Gold Demand Trends: India Focus
Q3 2026

Demand gains ground from Q2; spending firm

Indian gold demand strengthened from Q2, but high prices constrained volumes: Q3 demand rose 24% q/q to 162t but remained 29% lower y/y and 12% lower y-t-d. Spending was more resilient, rising 3% y/y and 38% y-t-d

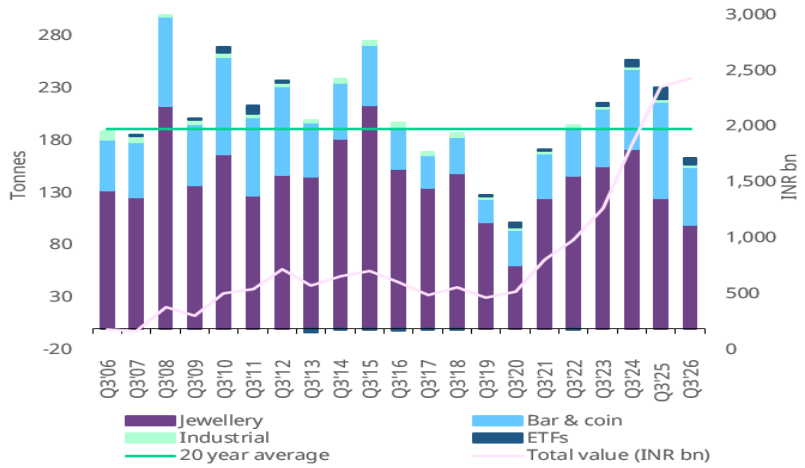
Jewellery led the sequential recovery: demand rose 33% q/q to 100t, supported by seasonal buying and softer late-quarter prices, but remained 20% lower y/y and 18% lower y-t-d

Investment demand normalised from last year's exceptional levels: bar and coin demand rose 9% q/q to 55t but fell 40% y/y against a very strong base; ETF demand strengthened to 5.3t from 3.6t in Q2

Supply channels shifted: official bullion imports fell sharply and recycling remained muted, while preliminary estimates point to increased unofficial inflows.

Chart 1: Softer volume, stronger value

Q3 Indian gold demand in tonnes and INRbn*



*Data as of 30 September 2026.
Source: ICE Benchmark Administration, Metals Focus, World Gold Council

Highlights

Despite some easing, domestic gold prices remained around 45% higher y/y, influencing demand and spending.

Outlook
Seasonal buying should support overall Q4 demand, although jewellery volumes may remain constrained by high prices and investment demand sensitive to price momentum.

For more information please contact: research@gold.org

Lower volume, higher value

India's gold market improved from the subdued second quarter, with sequential growth across all segments, albeit to varying degrees. Total demand rose 25% q/q to 162t in Q3, led by a seasonal pick-up in jewellery demand. However, demand remained 29% below Q3'25, reflecting a high base and continued affordability pressures from elevated domestic gold prices.

The divergence between volume and value persisted during the quarter. Despite the sharp y/y decline in Q3 tonnage, the value of demand rose 3% to INR2,419bn (US$25bn). The same pattern was evident over the first nine months of 2026; demand fell 12% to 444t, while value increased 38% to INR6,688bn (US$71bn). This suggests that consumers and investors continued to allocate substantial sums to gold even as higher prices resulted in lower quantities purchased.

During Q3 the gold price continued to ease from its January peak. The international price[1] averaged US$4,262/oz, down 5% q/q but up 23% y/y. Domestic prices were firmer, averaging INR148,891/10g,[2] down 1% q/q and up 45% y/y, supported by INR weakness and the higher import duty. Domestic prices traded at a discount to import parity[3] during the quarter, attributed to an increase in unofficial inflows post the duty hike, as well as to old gold supply. The discount averaged US$43/oz in Q3, the highest quarterly level on record.

Table 1: India gold demand by sector: quarterly and y-t-d

		Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26	q/q % change	y/y % change	YTD'25	YTD'26	y/y % change
Jewellery	Tonnes	81.6	88.8	125.0	145.3	66.1	75.1	99.9	33	-20	295.4	241.1	-18
	INRbn	680.5	842.0	1,278.6	1,827.6	999.2	1,132.1	1,487.0	31	16	2,801.2	3,618.3	29
	US$bn	7.9	9.8	14.7	20.5	10.9	12.0	15.6	30	6	32.3	38.4	19
Bar and coin	Tonnes	46.7	46.1	91.6	96.0	62.3	50.3	55.0	9	-40	184.4	167.5	-9
	INRbn	389.0	437.6	937.4	1,207.0	941.3	757.5	818.9	8	-13	1,764.0	2,517.7	43
	US$bn	4.5	5.1	10.7	13.5	10.3	8.0	8.6	7	-20	20.3	26.9	32
ETFs	Tonnes	6.7	2.3	10.7	17.6	19.9	3.6	5.3	46	-50	19.7	28.8	47
	INRbn	55.9	21.3	109.4	221.3	300.2	54.9	78.9	44	-28	186.7	434.0	133
	US$bn	0.6	0.2	1.3	2.5	3.3	0.6	0.8	43	-34	2.1	4.7	118
Industrial	Tonnes	2.5	2.0	2.5	3.0	2.3	1.9	2.3	22	-7	6.9	6.5	-7
	INRbn	20.6	18.7	25.4	37.7	34.6	28.4	34.2	21	35	64.7	97.2	50
	US$bn	0.2	0.2	0.3	0.4	0.4	0.3	0.4	20	23	0.7	1.0	39
Total demand	Tonnes	137.4	139.1	229.8	261.9	150.6	130.9	162.5	24	-29	506.4	443.9	-12
	INRbn	1,146.0	1,319.7	2,350.9	3,293.6	2,275.3	1,972.8	2,419.0	23	3	4,816.5	6,667.2	38
	US$bn	13.2	15.4	26.9	36.9	24.9	20.8	25.3	22	-6	55.6	71.0	28
RBI purchase	Tonnes	3.4	0.4	0.2	-	0.1	0.2	-			4.0	0.3	-92
Digital gold^	Tonnes	2.8	3.0	3.4	4.3	6.5	4.8	4.9	2	44	9.2	16.3	76
LBMA Gold Price PM (Average)	US$/oz	2,860	3,280	3,457	4,135	4,873	4,506	4,262	-5	23	3,199	4,547	42
MCX spot gold price (Average)	INR/10g	83,375	94,876	1,02,287	1,25,742	1,51,105	1,50,745	1,48,891	-1	45	93,513	1,50,247	61

*Data to 30 September 2026. Value based on MCX spot gold price.
^Digital gold gross purchase
Source: Metals Focus, Bloomberg, RBI, NPCI, World Gold Council

1. LBMA Gold Price PM.
2. MCX Spot Gold Price.
3. International price adjusted for import tax.

Jewellery buying shows sequential momentum

Following a subdued Q2 jewellery demand strengthened 33% q/q to 100t (Chart 2), supported by a pullback in gold prices late in Q3, which encouraged some deferred purchases. Wedding and festive buying also supported demand, particularly in South India, where key festivals fell in August.[4] However, demand remained 20% lower y/y, as elevated gold prices continued to weigh on affordability. The decline also reflected a shift in the festive calendar, with festivals that supported demand in Q3 last year occurring in the October–December quarter this year.

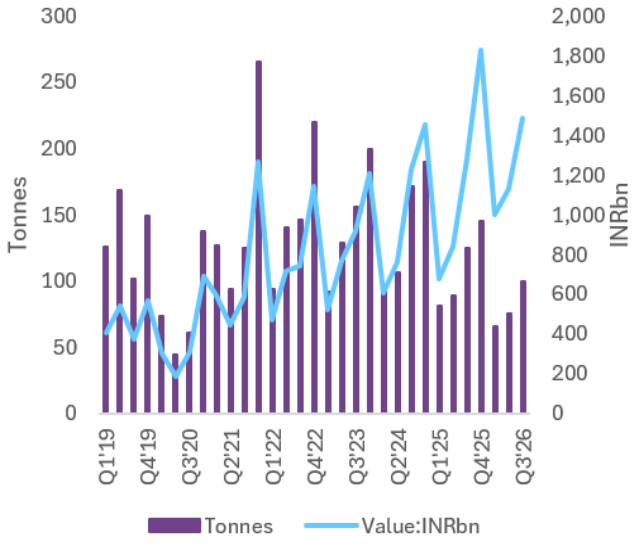
Spending continued to outpace volumes. Despite lower volumes, jewellery demand value in Q3 rose 16% y/y to INR1,487bn (US$16bn) and 31% q/q. Revenue growth reported by listed jewellers in July–September similarly points to value growth continuing to outperform.

This divergence has also been evident during the first nine months of this year, when jewellery demand fell 18% y/y to 241t, while spending rose 29% to INR3,618bn (US$38bn). The increase in value was entirely price-led; consumers spent more despite buying less gold.

India remained the world's largest jewellery market (Chart 3), accounting for 32% of global jewellery consumption in Q3 and 27% over the first nine months of 2026.

Chart 2: Jewellery spending grows, volumes improve

Quarterly Indian jewellery demand, tonnes and INRbn*

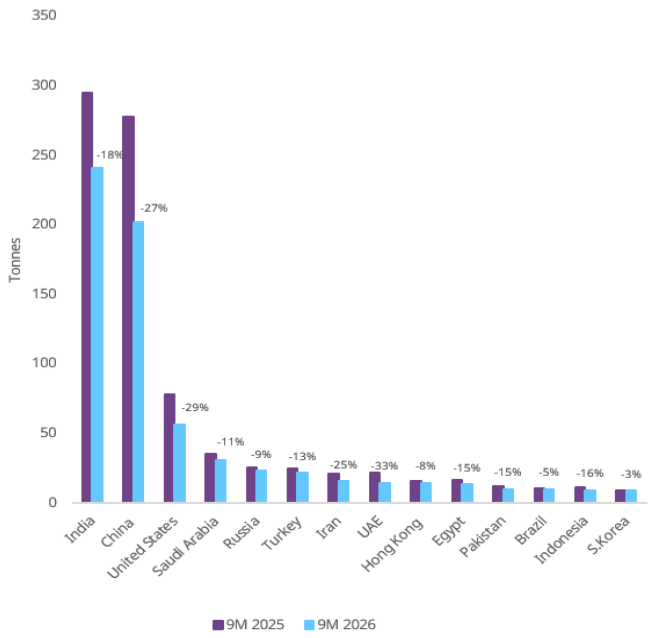


*Data to 30 September 2026.
Source: Metals Focus, World Gold Council

Retailer restocking and rising footfall point to stronger jewellery demand in Q4's peak festive and wedding season. Softer prices should support buying, though affordability pressures may still constrain volumes.

Chart 3: India drives jewellery demand

Y-t-d jewellery demand in key markets, tonnes and % change*



*Data to 30 September 2026.
Source: Metals Focus, World Gold Council

Investment demand cools but stays resilient

Investment demand moderated in Q3 from the strong levels seen in H2'25 and Q1'26 as earlier price momentum faded. Nevertheless, demand improved 12% q/q to around 60t, indicating continued investor interest. The pronounced tilt towards investment seen in Q1 – when investment demand overtook that of jewellery – also receded, with investment accounting for around 42% of net demand[5] in Q3, down from 69% in Q1.

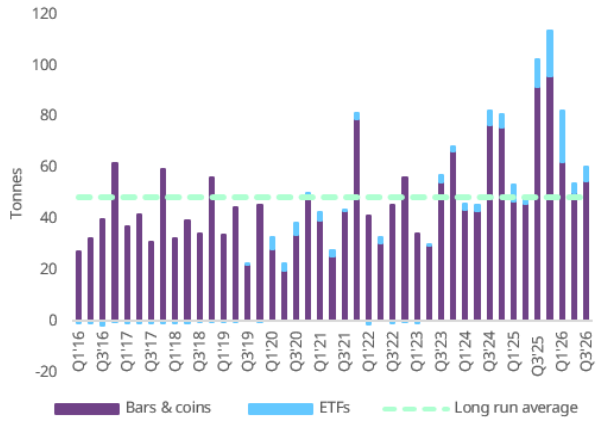
Investment demand has, however, proved relatively resilient. In the first nine months of this year it declined just 4% y/y, compared with an 18% fall in jewellery demand, suggesting that investment buying has been less affected by elevated gold prices.

4. Onam and Varalakshmi fell in August.

5. Net demand comprises net investment demand and net jewellery demand, with jewellery demand adjusted to exclude gold sold for cash.

Chart 4: Investment demand normalises

Quarterly Indian bar and coin and ETF demand, tonnes*



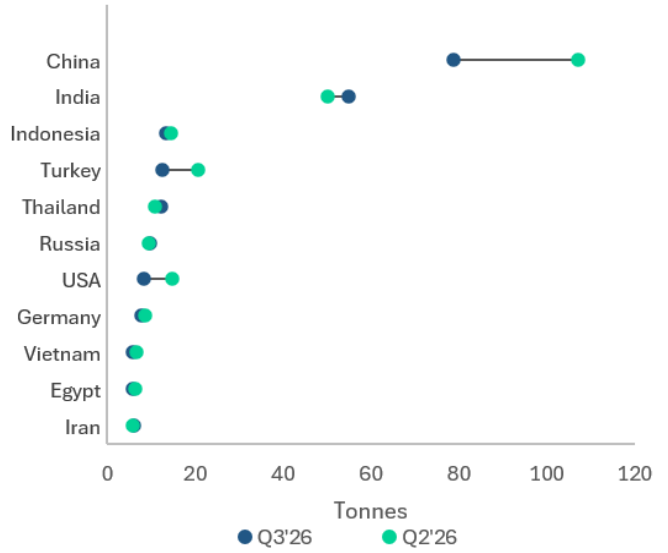
*Data to 30 September 2026.
Source: Metals Focus, World Gold Council

Bars and coins remained the largest investment channel **(Chart 4)**, with demand rising 9% q/q to 55t, but falling 40% y/y. The decline partly reflected a particularly high base and some normalisation in investor buying as the price momentum eased. The nine-percentage point increase in the gold import duty in May likely also had a bearing on demand. Our econometric models[6] suggest that bar and coin demand is relatively more sensitive to duty changes and income, with higher duties and restrictions tending to weigh on demand.

Despite the decline, India remained the world's second-largest bar and coin market after China **(Chart 5)**, accounting for around 21% of global Q3 demand.

Chart 5: India remains a leading market

Bar and coin demand in selected countries, tonnes*



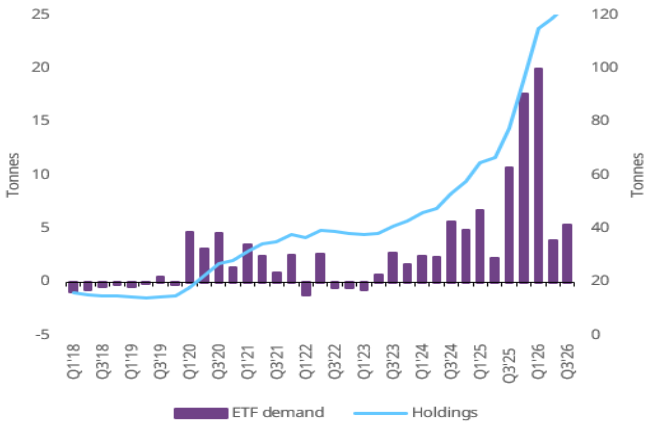
*Data to 30 September 2026.
Source: Metals Focus, World Gold Council

Gold ETFs also continued to attract investment. Q3 demand increased to 5.3t from 3.6t in Q2 **(Chart 6)**, lifting holdings to around 124t. Continued inflows despite the moderation in price momentum point to sustained investor interest in gold.

In mid-October mutual fund houses temporarily suspended fresh subscriptions to gold Fund of Funds (FoFs), although existing SIPs and direct gold ETF investments remained unaffected. With FoF AUM equivalent to around one-third of gold ETF AUM, this will need to be monitored, although the impact on overall ETF flows is likely to be contained given the continuation of existing FoF SIPs and direct ETF investment.

Chart 6: ETF inflows remain positive

Quarterly Indian ETF demand and holdings, tonnes*



*Data to 30 September 2026.
Source: ICRA Analytics, AMFI, World Gold Council

Investment is also broadening beyond traditional channels. Gross digital gold purchases are estimated at 4.9t in Q3, broadly stable q/q but up from 3.4t a year earlier. For the first nine months of 2026, demand rose 76% to 16.3t, up from 9.2t in 9M'25. The growth in digital gold underscores the appeal of its accessibility, convenience and low minimum investment amounts.

6. India's Gold Market: Reform and growth, reference page 128-132.

RBI gold buying muted

RBI gold reserves remained broadly unchanged at around 880.5t as of end Q3'26. Purchases were muted in the first nine months of this year at just 0.3t, compared with 4t in the same period last year and 50t in 9M'24. Gold's share of total foreign reserves eased from 19% in January to 14.5% at the end of Q3.

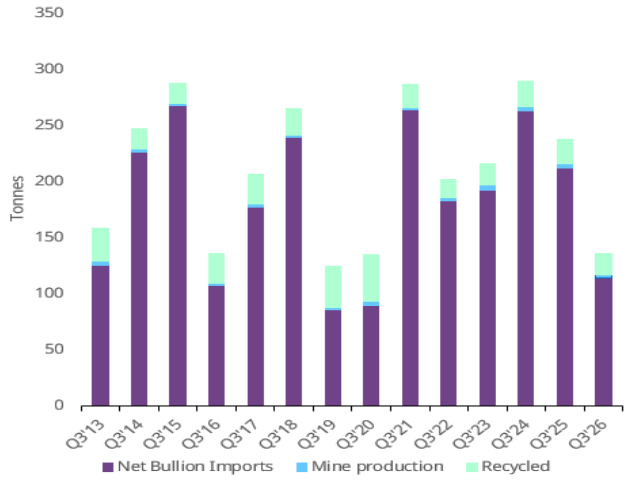
This points to a shift from active reserve accumulation to maintenance of existing holdings, with changes in gold's reserve share reflecting valuations and movements in the broader reserve portfolio.

Supply falls, flows shift

India's total gold supply was estimated at 136t in Q3, down 43% y/y (Chart 7). Net bullion imports, comprising official and unofficial imports, totalled 114t, equivalent to around 84% of supply. Official bullion imports, including doré, fell sharply to 64t, down 70% y/y. The decline reflected softer physical demand, inventory adjustments, and imports likely deferred due to key festivals falling in October this year compared with September 2025. Higher import duties also weighed on official import flows during the quarter.

Chart 7: Lower imports, muted recycling

Net bullion imports, mine production and recycling, tonnes*



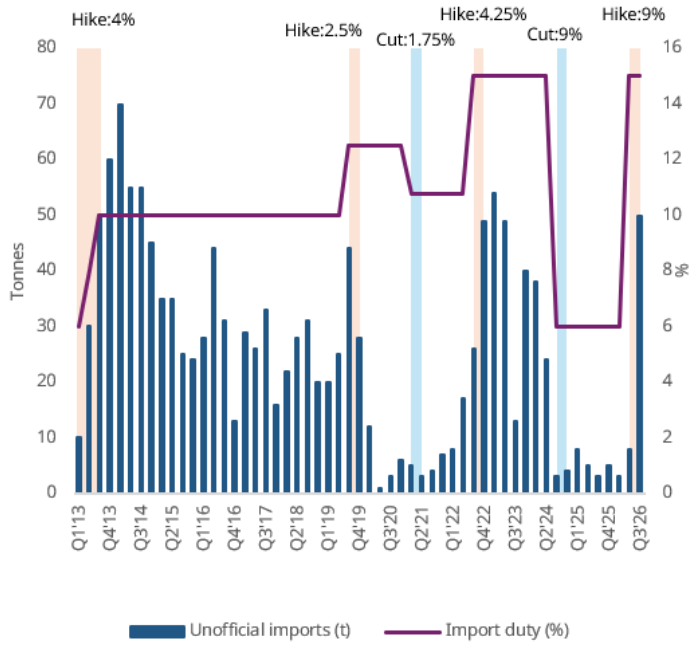
*Data to 30 September 2026. Recycled is gold sold for cash or liquidated and excludes gold traded in or exchanged for other gold products.
Source: Metals Focus, World Gold Council

Unofficial supply: May's sharp increase in import duty to 15% has significantly impacted India's supply dynamics. The higher rate has raised the cost of official imports and, consistent with historical experience, has increased the incentive for inflows through unofficial channels (Chart 8). Unofficial inflows are estimated to have risen to around 50t in Q3 from just 3t a year earlier when import duty was 6%.

Domestic mine production contributed 3t, while recycled gold, which is old gold sold for cash, accounted for 19t or around 14% of total supply. Recycled supply fell 12% y/y and was broadly stable q/q, despite domestic gold prices being around 45% higher than a year earlier. This relatively muted recycling response suggests that holders remained reluctant to liquidate their gold, with many preferring to monetise their holdings through other channels. This behaviour could indicate expectations of further price upside.

Chart 8: Unofficial flows gain ground

Unofficial supply and import duty, tonnes and percentage*



*Data to 30 September 2026.
Source: Metals Focus, World Gold Council

Consumer sentiment: stronger interest, selective buying

The World Gold Council–Kantar multi-wave survey tracks evolving sentiment and gold jewellery buying behaviour in India. Wave 2 surveyed 1,957 consumers across 12 metro and Tier I cities from 4–18 September, exploring how economic conditions, gold prices and affordability are influencing buying behaviour; wave 1 was conducted between 22 May and 3 June 2026.

Key insights from wave 2:

- Tentative improvement in household sentiment on overall economic outlook and financial situation, and greater resilience in gold jewellery buying
- Gold jewellery buying intentions strengthened despite elevated prices

- Gold prices, offers and personal finance situation remain the top drivers of purchase decisions
- The proportion of consumers expecting to increase their gold jewellery purchases over the following three months rose from 20% to 29%, while the share expecting to reduce purchases fell from 51% to 40%
- Consideration of buying gold jewellery over the next year also increased from 73% to 76%, and for gold coins from 35% to 40%. By contrast, intended purchases of digital gold declined from 38% to 34%
- Buying is becoming more concentrated around culturally important occasions. Weddings accounted for 25% of respondents' expected next jewellery purchases, up from 22% in wave 1, while festivals and auspicious occasions increased from 16% to 21%
- Investment-led jewellery buying declined from 19% to 15%
- The proportion intending to restrict purchases to festivals, auspicious periods or promotional offers rose from 33% to 39%, while those expecting to postpone purchases declined from 28% to 24%
- Consumers are also adjusting what they buy and how they fund it. Among respondents expecting to change or maintain their purchasing behaviour, 77% said they would trade down on purity or carat, compared with 72% in the previous wave. Consideration of exchanging old jewellery to fund new purchases rose from 70% to 76%, while interest in EMI and regular gold-savings schemes remained broadly stable
- Expectations of further price increases softened in wave 2, with the share anticipating higher gold prices over the next three months falling from 69% to 61%.

Table 2: Consumer sentiment survey

	Wave 1	Wave 2	Change
Intend to increase gold jewellery buying in next 3 months	20%	29%	+9ppt
Intend to reduce purchase of gold jewellery in next 3 months	51%	40%	-11ppt
Considering buying gold jewellery over the next year	73%	76%	+3ppt
Investment led jewellery buying	19%	15%	-4ppt
Intend to buy during festivals, auspicious days or offers	33%	39%	+6ppt
Consider old-gold exchange	70%	76%	+6ppt
Will trade down on purity	72%	77%	+5ppt
Expect higher gold prices	69%	61%	-8ppt

Outlook

Festive and wedding demand should provide seasonal support in Q4. However, still-elevated price levels and weakness in the rural economy following a poor monsoon are likely to temper demand. Investment demand should remain positive, although sensitive to price momentum.

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Lead Author



Kavita Chacko
Research Head, India
World Gold Council

Research

Jeremy De Pessemier, CFA
Asset Allocation Strategist

Johan Palmberg
Senior Quantitative Analyst

Kavita Chacko
Research Head, India

Krishan Gopaul
Senior Analyst, EMEA

Louise Street
Senior Markets Analyst

Marissa Salim
Senior Research Lead, APAC

Ray Jia
Research Head, APAC ex-India & Trade Engagement Deputy Head, China

Taylor Burnette
Research Lead, Americas

Juan Carlos Artigas
Regional CEO, Americas and Global Head of Research

Market Strategy

John Reade
Senior Market Strategist, Europe and Asia

Joseph Cavatoni
Senior Market Strategist, Americas

Further information:

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Contact:
research@gold.org

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