

China gold market update

November demand feels the VAT reform

Highlights

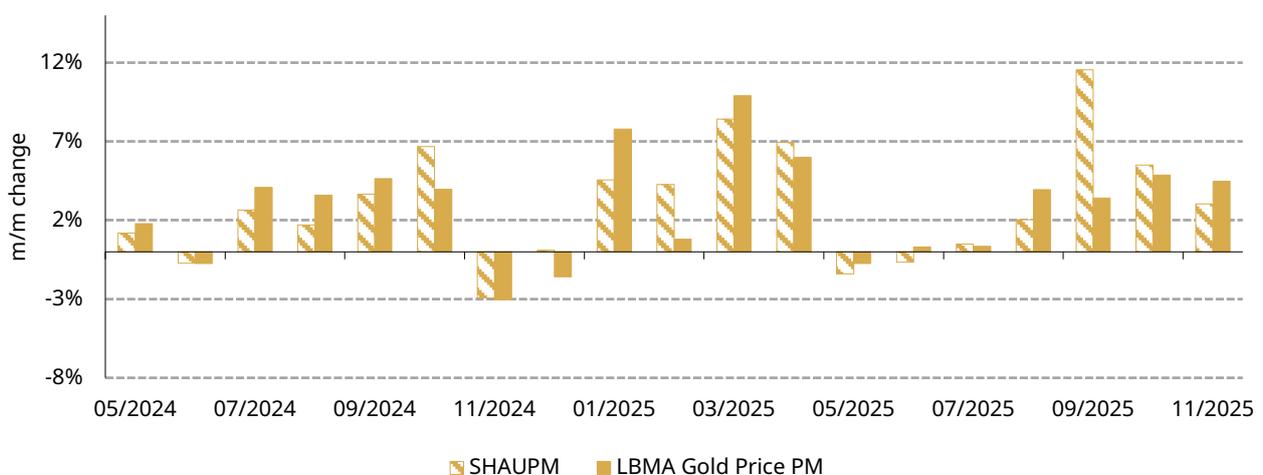
- Gold rose further: The LBMA Gold Price PM in USD saw its sixth monthly gain whilst the Shanghai Benchmark Gold Price PM (SHAUPM) in RMB rose for the fifth consecutive month
- Wholesale gold demand fell 32% m/m to 84t in November amid weakness in the gold jewellery sector
- Chinese gold ETFs continued to see sizable inflows, attracting RMB16bn (US\$2.2bn, 17t); gold futures volumes at the Shanghai Futures Exchange (SHFE) fell alongside the falling gold price volatility
- The People’s Bank of China (PBoC) reported its 13th consecutive monthly gold purchase: it added another 0.9t in November, lifting its total to 2,305t, 8.3% of China’s foreign exchange reserves.

Looking ahead

- The recent VAT reform has accelerated consolidation in the gold jewellery industry, hampering consumption and, in all probability, continuing to hurt sales in the near future. But we believe by forcing out stores with weak financial strength and product power, the industry will be leaner, healthier. And that jewellers will re-focus efforts on the “jewellery” aspect of gold jewellery.
- Investment momentum has been notable over recent months and previous drivers, including changes in local equity performance, geopolitical tensions and the gold price, will continue to be key. Two trends are relatively certain: bullion sales will be more concentrated in SGE member channels, and ‘would-be’ gold jewellery buyers with investment motives will migrate to investment products in the face of higher tax burdens on gold jewellery.

Chart 1: Global gold prices kept climbing in November

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



*Data to 30 November 2025.
Source: Shanghai Gold Exchange, World Gold Council



Gold kept climbing

Global gold prices continued to trend up (**Chart 1, p1**). Intensifying investor expectations of a Fed rate cut in December, among other factors, lifted gold. The LBMA Gold Price PM in USD was 4.5% higher in November (+61% y-t-d) and the Shanghai Benchmark Gold Price PM (SHAUPM) in RMB climbed 3% (+54% y-t-d) – the appreciating RMB against the dollar and weakening local demand limited its gain.

Wholesale gold demand weakened by the recent VAT change

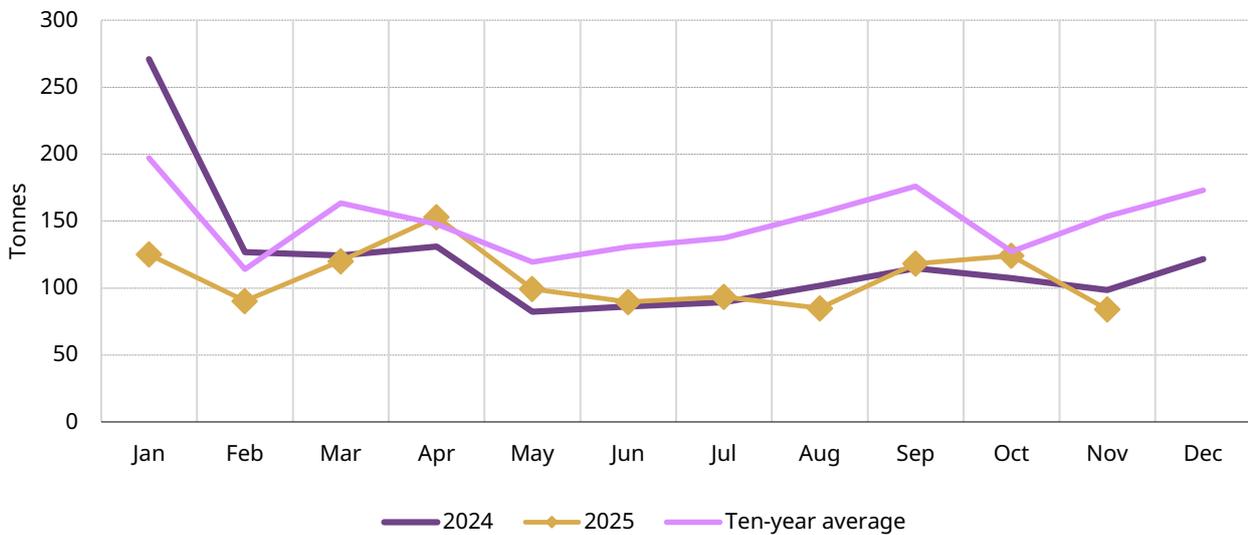
Gold withdrawals from the SGE – a proxy for wholesale gold demand in China – fell 32% m/m and 15% y/y to 84t last month (**Chart 2**), the weakest November since 2009. Historical patterns suggest gradual pick ups in wholesale gold demand after October, yet November this year showed unseasonable weakness. This is likely due mainly to a significantly weakened gold jewellery sector: impacted by the recent VAT reform, rising gold jewellery costs have deterred consumers and subdued retailer restocking activity – as detailed in our blog.

In contrast, bullion sales from SGE member channels – which are not impacted by the VAT change – stayed healthy in the month, although insufficiently to offset jewellery weakness. We believe investment strength comes from:

- Previous gold jewellery buyers with investment motives who are turning to gold bars and coins in the face of additional tax burdens
- Rising safe-haven demand amid intensifying geopolitical tensions between China and Japan, as well as local equity pullbacks
- Gold’s continued price strength
- The PBoC’s consistent record of gold purchases.

Chart 2: Wholesale gold demand weakened in November

Monthly gold withdrawals from the SGE*



*The 10-year average is based on data between 2015 and 2024. Source: Shanghai Gold Exchange, World Gold Council

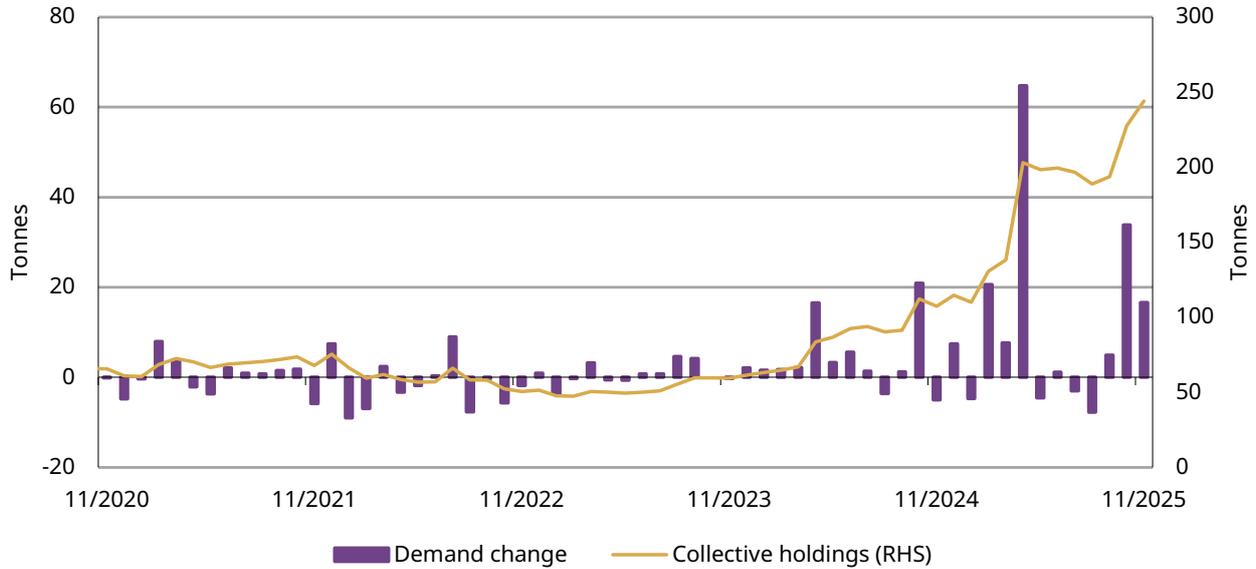
Chinese investors continue to buy gold ETFs at pace

Chinese gold ETFs attracted RMB16bn (US\$2.2bn, 17t) in November, their third consecutive monthly inflow and well above the 2024 monthly average of RMB2.6bn. Chinese gold ETFs’ total AUM rose 10% m/m to RMB231bn (US\$29bn) whilst holdings climbed 7% to 244t, both refreshing their month-end records (**Chart 3**). We believe this gold ETF buying strength was driven by similar factors to those supporting bullion sales, as noted above.



Chart 3: Chinese gold ETF demand remained elevated in November

Monthly Chinese gold ETF demand and month-end holdings*

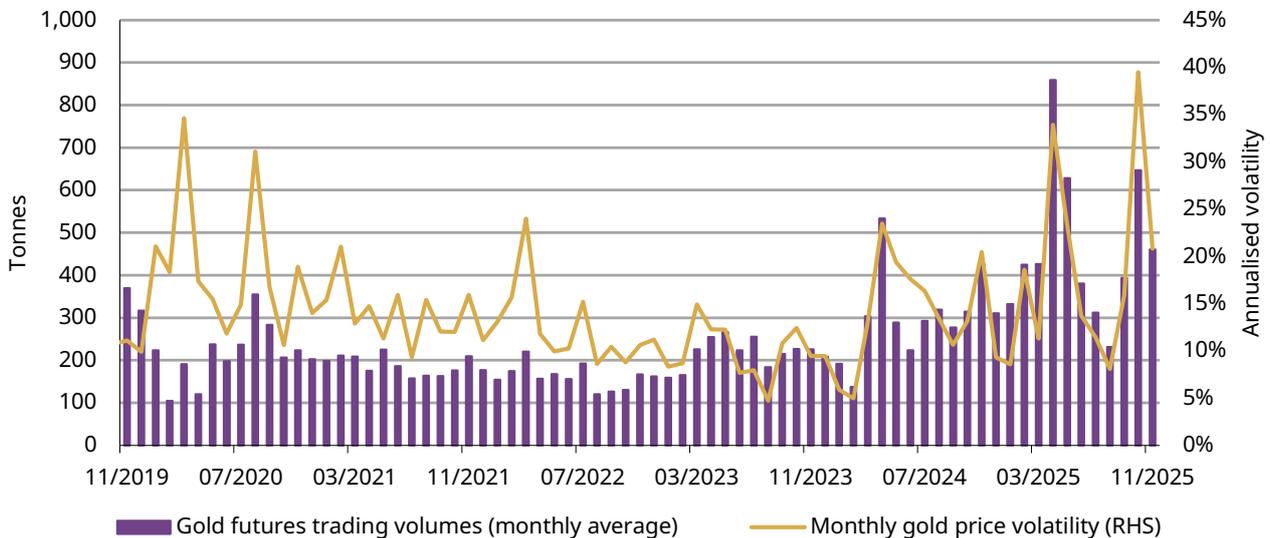


*Data to 30 November 2025.
Source: Company filings, World Gold Council

Gold futures trading volumes fell 29% m/m to 461t/day on average in November – mainly due to the lower gold price volatility. Despite the pullback, volumes remain well above the 2024 average of 302t/day (Chart 4). So far in 2025 gold futures volumes have averaged 463t/day, notably higher than the five-year average of 216t/day between 2020 and 2024.

Chart 4: Gold futures volumes pulled back m/m yet stayed elevated

Daily average trading volumes of SHFE gold futures and monthly gold price volatility*



*As of 30 November 2025. The monthly gold price volatility is based on the daily gold price change in the active SHFE gold futures.
Source: Shanghai Futures Exchange, World Gold Council

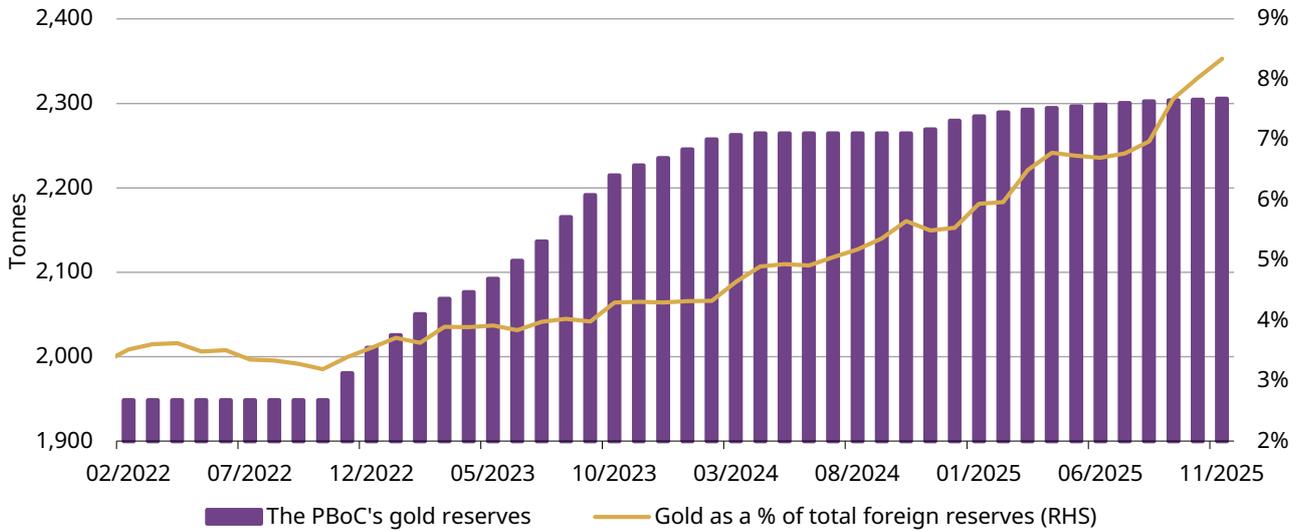
China’s gold reserves rose further

The PBoC announced a 0.9t addition to China’s official gold holdings in November (Chart 5), pushing the total to 2,305t. Y-t-d China has reported 26t of official gold purchases, lifting gold’s share in the country’s total foreign exchange reserves from 5.5% in December 2024 to 8.3% in November this year – supported by the central bank’s continued accumulation and the gold price surge.



Chart 5: The PBoC's gold purchasing streak extended to 13 months

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



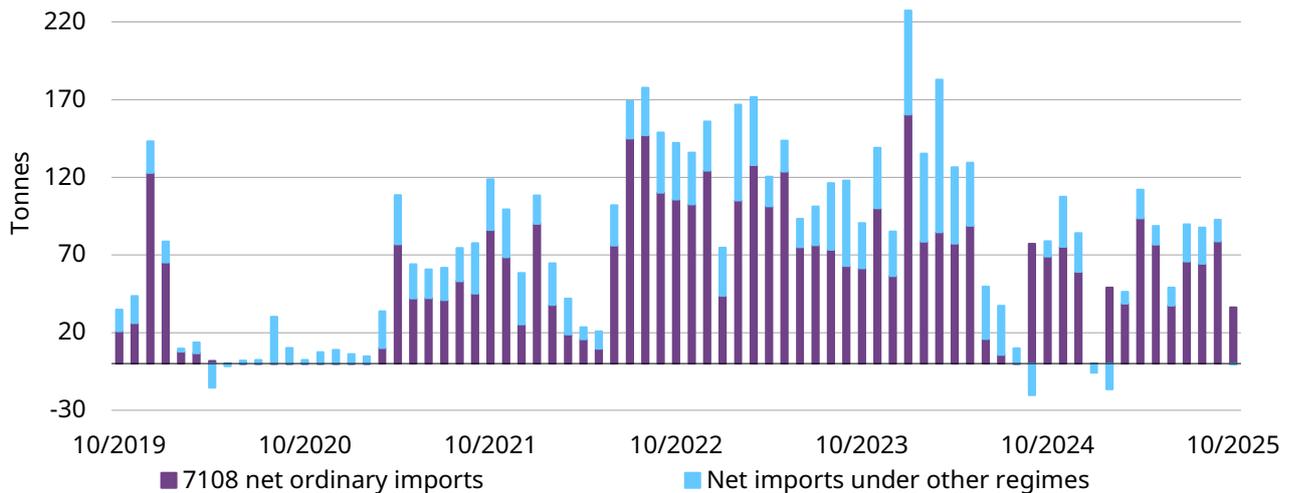
*Data to November 2025. Gold's share calculated based on the value terms of gold and the total foreign exchange reserves as shown here: [官方储备资产（2025年）外汇储备](#) 国家外汇管理局门户网站
Source: State Administration of Foreign Exchanges, World Gold Council

Imports fell in October

On a net basis China imported 36t of gold in October (Chart 6), 57t lower m/m and 43t down y/y. Fewer working days weighed on imports amid the eight-day National Day Holiday and Mid-Autumn Festival. In addition, the Shanghai-London gold price spread was negative for half of the month, further deterring importers. And the general weakness in the gold jewellery sector so far this year has kept imports low compared to previous years.

Chart 6: Gold imports fell notably in October

Net 7108 gold imports under various regimes*



*Based on the latest data available. Data to October 2025.
Source: China Customs, World Gold Council



World Gold Council

We are a membership organisation that champions the role gold plays as a strategic asset, shaping the future of a responsible and accessible gold supply chain. Our team of experts builds understanding of the use case and possibilities of gold through trusted research, analysis, commentary and insights.

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

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