

# Perspectives on the Turkish gold market





# The global gold market

Gold has emotional, cultural and financial value and is bought by different people across the globe for different reasons, often influenced by national socio-cultural factors, local market conditions and wider macro-economic drivers.

Gold's diverse uses – in jewellery, technology and by central banks and investors – mean different sectors of the gold market rise to prominence at different points in the global economic cycle. This diversity of gold demand and self-balancing nature of the gold market underpin gold's robust qualities as an investment asset.

Gold has long been considered a beneficial asset during periods of uncertainty. Historically, it has generated long-term positive returns in both good times and bad. This duality reflects the diverse sources of demand for gold and differentiates it from other investment assets.

Mine production accounts for the largest share of global gold supply – typically, 75% each year. However, annual demand requires more gold than is newly mined and the shortfall is made up from recycling.

## Turkey's gold market

### Overview

Turkey has a long tradition of gold demand and, perhaps better than anywhere else, illustrates the broad role gold can play in modern society. Gold is embedded in Turkish life: merchants pioneered the use of gold coins in ancient Lydia and, today, gold plays an important and innovative role in Turkey's economy. The country's relationship with gold is underpinned by a deep cultural heritage; it plays an important role in weddings and other aspects of religious life.

And there is a strong economic incentive to own gold. Turkey has a moderately sized but growing gold mining industry, which generates jobs, tax revenue and investment. Fabrication, consumption and recycling boost the economy. And policymakers introduced policies designed to mobilise gold, drawing it from "under-the-pillow" and into the heart of Turkey's financial system.

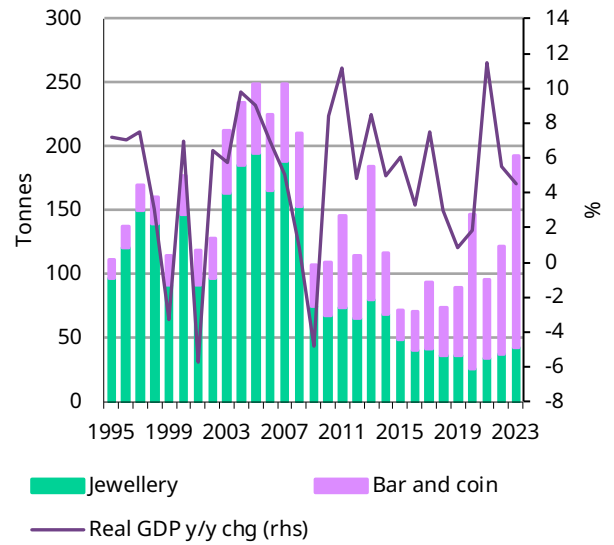
### Turkey's relationship with gold

As an upper-middle income emerging market, Turkey has long played an important, arguably outsized, role in the global gold market. With its long history of domestic gold ownership in both jewellery and investment form, it is the fifth largest gold market globally.

Generations of Turkish savers have turned to gold as an effective hedge against the ravages of inflation and currency weakness. And this trend has been particularly evident in recent years. Spiralling domestic inflation and a plummeting lira, combined with heightened geopolitical tensions, sparked a surge of domestic demand for bars, coins and gold jewellery in 2022, which has been sustained into 2024.

This report considers the longer-term, and more recent, trends in Turkish gold demand and supply.

Chart 1: Turkish gold consumer demand and Real GDP

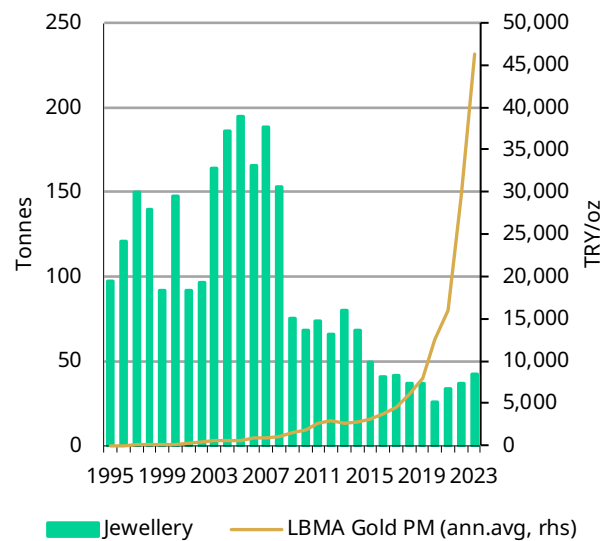


To see underlying data, please see [Historical demand and supply](#)  
Source: Bloomberg, ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

### Jewellery

- As of 2023, Turkey was the fourth largest gold jewellery market in the world, behind China, India and the United States, with annual demand of 42 tonnes
- Annual jewellery demand has averaged 35 tonnes over the last five years, and 41 tonnes over the last ten years
- Peak annual jewellery demand was in 2005, totalling 194.9 tonnes

Chart 2: Annual Turkish jewellery demand



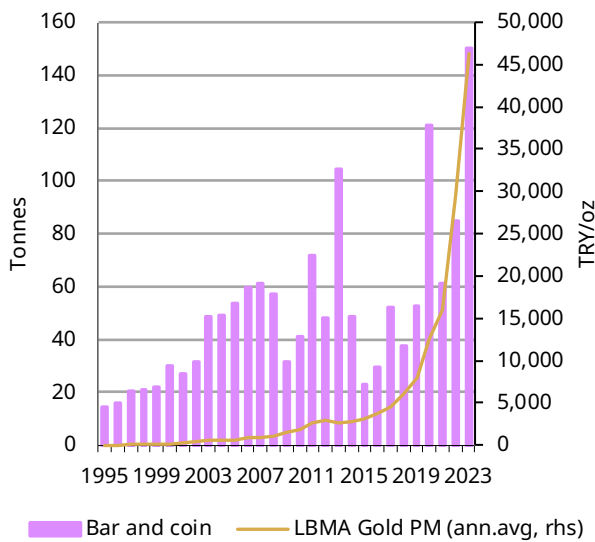
To see underlying data, please see [Historical demand and supply](#)  
Source: Bloomberg, ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council



### Investment

- As of 2023, Turkey was the third largest gold bar and coin market in the world, behind China and India, with annual demand of 150 tonnes
- Annual bar and coin demand has averaged 94 tonnes over the last five years, and 66 tonnes over the last ten years
- Since the start of 2020, Turkish bar and coin demand has made up, on average, 10% of the global total, more than double the 4% share between 2010 and 2019
- Gold is an important part of the financial system in Turkey, which has several policies (such as the Reserve Option Mechanism which was introduced in 2011<sup>1</sup>) aimed at monetising the volume of gold held within the domestic economy, which we estimate to be ~4,500 tonnes.<sup>2</sup>

Chart 3: Annual Turkish bar and coin demand

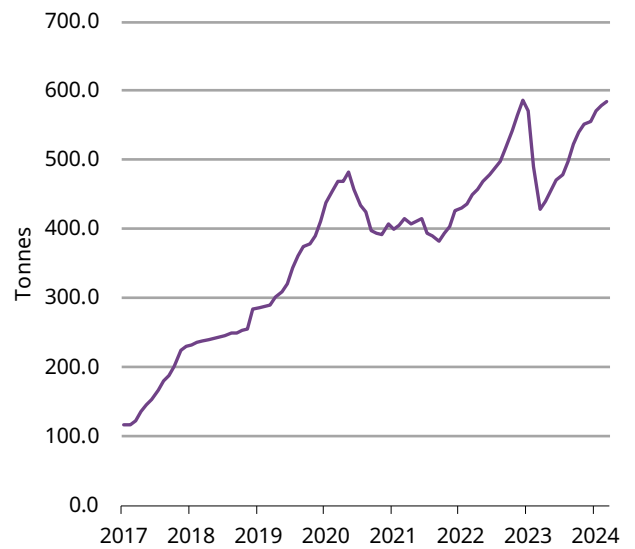


To see underlying data, please see [Historical demand and supply](#)  
 Source: Bloomberg, ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council

### Central banks

- Year-to-date (to end-May), the Central Bank of Turkey is the largest purchaser of gold, increasing its gold reserves by 44 tonnes
- Turkish official gold reserves – gold holdings owned by the central bank and Treasury – totalled 584 tonnes at the end of May, accounting for 34% of total reserves. This is the 11th largest central bank gold reserve globally
- Since the central bank resumed accumulating gold in 2017, it has added a net 468 tonnes to official reserves

Chart 4: Official (central bank and Treasury) gold reserves

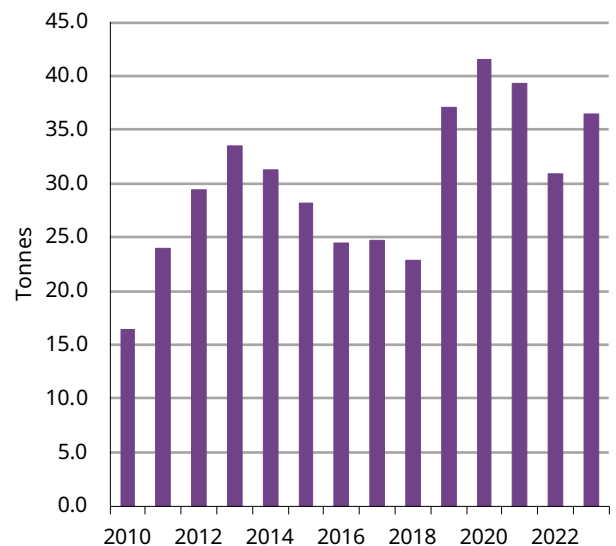


To see underlying data, please see [Gold Reserves by Country](#)  
 Source: Central Bank of Turkey, ICE Benchmark Administration, World Gold Council

### Mine Production

- In 2023, Turkey produced 36 tonnes of gold, making it the 27th largest gold producer globally
- This is down 12% from the peak annual gold production of 42 tonnes in 2020
- However, it more than double the annual production of 2010 (16 tonnes)

Chart 5: Annual Turkish gold mine production



To see underlying data, please see [Global mine production](#)  
 Source: Metals Focus, World Gold Council

<sup>1</sup> For information, please see: [www.gold.org/download/file/16208/Central-bank-stats-methodology-technical-adjustments.pdf](http://www.gold.org/download/file/16208/Central-bank-stats-methodology-technical-adjustments.pdf)

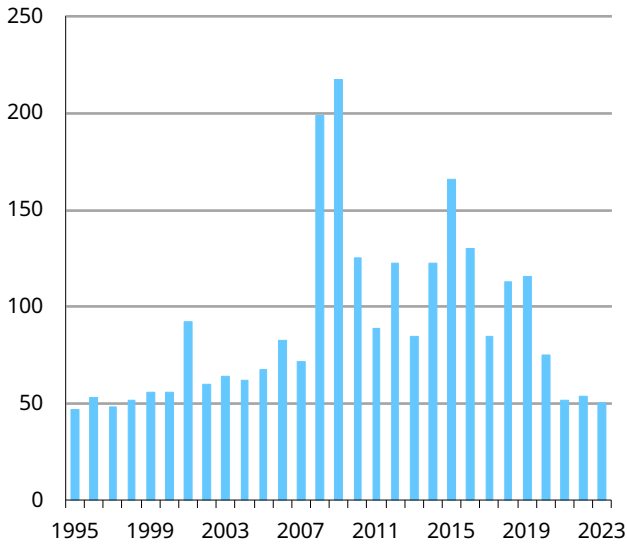
<sup>2</sup> Estimates of the domestic stock of gold in Turkey can vary.



### Recycling

- Turkish recycled gold volumes fell by 6% in 2023, to a multi-decade low of 51 tonnes
- Rampant inflation and lack of alternative investments limited the levels of gold recycling

**Chart 6: Annual Turkish gold recycling**

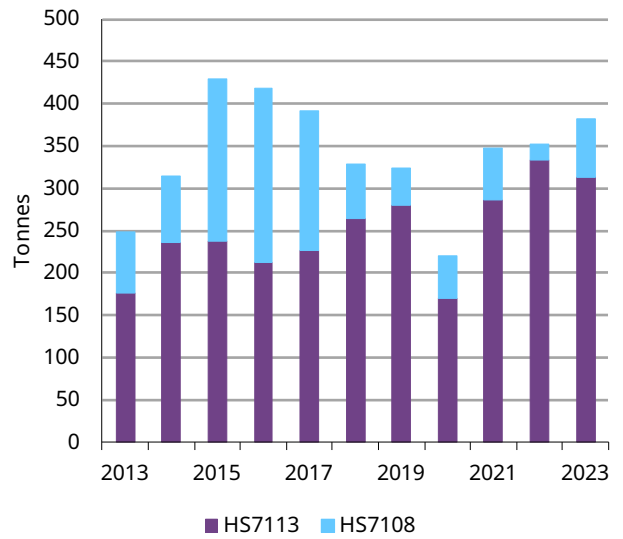


Source: Metals Focus, Refinitiv GFMS, World Gold Council

### Exports

- Italy and Turkey are the two largest gold jewellery exporters globally
- According to data from the Turkey Statistical Institute, combined jewellery and bar/coin exports of gold totalled 382 tonnes in 2023, the highest level since 2017
- Annual gold exports have averaged 325 tonnes over the last five years, and 351 tonnes over the last ten years

**Chart 7: Annual Turkish gold exports**

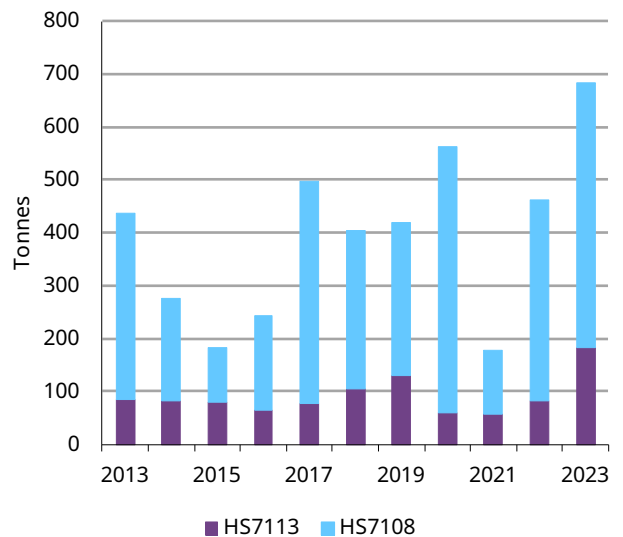


HS7113 - Articles Of Jewelry And Parts Thereof, Of Precious Metal Or Of Metal Clad With Precious Metal  
 HS7108 - Gold (Including Gold Plated With Platinum), Unwrought Or In Semimanufactured Forms, Or In Powder Form  
 Note: May not represent pure gold content.  
 Source: Turkey Statistical Institute

### Imports

- According to data from the Turkey Statistical Institute, combined jewellery and bar/coin imports of gold totalled 683 tonnes in 2023, the highest level since at least 2012
- Annual gold imports have averaged 461 tonnes over the last five years, and 391 tonnes over the last ten years

**Chart 8: Annual Turkish gold imports**



HS7113 - Articles Of Jewelry And Parts Thereof, Of Precious Metal Or Of Metal Clad With Precious Metal  
 HS7108 - Gold (Including Gold Plated With Platinum), Unwrought Or In Semimanufactured Forms, Or In Powder Form  
 Note: May not represent pure gold content.  
 Source: Turkey Statistical Institute



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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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