

Gold ETF flows: February 2022

Inflows continue amid high inflation and geopolitical risk

March 2022

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Highlights

- Global inflows were equally driven by North American and European funds, which sufficiently outweighed outflows from Asia
- Persistently high inflation accompanied by a surge in geopolitical risk following the Russian invasion of Ukraine supported ETF demand as gold prices rallied significantly
- Asian outflows were again led by Chinese funds as investors tactically reduced positions amid higher gold prices and resilient local equity markets.

February highlights

Global gold ETFs drew net inflows of 35.3t (US\$2.1bn, 1.0% of AUM) in February. Positive flows were almost evenly split between North American and European funds, continuing the year-to-date growth in Western markets and considerably outweighing outflows from Asia. Global net inflows were driven by stubbornly high inflation and a surge in geopolitical risk on the back of the Russian invasion of Ukraine, which pushed the gold price to an intra-month high of US\$1,936/oz.¹

North American inflows of 21.3t (US\$1.3bn) were dominated by larger US funds in absolute terms, but virtually all funds in the region grew at a similar rate. Alongside persistently high inflation, the Russian invasion and corresponding economic sanctions considerably reduced expectations of more aggressive interest rate hikes from the Fed – including at its upcoming meeting later this month – further supporting demand for gold ETFs. This trend is continuing into March: month-to-date inflows into US funds already approach US\$2bn.

European funds grew by 21.4t (US\$1.3bn) on the heels of elevated headline inflation reports defying expectations due to soaring food and energy components. The Russian invasion of Ukraine exacerbated inflation fears due to its implications for energy supply in the region. At the same time, sovereign bond yields declined towards the end of the month as projections for monetary tightening by the

European Central Bank were delayed to late 2022, if not 2023, in the wake of the conflict.

These near-equal inflows into North America and Europe significantly outweighed outflows from Asia, where funds lost 7.4t (-US\$452mn) in February. The bulk of these outflows were driven by Chinese ETFs likely due to tactical selling as the gold price surged, while the local equity markets remained positive over the month.² In India, profit-taking also likely contributed to additional outflows during the month. Flows into other regions were largely flat in February.³

Price performance and trading volumes

Gold posted its strongest returns since May 2021, ending the month more than 6% higher at US\$1,910/oz.⁴ Prices rallied throughout February as a flight-to-quality among investors outweighed higher nominal yields and a marginally positive dollar. Elevated market volatility and general uncertainty provided the backdrop for this as the Ukrainian crisis unfolded.

Daily trading averages in February reduced slightly from the start of the year, decreasing to US\$136bn from US\$145bn the month prior,⁵ despite the rally in gold prices. Net long positioning, via the recent Commitment of Traders (COT) report for COMEX gold futures, initially declined before steadily rising to 904t (US\$56bn) – the highest level since July 2020 – as gold price performance was robust.⁶

For more details, see [Gold Market Commentary, February 2022](#).

1 Based on the LBMA Gold Price PM as of 24 February 2022.

2 Based on the Shanghai Stock Exchange Composite Index as of 28 February 2022.

3 'Other' regions include Australia, South Africa, Turkey, Saudi Arabia, and the United Arab Emirates.

4 Based on the LBMA Gold Price PM as of 28 February 2022.

5 Daily trading volumes as of January 2022 was previously reported as US\$169bn. This has been revised lower to US\$145bn following a recent methodology update. On Goldhub, see Trading volumes.

6 As of 22 February 2022, based on available data.

Regional flows⁷

Inflows in North America and Europe outweighed outflows from Asia

- North American funds had inflows of 21.3t (US\$1.3bn, 1.2%)
- European funds had inflows of 21.4t (US\$1.3bn, 1.4%)
- Funds listed in Asia had outflows of 7.4t (-US\$452mn, -5.8%)
- Other regions were flat over the month.

Table 1: February regional flows*

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	115.0	21.3	1,310.1	1.23%
Europe	97.9	21.4	1,284.8	1.41%
Asia	7.7	-7.4	-452.1	-5.83%
Other	3.7	0.00	0.20	0.01%
Total	224.4	35.3	2,143.0	1.03%
Global inflows		55.0	5,143.3	2.46%
Global outflows		-19.7	-3,000.4	-1.44%

*As of 28/02/2022. 'Global inflows' refers to the sum of changes of all funds that saw a net increase in ounces held over a given period (e.g., month, quarter, etc.). Conversely, 'global outflows' aggregates changes from funds that saw ounces held decline over the same period. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see [ETF Flows Data Methodology](#).

Source: Bloomberg, World Gold Council

- 7 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 on how much investment reaches the funds. We have made a few adjustments and improvements to our calculation methodology as of 1 July 2021 that will impact historical and future data. Specifically, we revised the methodology used to estimate changes in gold holdings as described below:
- Previously, changes in tonnes were calculated by converting a fund's AUM (in USD) into gold holdings (in tonnes) and computing the difference over periods. However, currency movements and large daily and weekly gold price movements could distort the difference between tonnage change and US-dollar fund flows during short time horizons. We therefore adjusted tonnage change as a function of fund flows versus AUM and replaced the tonnage change field with fund flows (tonnes).

Long-term trends

Gold ETFs continued to rebound in 2022 amid a flight-to-quality in North America and Europe despite selling within Asian funds

- In 2021, gold ETFs saw global outflows of US\$9.1bn (-173t) as large North American funds lost assets in line with lower gold prices, while low-cost funds and all other regions remained mostly positive
- Conversely, this year has been marked with strong inflows into US funds, in addition to continued growth in European ETFs. On the other hand, Asian gold ETFs have experienced outflows of over US\$1.0bn (-12.4%), compared to inflows of close to US\$1.5bn (20.4%) last year
- After growing by 45% (US\$3.7bn, 63t) in 2021 with consistent inflows independent of gold price behaviour, low-cost gold ETFs remained positive adding US\$918mn (15.7t, 7.7%) year-to-date.

Table 2: 2022 regional flows*

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	115.0	70.3	4,214.0	4.00%
Europe	97.9	28.1	1,670.0	1.82%
Asia	7.7	-17.4	-1,042.3	-12.38%
Other	3.7	0.5	27.3	0.77%
Total	224.4	81.5	4,869.0	2.33%
Global inflows		117.7	10,272.6	4.91%
Global outflows		-36.2	-5,403.6	-2.58%

*As of 28/02/2022. '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. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see [ETF Flows Data Methodology](#).

Source: Bloomberg, World Gold Council

- Now, for most funds, we estimate US-dollar fund flows, as described in section 2.3.2 below, and then convert those flows to fund flows (tonnes).
 - Fund flows (tonnes) and US-dollar fund flows will now represent a more aligned explanation of investment demand for gold ETFs, while the true holdings of a fund, in US dollars and tonnage, will remain a close estimate, impacted by the currency and price volatility described above.
 - Based on our initial analysis, the changes are not likely to have a material long-term effect on historical information, particularly on a global or regional aggregate basis, but will adjust short-term fluctuations that can sometimes occur due to input data and timing variations.
- 8 Low-cost US-based gold-backed ETFs are defined by the World Gold Council as exchange-traded open-ended funds listed in the US and Europe, backed by physical gold, with annual management fees and other expenses like FX costs of 20bps or less. At present, these include Aberdeen Physical Swiss Gold Shares, SPDR® Gold MiniShares, Granitshares Gold Trust, Goldman Sachs Physical Gold ETF, iShares Gold Trust Micro, CI Gold Bullion Fund, WisdomTree Core Physical Gold, and Xtrackers IE Physical Gold ETC.

Table 3: Flows by country*

Countries list (by AUM)	Total AUM (bn)	Flows (tonnes)	Flows (US\$mn)	2022 Flows (US\$mn)
US	110.5	23.6	1,445.9	4,517.9
UK	44.6	9.9	604.8	411.4
Germany	25.8	9.4	559.5	1,041.0
Switzerland	22.4	-1.5	-91.1	-23.5
Canada	4.5	-2.3	-135.8	-303.9
France	4.3	1.1	61.1	104.4
China PR Mainland	3.6	-6.8	-411.8	-939.9
Australia	2.6	0.2	14.8	51.7
India	2.4	-0.5	-34.1	-95.5
Japan	1.4	-0.1	-6.0	-6.0
South Africa	1.1	-0.1	-7.1	-10.5
Ireland	0.4	2.5	153.8	156.8
Italy	0.4	0.0	0.6	-15.3
Hong Kong SAR	0.2	0.0	0.0	0.0
Turkey	0.1	-0.2	-10.3	-14.8
Liechtenstein	0.0	-0.1	-4.0	-4.8
Saudi Arabia	0.0	0.0	2.9	0.9
Malaysia	0.0	0.0	-0.3	-0.9

*As of 28/02/2022. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see ETF Flows Data Methodology.

Source: Bloomberg, World Gold Council

Individual flows (February)

SPDR® Gold Shares and iShares Gold Trust in the US and iShares Physical Gold in the UK drove inflows, partially offset by outflows from Huaan Yifu Gold and Bosera Gold Exchange in China and Xtrackers Physical Gold in Germany

- In North America, SPDR® Gold Shares had inflows of 11.3t (US\$711mn, 1.2%), while iShares Gold Trust gained 8.1t (US\$483mn, 1.7%)
- In Europe, iShares Physical Gold had inflows of 8.3t (US\$511mn, 4.0%), while Xtrackers Physical Gold (GBP) lost 2.5t (-US\$148mn, -75%)
- In Asia, Chinese ETFs Huaan Yifu Gold, Bosera Gold Exchange, and E Fund Gold had outflows of 2.7t (-US\$166mn, -9.8%), 2.5t (-US\$149mn, -12.0%), and 1.6t (-US\$97mn, -14.8%), respectively.

Table 4: February individual top and bottom flows*

Top 10 flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
SPDR Gold Shares	US	11.3	711.0	1.21%
iShares Physical Gold ETC	GB	8.3	511.3	4.00%
iShares Gold Trust	US	8.1	483.3	1.71%
Xtrackers IE Physical Gold ETC	DE	6.6	391.0	16.87%
Xtrackers Physical Gold ETC EUR	DE	3.4	201.0	7.18%
Royal Mint Physical Gold ETC	IE	2.5	153.8	55.01%
Xtrackers IE Physical Gold GBP Hedged ETC	GB	2.6	151.2	78.38%
Invesco Physical Gold ETC	GB	2.5	149.5	1.09%
Sprott Physical Gold Trust	US	2.2	130.1	2.64%
Aberdeen Standard Physical Gold Shares	US	1.3	77.9	3.24%

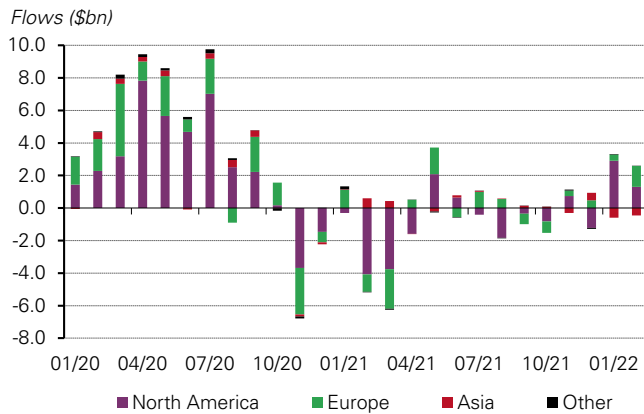
Bottom 10 Flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
Huaan Yifu Gold ETF	CN	-2.7	-165.7	-9.77%
Bosera Gold Exchange Trade Open-End Fund ETF	CN	-2.5	-148.7	-11.97%
Xtrackers Physical Gold GBP Hedged ETC	DE	-2.5	-147.54	-74.49%
WisdomTree Physical Swiss Gold	GB	-2.2	-139.1	-3.82%
CI Gold Bullion Fund	CA	-2.3	-137.9	-86.54%
E Fund Gold Tradable Open-end Securities Investment Fund	CN	-1.6	-96.8	-14.82%
iShares Gold CHF Hedged CH	CH	-0.7	-41.5	-6.21%
UBS ETF Gold	CH	-0.6	-36.8	-1.90%
Gold Bullion Securities Ltd	GB	-0.6	-34.1	-0.94%
iShares Gold CH	CH	-0.5	-32.9	-4.82%

*As of 28/02/2022. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see ETF Flows Data Methodology.

Source: Bloomberg, World Gold Council

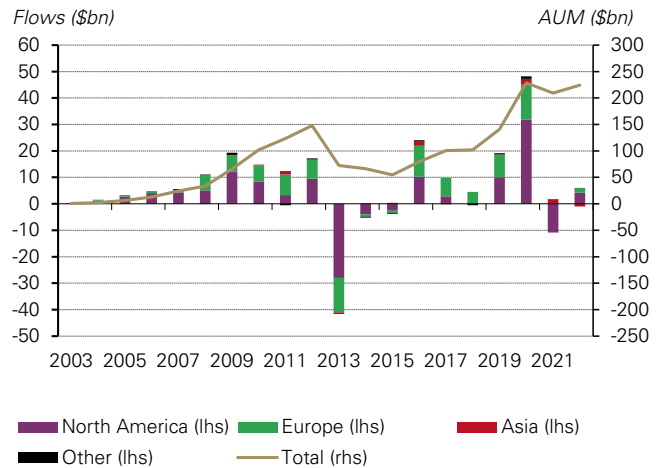
Relevant Charts

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



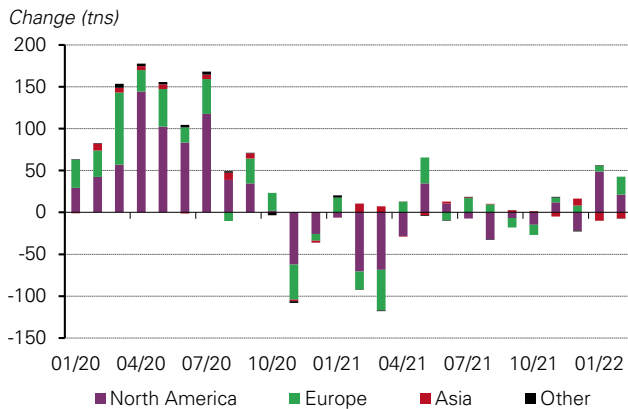
* As of 28/02/2022.
Source: Bloomberg, World Gold Council

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



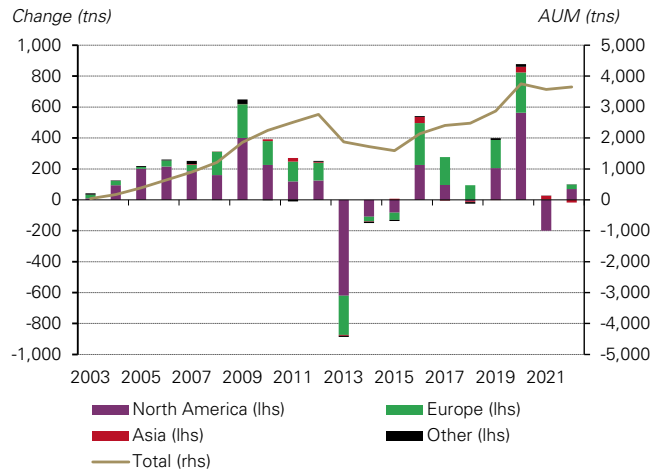
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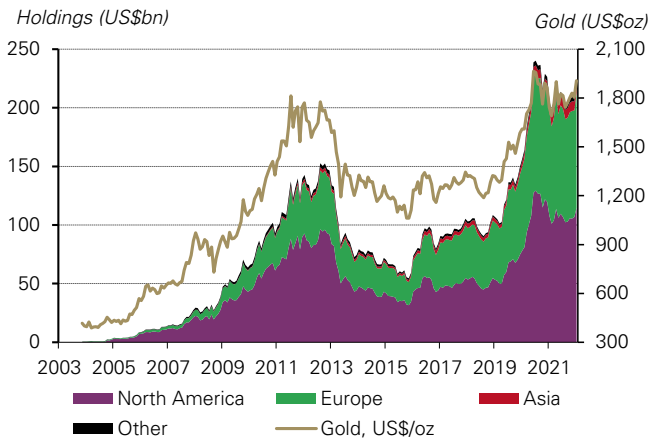
* As of 28/02/2022.
Source: Bloomberg, World Gold Council

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



* As of 28/02/2022.
Source: Bloomberg, World Gold Council

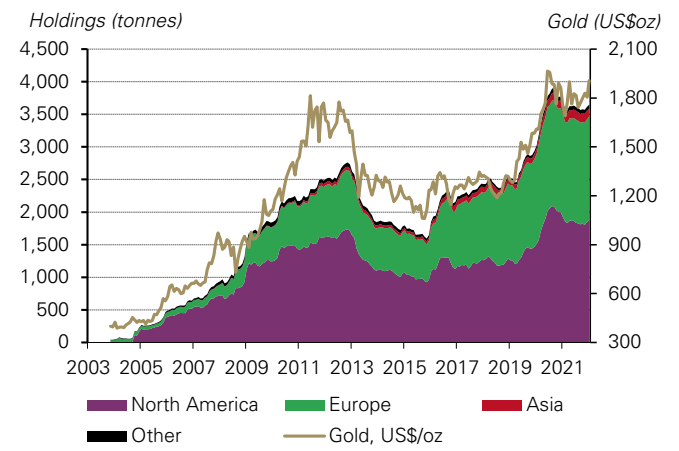
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 28/02/2022.

Source: Bloomberg, World Gold Council

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



*As of 28/02/2022.

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 closed-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 total AUM depicted for such funds is lower than their actual total AUM.

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 (other than funds holding more than one precious metal), 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 (or for China and India, using a local index for price) per tonne – where one tonne is equivalent to 32,150.7466 Troy ounces.

Note: 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.

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We're the global experts on gold.

Leveraging our broad knowledge and experience, we work to improve understanding of the gold market and underscore gold's value to individuals, investors, and the world at large.

Collaboration is the cornerstone of our approach. We're an association whose members are the world's most forward-thinking gold mining companies. Combining the insights of our members and other industry partners, we seek to unlock gold's evolving role as a catalyst for advancements that meet societal needs.

We develop standards, expand access to gold, and tackle barriers to adoption to stimulate demand and support a vibrant and sustainable future for the gold market. From our offices in Beijing, London, Mumbai, New York, Shanghai, and Singapore, we deliver positive impact worldwide.

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