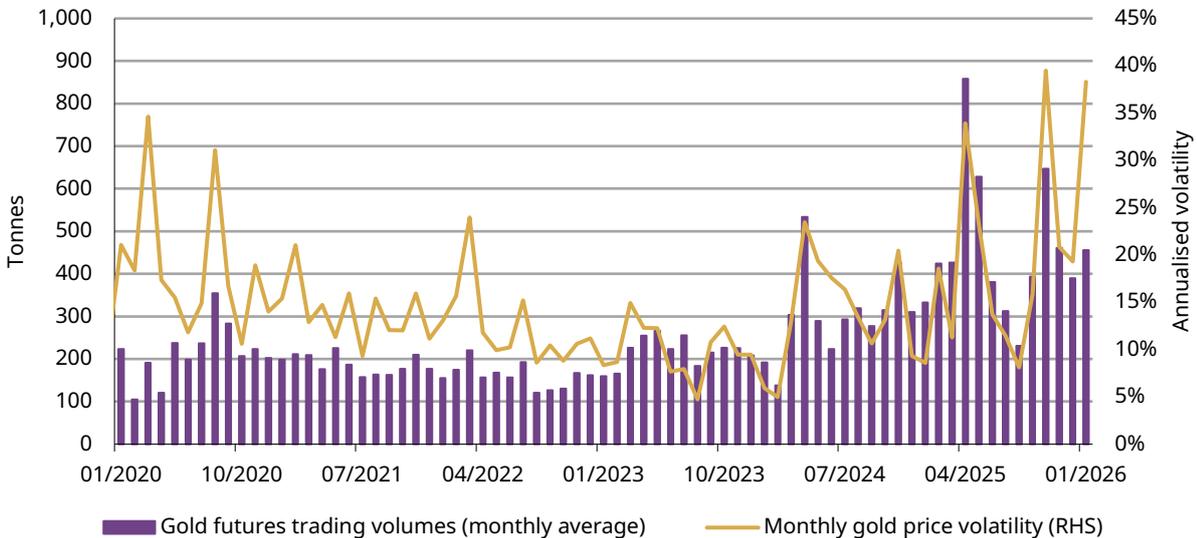


*Data to 31 January 2026. Source: Company filings, World Gold Council

Gold futures trading on the Shanghai Futures Exchange was also active, averaging 456t per day in January. The strong gold price rally and heightened volatility attracted attention, pushing gold futures volumes 17% higher m/m – 72% above their five-year average (Chart 4).

Chart 4: Gold futures trading activity rose in January

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



*As of 31 January 2026. Source: Shanghai Futures Exchange, World Gold Council

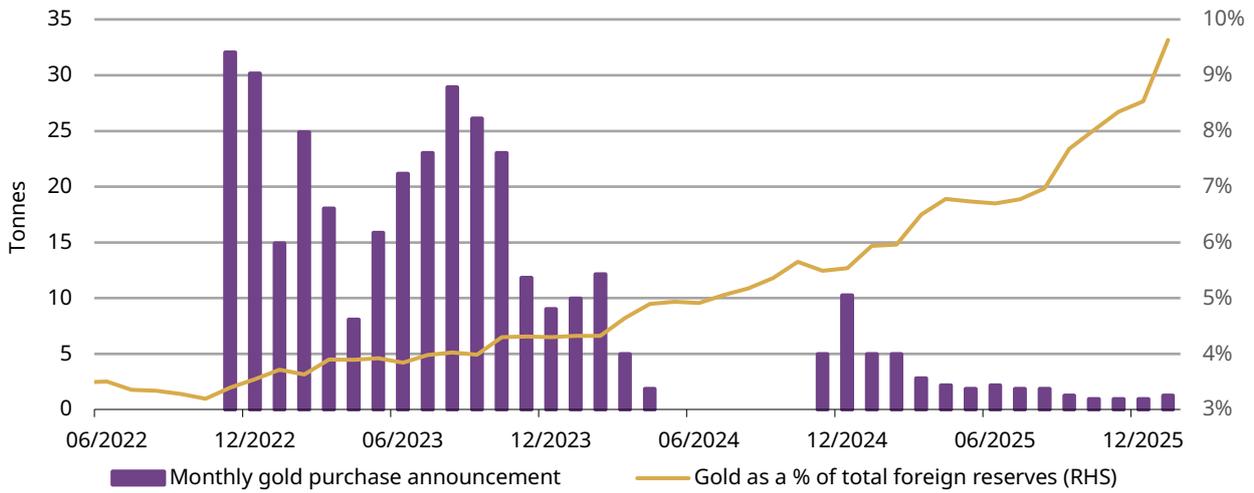


China's gold purchasing streak goes on

In the face of January's record-shattering gold price, the PBoC announced its 15th consecutive monthly gold reserve increase, adding 1.2t to its official holdings (**Chart 5**). This brings the official gold holdings to 2,308t, 9.6% of total reserve assets. The PBoC's continued gold purchases – and robust gold buying from global central banks – sends a vital message: in a world characterised by elevated geopolitical risks and policy uncertainties on various fronts, central banks' steady accumulation underscores gold's enduring role as a hedge against systemic risks.

Chart 5: No pause in the PBoC's gold purchasing streak

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





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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