

Global gold-backed ETF flows

January 2022

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Gold ETFs bounce back to begin 2022 led by North American funds

Highlights

- Global inflows were driven by North American funds, which alongside growth in Europe outweighed outflows from Asia
- Gold price strength amid a sharp selloff in equity markets were supportive for ETF demand, despite a reversal in prices towards the end of the month following the Fed meeting
- Asian outflows were led by Chinese funds as investors reduced gold holdings ahead of the Chinese New Year, paring back significant gains from 2021

January highlights

Global gold ETFs drew net inflows of 46.3t (US\$2.7bn, 1.3% of AUM) in January, led by North American funds – partially offsetting the region’s 2021 outflows. These, combined with positive flows from Europe, significantly outweighed Asian outflows. Overall, net inflows were driven largely by gold price strength and a sharp selloff in equity markets, despite a reversal in the gold price on the back of a hawkish US Fed statement towards the end of the month.

North American inflows of 49.0t (US\$2.9bn) were concentrated in US funds, which tend to be more reactive to changes in the gold price than other regions. Additionally, a significant jump in the gold price leading up to gold ETF options expiration likely contributed to some of the inflows.¹ This resulted in positive flows as gold rallied by nearly 3% in the first part of January to reach an intra-month high of US\$1,847/oz.² The majority of US inflows coincided with this move, supported by a flight-to-quality amid a selloff in equity markets.

Similarly, growth in European funds of 6.7t (US\$385mn) came on the heels of reports showing inflation remained elevated and above expectations for January. North

American and European inflows significantly outweighed outflows from Asia, where funds lost 9.9t (-US\$589mn) during the month. Outflows from Asia were driven by Chinese ETFs as investors reduced gold holdings ahead of the Chinese New Year while the gold price weakened towards the end of the month. Funds in India also experienced outflows given headwinds from rising local bond yields.³ Other regions did, however, attract inflows of US\$27mn (0.5t) in January.⁴

Price performance and trading volumes

Gold ended January slightly lower (-0.59%) at US\$1,795/oz.⁵ Prices rallied for much of the month on equity market turbulence. However, this rally ground to a halt immediately after the hawkish Fed meeting in late January. This sent the US dollar soaring against both developed and emerging market currencies, and yields rose, presenting headwinds for gold.

Daily trading averages increased back up to US\$169bn in January, markedly higher than the low liquidity conditions seen in December and more in line with November 2021 levels of US\$175bn. Net long positioning, via the recent Commitment of Traders (COT) report for COMEX gold futures, initially declined before settling higher at nearly 765t (US\$44bn) – from 709t at the end of 2021 – as gold prices steadily increased.⁶

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

¹ Options expiry: While many ETFs have weekly or end-of-month option expirations, we refer to regular monthly expiration of ETF options that occur on the third Friday of each month, which generally have the most significant open interest. When gold prices rally into a major options expiration, it often elicits additional call options to be exercised creating primary activity in the ETFs.

² Based on the LBMA Gold Price PM as of 21 January 2022.

³ Based on India 10-year Government Bond yield as of 31 January 2022.

⁴ ‘Other’ regions include Australia, South Africa, Turkey, Saudi Arabia, and the United Arab Emirates.

⁵ Based on the LBMA Gold Price PM as of 31 January 2022.

⁶ As of 25 January 2022, based on available data.

Regional flows⁷

Inflows in North America and Europe outweighed outflows from Asia

- North American funds had inflows of 49.0t (US\$2.9bn, 2.8%)
- European funds had inflows of 6.7t (US\$385mn, 0.4%)
- Funds listed in Asia had outflows of 9.9t (-US\$589mn, -7.0%)
- Other regions had modest inflows of 0.5t (US\$27mn, 0.8%).

Table 1: January regional flows

	Total AUM (bn)	Change tonnes	Flows (US\$mn)	Flows (% AUM)
North America	106.8	49.0	2,905.1	2.76%
Europe	90.8	6.7	385.4	0.42%
Asia	7.8	-9.9	-588.9	-7.00%
Other	3.5	0.5	27.1	0.77%
Total	208.9	46.3	2,728.7	1.30%
Global inflows		67.7	5,134.5	2.46%
Global outflows		-21.4	-2,405.8	-1.15%

*As of 31/01/2022 '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

Table 2: Flows by country*

Country	Total AUM (bn)	Change tonnes	January Flows (US\$mn)	2022 Flows (US\$mn)
US	102.5	51.9	3,073.2	3,073.2
UK	41.4	-3.3	-193.3	-193.3
Germany	23.7	8.3	481.5	481.5
Switzerland	21.1	1.2	67.6	67.6
Canada	4.3	-2.9	-168.0	-168.0
France	4.0	0.8	43.3	43.3
China P.R. Mainland	3.8	-9.0	-527.1	-527.1
Australia	2.4	0.6	36.9	36.9
India	2.3	-0.9	-61.2	-61.2
Japan	1.3	0.0	0.0	0.0
South Africa	1.1	-0.1	-3.5	-3.5
Italy	0.4	-0.3	-15.8	-15.8
Ireland	0.3	0.1	3.0	3.0
Hong Kong SAR	0.2	0.0	0.0	0.0
Turkey	0.1	-0.1	-4.4	-4.4
Liechtenstein	0.0	0.0	-0.9	-0.9
Saudi Arabia	0.0	0.0	-1.9	-1.9
Malaysia	0.0	0.0	-0.6	-0.6

*As of 31/01/2022. 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

Long-term trends

Gold ETFs reversed course in January with inflows into large North American and European ETFs, while Asian funds experienced some outflows

- 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-cost⁸ funds and all other regions remained mostly positive

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).

- 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

- Conversely, this year has been marked with strong inflows into large US funds, in addition to continued growth in European ETFs. On the other hand, Asian gold ETFs have experienced outflows of nearly US\$600mn (-7.0%), 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 ETFs remained positive adding US\$548mn (9.4t, 4.6%) last month.

Individual flows (January)

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

- In North America, SPDR® Gold Shares had inflows of 42.1t (US\$2.5bn, 4.4%), while iShares Gold Trust Micro gained 5.3t (US\$311mn, 35.7%)
- In Europe, Xtrackers Physical Gold had inflows of 4.3t (US\$251mn, 9.7%), while Invesco Physical Gold lost 4.6t (-US\$266mn, -1.9%)
- In Asia, Chinese ETFs Bosera Gold Exchange, E Fund Gold, and Huaan Yifu Gold had outflows of 2.9t (-US\$173mn, -12.1%), 2.8t (-US\$164mn, -19.8%), and 2.8t (-US\$162mn, -8.6%), respectively.

Table 3: January individual top and bottom flows

Top 10 flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
SPDR Gold Shares	US	42.1	2,501.5	4.38%
iShares Gold Trust Micro	US	5.3	311.4	35.70%
Xtrackers Physical Gold ETC EUR	DE	4.3	251.3	9.72%
Goldman Sachs Physical Gold ETF	US	4.0	229.6	54.12%
Xtrackers IE Physical Gold ETC	DE	2.1	123.2	5.54%
CSIF CH II Gold Blue DB USD ‡	CH	1.7	100.1	22.39%
iShares Physical Gold ETC	GB	1.5	84.3	0.66%
WisdomTree Physical Swiss Gold	GB	0.9	50.4	1.38%
Amundi Physical Gold ETC	FR	0.8	43.3	1.08%
EUWAX Gold II	DE	0.7	40.5	3.92%

Sachs Physical Gold ETF, iShares Gold Trust Micro, CI Gold Bullion Fund, WisdomTree Core Physical Gold, and Xtrackers IE Physical Gold ETC.

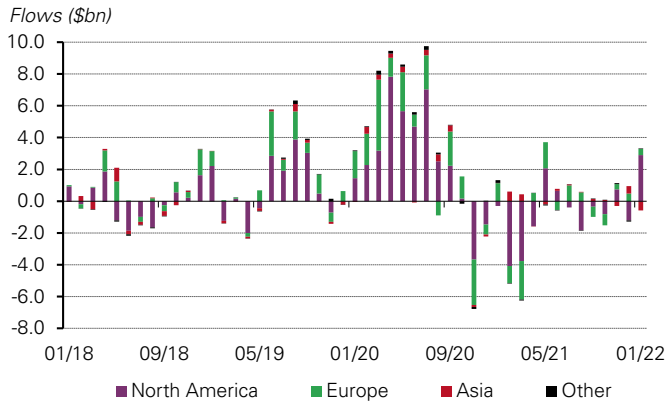
Bottom 10 Flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
Invesco Physical Gold ETC	GB	-4.6	-265.9	-1.87%
Bosera Gold Exchange Trade Open-End Fund ETF	CN	-2.9	-173.2	-12.08%
E Fund Gold Tradable Open-end Securities Investment Fund	CN	-2.8	-164.3	-19.84%
Huaan Yifu Gold ETF	CN	-2.8	-162.0	-8.61%
CI Gold Bullion Fund	CA	-2.6	-153.0	-48.61%
ICICI Prudential Gold iWIN ETF	IN	-0.7	-48.1	-13.87%
iShares Gold Trust	US	-0.6	-34.9	-0.12%
Gold Bullion Securities Ltd	GB	-0.6	-33.8	-0.91%
WisdomTree Physical Gold	GB	-0.5	-26.5	-0.47%
Pictet CH Precious Metals Fund - Physical Gold ‡	CH	-0.4	-23.7	-2.35%

*As of 31/01/2022. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due differences in the methodology used to compute each metric. For more information, see ETF Flows Data Methodology.

Source: Bloomberg, World Gold Council

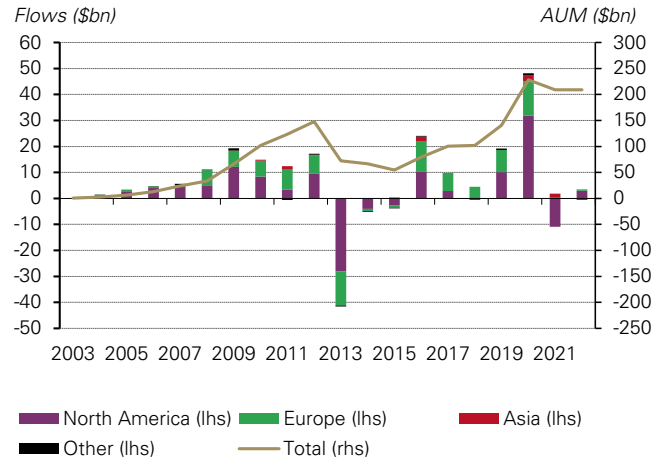
Relevant Charts

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



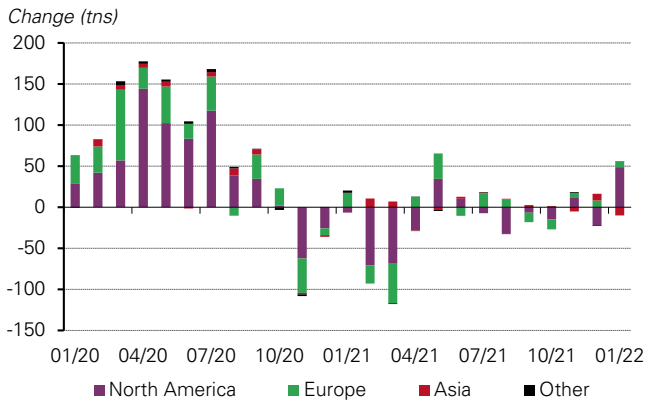
*As of 31/01/2022
Source: Bloomberg, World Gold Council

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



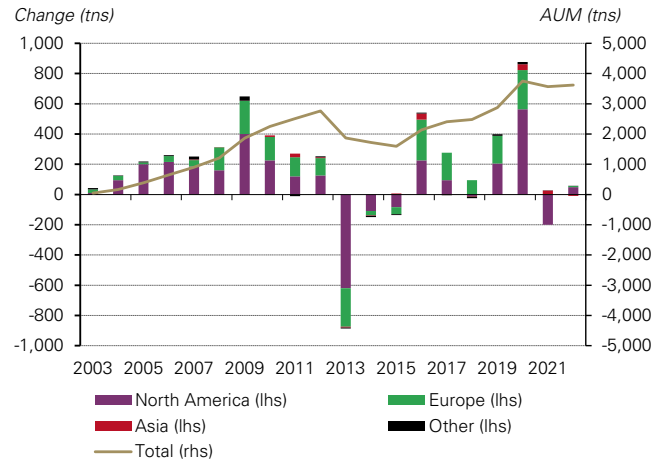
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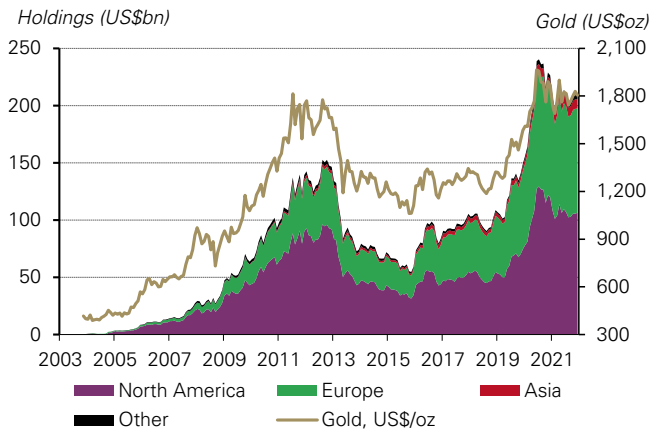
*As of 31/01/2022
Source: Bloomberg, World Gold Council

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



*As of 31/01/2022
Source: Bloomberg, World Gold Council

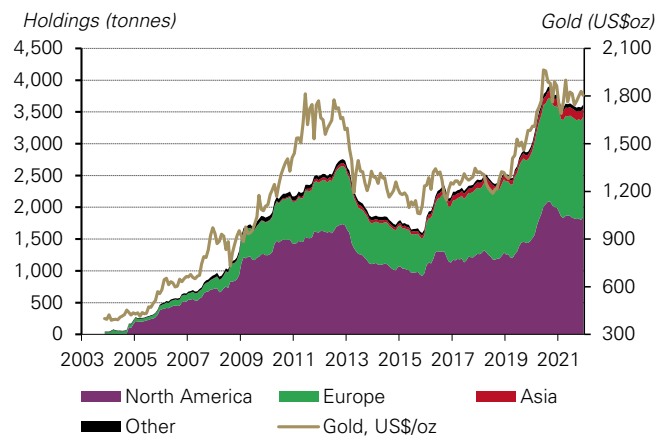
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 31/01/2022

Source: Bloomberg, World Gold Council

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



*As of 31/01/2022

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 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 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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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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