

Global gold-backed ETF flows

April 2020

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Inflows into gold ETFs for a sixth straight month in April

Highlights

- North America drove the bulk of global gold ETF inflows in April
- SPDR® Gold Shares and iShares Gold Trust represented 71 % of all global inflows in April
- Gold ETF assets have grown 80% in the past year

April highlights

Globally, gold-backed ETFs (gold ETFs) added 170 tonnes(t) – net inflows of US\$9.3bn (+5.1%) – in April, boosting holdings to a new all-time high of 3,355t.¹ Assets under management (AUM) also reached a new record high of US\$184bn as gold in US dollars moved higher by 5.8%. Inflows have been strong and consistent in recent months, but not unprecedented. Rolling twelve-month inflows of 879t just surpassed those of 2009 and 2016, while rolling six-month inflows have barely experienced two-thirds of the 457t of inflows in the comparable time periods of 2009 and 2016.

Regional overview

Uncertainty surrounding the economic and social impact of COVID-19, along with significant central bank intervention, continued to drive inflows into gold. Gold ETFs listed in all regions experienced inflows during the month, with inflows being particularly strong in North America, where flows have often been more correlated with gold's price behaviour.

North American funds added 144t (US\$7.8bn, 8.3% AUM), while European funds added 20t (US\$1.1bn, 1.4%). Asian funds – primarily in China – also finished the month with relatively strong inflows, adding 2.9t (US\$206mn, 3.9%), and funds in other regions grew 5.8%, adding 3.3t and US\$172mn.

Price performance

Gold in US dollars finished the month above US\$1,700/oz – a monthly closing level not seen since 2012. While gold is still 10% below all-time highs in US dollars, it continued to make all-time highs in every other major currency, namely: Australian and Canadian dollars, euro, pounds, yen and yuan, and briefly made a new high in Swiss francs during the month.

Gold global trading volumes, like those from many other major asset classes, fell sharply in April to US\$140bn a day, down from US\$236bn a day in March, but this is roughly in line with the 2019 daily average of US\$145bn. COMEX net longs,⁴ as noted in the Commitment of Traders (COT) report, increased slightly in April, after falling sharply in March from the all-time high of 1,209t (US\$63bn) achieved during February. While gold volatility decreased from the extreme levels in March, it remained elevated and the implied volatility – or how much investors expected gold would move over the coming months – remained high as well.

At the time of publication, gold has outperformed most major asset classes this year, up by more than 11% in US dollar terms. And while bond and stock prices also rallied in April, supported by a very accommodative global monetary policy stance, investors are likely to face more volatility, especially since indices like the S&P 500 experienced their strongest monthly performance since 1987.

The recent market volatility and price behaviour of broad-based global assets provided an opportunity to highlight gold's effectiveness as a hedge. In late April, we published a new report, *Investment Update: Gold, an efficient hedge*, in which we compared portfolios that included an allocation to gold to portfolios with various other commonly used hedges. This analysis addressed the finding from our March update, *Investment Update: Gold prices swing as markets sell off*, that sharp stock market sell-offs often require investors to meet capital requirements, and they can do so by selling a liquid asset like gold.

Our recent analysis suggests that many hedges are not initially effective in tail events. We found that volatility-related hedges are by far the most effective initially but can be costly and erode overall portfolio performance over the long run. Stacked against all the hedges we analysed – when comparing metrics like returns, volatility, risk-adjusted returns, and portfolio drawdown protection – gold stood out favourably.

Looking forward

As noted in our *March Gold ETF flows report*, the price strength of gold has, so far, mirrored that of the Global Financial Crisis. At that time it rallied back following the initial Quantitative Easing (QE) program in the US, which, along with similar monetary policy interventions worldwide,

propelled gold over 130% higher at its peak in September 2011.

A vast majority of central banks, including the US Federal Reserve, continue to note their willingness to utilise well-established – and new – ‘tools’ to support the economy. While this comes at a time when COVID-19 cases are diminishing and related actions – such as fast-tracked treatments and antibody tests – may help to create a path towards ‘normalisation’, the long-term effects of the pandemic on the economy and any future societal shifts are yet to be determined. Just last week, the US published annually adjusted GDP losses of 4.8% in the first three months of 2020, the biggest quarterly decline since the fourth quarter of 2008. Europe, as a whole, was worse – the region shrank 14.4% on an annualised basis during the first quarter, the lowest quarterly number ever. It is this uncertainty, along with the unknown ability of central banks to support the markets, that could continue to drive investment demand for gold.

Although gold demand in **jewellery and technology** has been negatively impacted by the economic deceleration, as we noted in our *Gold Demand Trends Q1 2020* report, history suggests that the likely strength of investment demand may offset this weakness. In conclusion, we expect central banks to remain net buyers of gold in 2020, albeit at a lower level.

Table 1: April total global gold-backed ETF flows*

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	93.8	144.2	7,793.2	8.31%
Europe	81.7	19.7	1,106.5	1.35%
Asia	5.2	2.9	206.1	3.93%
Other	3.0	3.3	171.7	5.78%
Total	183.7	170.2	9,277.5	5.05%
Global inflows		196.5	12,023.4	6.55%
Global outflows		-26.3	-2,745.9	-1.49%

*As of 30/04/2020 ‘Global Inflows’ refers to the sum of changes of all funds that saw a net increase in ounces held over a given period (eg, month, quarter, etc.). Conversely, ‘global outflows’ aggregates changes from funds that saw ounces held decline over the same period.

Source: Bloomberg, World Gold Council

Regional Flows¹

- North American funds had inflows of 144t (US\$7.8bn, 8.3% AUM)
- Holdings in European funds increased by 20t (US\$1.1bn, 1.4%)
- Funds listed in Asia added 2.9t (US\$206mn, 3.9%)
- Other regions had inflows of 3.3t (US\$172mn, 5.8%).

Table 2: 2020 Flows by country*

Country	Total AUM (US\$m)	Holdings tonnes	April Flows (US\$m)	2020 Flows
US	90,025	1,644.5	7,617.0	14,442.2
UK	38,220	698.1	1,400.0	6,230.1
Germany	21,022	384.0	345.3	1,032.4
Switzerland	18,555	338.9	-899.9	146.9
Canada	3,762	68.7	176.3	250.9
China P.R. Mainland	2,917	53.3	101.8	494.3
France	2,653	48.5	165.1	1,356.8
Australia	1,564	28.6	44.3	312.7
South Africa	1,356	24.8	126.1	174.4
India	1,158	21.2	21.1	210.7
Japan	987	18.0	81.5	176.3
Italy	926	16.9	44.9	172.1
Ireland	258	4.7	47.6	243.4
Hong Kong SAR	172	3.1	1.6	6.0
Turkey	49	0.9	1.3	15.2
Liechtenstein	41	0.7	3.6	2.2
Malaysia	9	0.2	0.2	-3.7
Thailand	6	0.1	0	-0.1

*As of 30/04/2020

Source: Bloomberg, World Gold Council

Long-term trends

- Assets in global gold-backed ETFs grew during 11 of the past 12 months adding 80% to total AUM
- Following the April inflows, both holdings and assets of gold-backed ETFs continue to make all-time highs
- UK-based gold funds continue to take regional and global market share, now representing 47% of European assets and 21% of global assets
- Low-cost gold-backed ETFs in the US have seen positive flows for 22 of the past 23 months and have increased their collective assets to 91t, which amounts to roughly the holdings of all Asian-based funds³

Table 3: YTD 2020 total gold-backed ETF flows

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	93.8	272.7	14,693.1	15.67%
Europe	81.7	169.8	9,183.7	11.24%
Asia	5.2	16.7	883.4	16.83%
Other	3.0	9.3	502.2	16.92%
Total	183.7	468.4	25,262.5	13.75%
Global inflows		496.5	39,578.7	21.55%
Global outflows		-28.1	-14,316.2	-7.79%

*As of 30/04/2020 ‘Global Inflows’ refers to the sum of changes of all funds that saw a net increase in ounces held over a given period (eg, month, quarter, etc.). Conversely, ‘global outflows’ aggregates changes from funds that saw ounces held decline over the same period.

Source: Bloomberg, World Gold Council

Individual flows²

- In North America, SPDR® Gold Shares led global inflows, adding 89.5t (US\$4.9bn, 9.7%), while iShares Gold Trust added 31.2t (US\$1.7bn, 8.5%). SPDR® Gold MiniShares led low-cost³ inflows, growing 21% or US\$334mn, and Aberdeen Standard Physical Gold Shares grew 17%, adding US\$245mn
- Two UK-based funds led European-fund inflows: Invesco Physical Gold added 13.9t (US\$749mn, 7.8%), and iShares Physical Gold added 7.2t (US\$420mn, 4.2%). Switzerland was the only country with net outflows during the month as UBS ETF Gold lost 15.3t (US\$855mn, 37%) and Pictet CH Physical lost 4.2t (US\$235mn, 81%)
- In China, Huanan Yifu added 3.2t (US\$186mn, 15%), while Bosera lost 1.8t (US\$89mn, 11%).

Table 4: April individual top and bottom flows

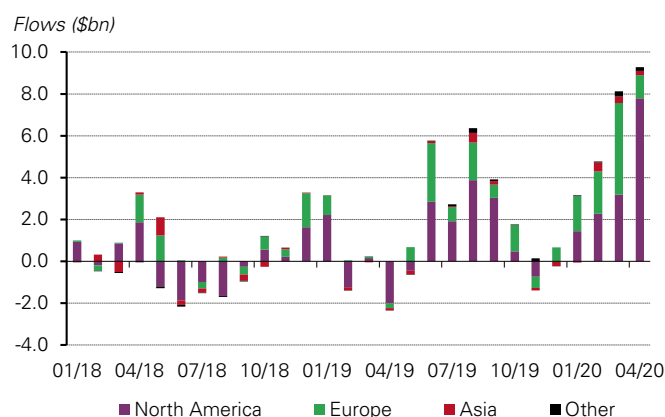
Top 10 flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
SPDR Gold Shares	US	89.5	4,855.0	9.7%
iShares Gold Trust	US	31.2	1,711.3	8.5%
Invesco Physical Gold ETC	GB	13.9	749.4	7.8%
iShares Physical Gold ETC	GB	7.2	419.9	4.2%
Sprott Physical Gold Trust	US	7.3	375.3	12.7%
SPDR Gold MiniShares Trust	US	6.3	334.4	20.7%
Aberdeen Standard Physical Gold Shares	US	4.5	244.8	16.7%
Xetra-Gold	DE	4.7	240.0	2.2%
Huanan Yifu Gold ETF	CN	3.2	186.2	14.9%
Amundi Physical Gold ETC	FR	3.0	165.1	7.0%
Bottom 10 Flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
UBS ETF Gold	CH	-15.3	-855.2	-36.5%
PICTET CH Physical Gold-ZDYUSD	CH	-4.2	-235.3	-81.4%
Xtrackers Physical Gold ETC EUR	DE	-2.7	-143.6	-4.1%
Bosera Gold Exchange Trade Open-End Fund ETF	CN	-1.8	-89.1	-10.9%
ZKB Gold ETF AA Hedged CHF	CH	-0.9	-32.8	-2.6%
Guotai Gold ETF	CN	-0.2	-12.4	-15.7%
ETFS Physical Precious Metal Basket Shares	US	-0.3	-9.6	-3.0%
Swisscanto ETF Precious Metal Physical Gold EUR AX	CH	-0.1	-5.6	-12.9%
CSIF CH II Gold Blue FB USD	CH	-0.1	-5.2	-1.7%
Swisscanto ETF Precious Metal Physical Gold USD AX	CH	-0.1	-5.0	-2.3%

*As of 30/04/2020

Source: Bloomberg, World Gold Council

Relevant Charts

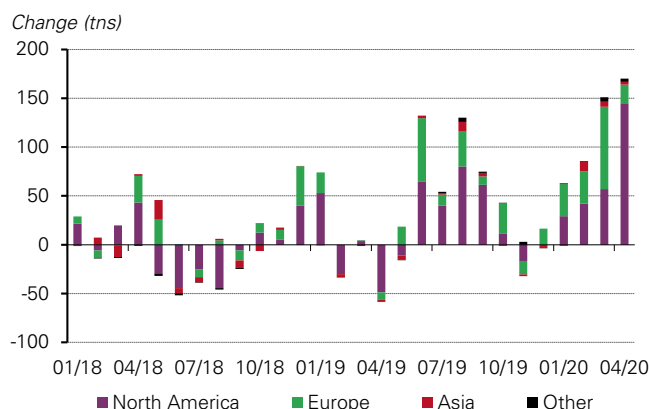
Chart 1: Gold-backed ETFs (and similar) flows by month*



*As of 30/04/2020

Source: Bloomberg, World Gold Council

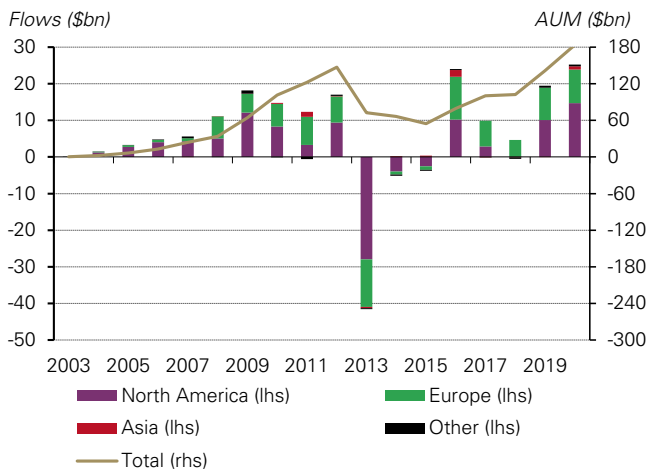
Chart 2: Gold-backed ETFs (and similar) change in holdings by month*



*As of 30/04/2020

Source: Bloomberg, World Gold Council

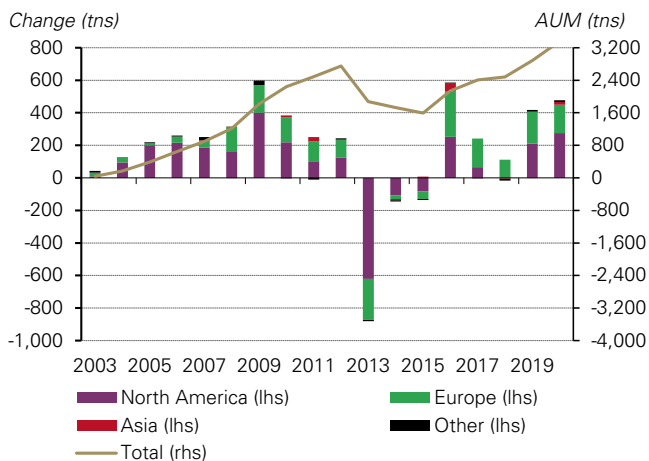
Chart 3: Gold-backed ETFs (and similar) holdings*



*As of 30/04/2020

Source: Bloomberg, World Gold Council

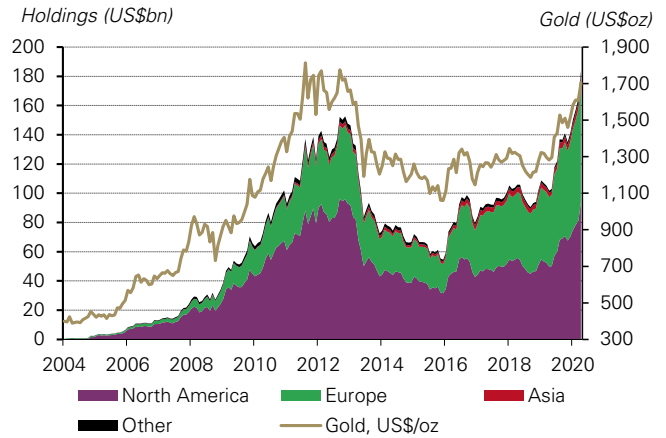
Chart 4: Gold-backed ETFs (and similar) change in holdings by year*



*As of 30/04/2020

Source: Bloomberg, World Gold Council

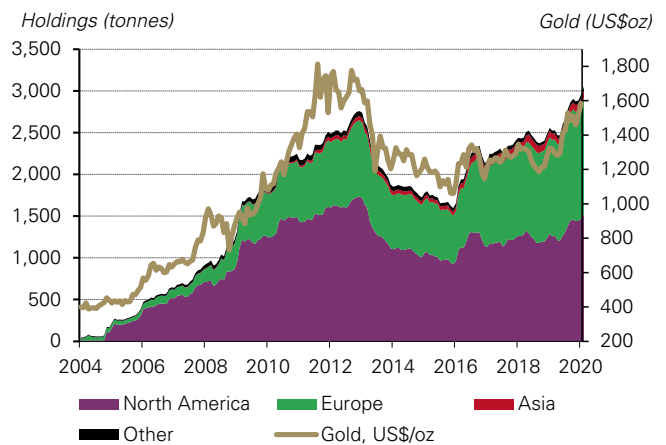
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 30/04/2020

Source: Bloomberg, World Gold Council

Chart 6: Gold-backed ETFs (and similar) holdings*



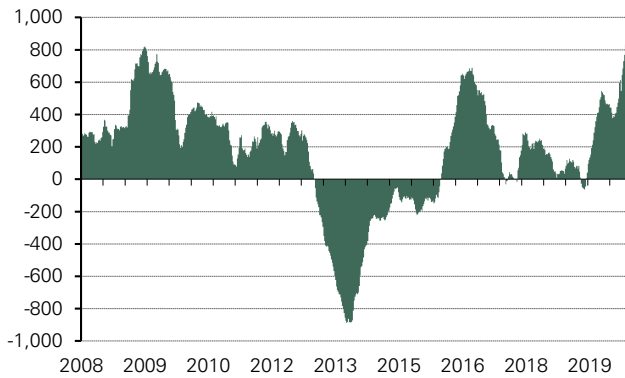
*As of 30/04/2020

Source: Bloomberg, World Gold Council

Chart 7: Gold ETF rolling flows

Rolling 52-week flows of global gold ETFs*

Rolling 52-wk flows US\$mn



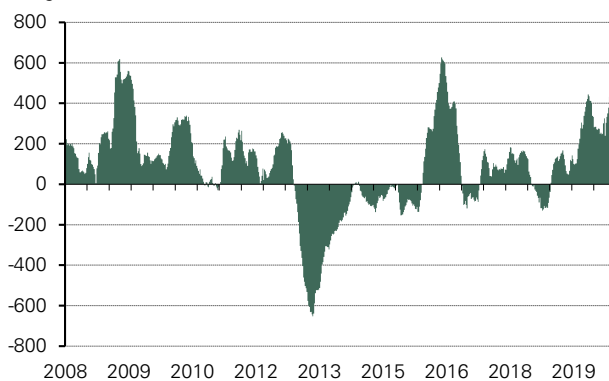
*As of 30/04/2020

Source: Bloomberg, World Gold Council

Chart 8: Gold ETF rolling flows

Rolling 26-week flows of global gold ETFs*

Rolling 26-wk flows US\$mn



*As of 30/04/2020

Source: Bloomberg, World Gold Council

Notes

Gold-backed ETFs and similar products account for a significant part of the gold market, with institutional and individual investors using them to implement many of their investment strategies. The data on this page tracks gold held in physical form by open-ended ETFs and other products such as close-end funds, and mutual funds. Most funds included in this list are fully backed by physical gold. While a few funds allow exposure to gold through other holdings such as cash or derivatives, we only monitor those investing at least 90% through physical gold and appropriately adjust their reported assets to estimate physical holdings only. Similarly, the data only estimates the corresponding gold holdings of ETFs that include other precious metals. For funds that include physical holdings of multiple precious metals, the data estimates only the corresponding gold holdings contained within them.

Definitions

*Flows represent net creations or redemptions of shares of open-ended ETFs, or changes to the physical gold holdings that back shares of closed-end funds or similar products over a given period. ETF flows in tonnes measure demand for gold during a given period and generate the quarterly demand estimates reported in Gold Demand Trends. ETF flows in US dollars estimate the monetary value of gold demand for a given period, taking into account daily fluctuations in the price of gold. Holdings correspond to the total assets under management (AUM) of gold-backed ETFs and similar products, measured in either tonnes or US dollars. Where tonnage holdings are not directly reported, we calculate these by dividing the US dollar value of AUM by the LBMA Gold Price per tonne – where one tonne is equivalent to 32,150.7466 Troy ounces.

¹We regularly review the global gold-backed ETF universe and adjust the list of funds and holdings based on newly available data and information. The recent review yielded a Swiss-based ETC *UBS ETF Gold*, which was not on the prior list. This fund has been added and historical data on it has been updated; this yielded an increase of 44.9 tonnes of total global holdings.

²Note: We calculate gold-backed ETF flows both in ounces/tonnes of gold and in US dollars because these two metrics are relevant in understanding funds' performance. The change in tonnes gives a direct measure of how holdings evolve, while the dollar value of flows is a finance industry standard that gives a perspective of how much investment reaches the funds. There are some months where the reported flows measured in tonnes of gold and their dollar-value equivalent seem inconsistent across regions. Both figures are correct. The disparity is due to the interaction between the performance of the gold price intra-month, the direction and movement of the US dollar and the timing of the flows. For example, hypothetically, if European funds were to experience outflows early in the month when the price of gold was low but gained assets later in the month when the price of gold increased, and/or if the euro/dollar currency rate moved meaningfully when there were flows, there might be a discrepancy between tonnage change and flows.

³Low-cost US-based gold-backed ETFs are defined as exchange traded open-ended funds listed in the US, backed by physical gold, with annual management fees of 20bps or less. At present, these include Aberdeen Physical Swiss Gold Shares, SPDR® Gold MiniShares, Graniteshares Gold Trust, and Perth Mint Physical Gold ETF.

⁴Net longs represent Money Manager and Other Net long positioning in the COMEX futures market.

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The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.

We develop gold-backed solutions, services and products, based on authoritative market insight and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East and the US, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

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