

Gold ETF commentary

Strong gold ETF outflows in July driven by a weaker gold price and momentum

August 2022

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Highlights

- Global gold ETFs registered outflows of 81t (-US\$4.5bn) in July
- North American and European funds accounted for the outflows, with holdings in China bouncing
- Global holdings of gold ETFs are up 5% y-t-d

July highlights

Global gold ETFs registered outflows of 81t (-US\$4.5bn) in July.¹ This was the third consecutive month of outflows and the worst since March 2021. A stronger US dollar and COMEX net long positioning – the lowest since April 2019 – helped push the gold price down through the US\$1,800/oz support level. Gold finished the month at US\$1,753/oz, down 2.8% on the year. For additional information please review our [July Global Market Commentary](#).

Overall, y-t-d global inflows are 153t (US\$10.3bn). Despite outflows in recent months, 2022 inflows nearly offset 2021 outflows highlighting continued strategic demand for gold. Total holdings at the end of July stood at 3,708t (US\$209bn), up 5% on the year.

All regions except Asia experienced outflows in July. North American holdings led outflows, falling 50.3t (US\$2.8bn, 2.5%), driven by the largest and most liquid US funds. The expected, and later confirmed, 75bp rate increase by the Federal Reserve helped propel the dollar index to a 20-year high.² This, along with a late-month rebound in equities encouraged North American investors – at least tactical ones – to shift into riskier assets. Despite net outflows in the region, the inflows of low-cost gold ETFs in North America continued the monthly trend that we have seen for nearly 90% of the time over the past four years, highlighting continued growth in the space.³

European funds lost 38.1t (-US\$2.1bn, 2.2%), led by outflows in UK-based funds. This came on the back of the EU raising rates for the first time in 11 years and by a larger-than-expected amount of 50bp.⁴ Funds in Asia showed a strong bounce in demand (8.1t, US\$446mn, 6.0%) after a blistering first half of outflows. All the inflows came from China, which had the worst absolute outflows during the first half of the year, primarily due to profit taking amid a strong local gold price in Q1. Inflows in July were mainly driven by safe-haven buying, due to a 7% fall in the CSI300 stock index, as well as strategic purchases as the local gold price dipped by 2%. Indian gold ETFs witnessed slight outflows as investors took profits amid a sharp correction in the domestic gold price and the expectation of further weakness. Despite net outflows during the month, India has managed to squeak out y-t-d inflows of almost one tonne.

Gold trading volumes and futures demand subdued in July

Average daily trading volumes for gold jumped to US\$151bn in July, above 2021's average level of US\$131bn. The increase came from the OTC market, and from futures on the COMEX and Shanghai Futures Exchanges. The latest Commitment of Traders (COT) report for Comex showed **net long positioning** at the lowest levels since April 2019 when the price of gold was US\$1,277/oz or about 27% lower. We've discussed **previously** that overly extended bullish or bearish COT numbers can be contra-indicators for the future price of gold. This was the case in April 2019 as the price began its track higher shortly thereafter. Current futures positioning, along with the **strong historical performance in the month of August since 2000**, could provide an opportune time for establishing or increasing gold positions in the near term.

¹ 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

² <https://www.forbes.com/advisor/personal-finance/another-75-point-fed-rate-increase/>

³ 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.

⁴ <https://www.cnbc.com/2022/07/21/european-central-bank-raises-rates-by-50-basis-points-its-first-hike-in-11-years.html>

Regional flows⁵

Outflows in all regions except Asia, with Chinese funds specifically having a strong bounce North American funds saw outflows of 26t (US\$1.5bn, -1%)

- North American funds saw outflows of 50.3t (-US\$2.8bn, 2.5%)
- European funds fell by 38.1t (-US\$2.1bn, 2.2%)
- Funds listed in Asia added 8.1t (US\$446mn, 6.0%)
- Funds in other regions had outflows of 0.7t (-US\$38mn, 1.0%).⁶

Table 1: July regional flows*

	Total AUM (bn)	Flows (tonnes)	Flows (US\$mn)	Flows (% AUM)
North America	106.0	-50.3	-2,805.1	-2.49%
Europe	92.2	-38.1	-2,114.3	-2.16%
Asia	7.8	8.1	445.8	5.97%
Other	3.5	-0.7	-37.6	-1.03%
Total	209.4	-81.0	-4,511.3	-2.03%
Global inflows		24.4	2,022.8	0.91%
Global outflows		-105.4	-6,534.0	-2.95%

*As of 31 July 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

Table 2: July flows by country*

Country	Total AUM (US\$mn)	Holdings tonnes	July Flows (US\$mn)	2021 Flows
US	101,892	1,807.5	-2,764.1	5,658.9
UK	43,115	764.8	-1,868.7	3,297.6
Germany	24,051	426.6	-111.6	1,711.6
Switzerland	19,661	348.8	-21.5	-548.9
France	4,375	77.6	-103.5	615.4
Canada	4,075	72.3	-41.0	-320.4
China P.R. Mainland	3,757	66.0	501.3	-571.9
India	2,469	38.2	-55.5	38.8
Australia	2,460	43.6	-12.5	187.5
Japan	1,336	23.5	0.0	46.3
South Africa	945	16.8	-12.9	-75.7
Ireland	595	10.6	12.5	354.0
Italy	319	5.7	-22.9	-44.1
Hong Kong SAR	220	3.9	0.0	-8.8
Turkey	53	0.9	-11.3	-10.9
Liechtenstein	38	0.7	1.3	-3.9
Saudi Arabia	18	0.3	-0.8	-7.3
Malaysia	12	0.2	0.0	-1.2

*As of 31 July 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. 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

⁵ 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.

⁶ 'Other' regions include Australia, South Africa, Turkey, Saudi Arabia, and the United Arab Emirates.

Individual flows (July)

SPDR® Gold Shares and iShares Physical Gold led global outflows during July

- In North America, SPDR® Gold Shares led outflows, with AUM dropping 44.4t (-US\$2.5bn, -4%), while iShares Gold Trust lost 8.9t (-US\$497mn, -2%). SPDR® Gold MiniShares Trust saw the largest inflows as holdings rose 4.5t (US\$252mn, 5%), followed by iShares Gold Trust Micro which added 1.0t (US\$57mn, 6%) – both of which are in the low-cost space.
- In Europe, iShares Physical Gold lost 33.5t (-US\$1.9bn, 11%) and WisdomTree Physical Gold shed 3.0t (US\$167mn, 3%). Invesco Physical Gold was the only fund in Europe with meaningful inflows, adding 4.2t (US\$235mn, 2%)
- In Asia, Chinese ETFs led the way with inflows in Huanan Yifu (3.9t, US\$220mn, 15%), Bosera Exchange Traded (3.5t, US\$194mn, 21%), and E Fund Gold Tradeable (1.7t, US\$94mn, 16%).
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Table 3: July individual top and bottom flows*

Top 10 flows	Country	Flows (tonnes)	Flows (US\$m)	Flows (% AUM)
SPDR Gold MiniShares Trust	US	4.5	251.7	4.9%
Invesco Physical Gold ETC	GB	4.2	234.7	1.5%
Huanan Yifu Gold ETF	CN	3.9	219.8	14.8%
Bosera Gold Exchange Trade Open-End Fund ETF	CN	3.5	193.6	20.7%
E Fund Gold Tradable Open-end Securities Investment Fund	CN	1.7	93.5	15.7%
iShares Gold Trust Micro	US	1.0	56.7	5.5%
iShares Gold CHF Hedged CH	CH	0.8	42.8	6.9%
Xtrackers Physical Gold Euro Hedged ETC	DE	0.7	36.9	1.9%
iShares Gold CH	CH	0.6	31.1	4.4%
Invesco Physical Gold EUR Hedged ETC	DE	0.5	26.4	9.0%

Bottom 10 Flows	Country	Flows (tonnes)	Flows (US\$m)	Flows (% AUM)
SPDR Gold Shares	US	-44.4	-2,479.1	-4.0%
iShares Physical Gold ETC	GB	-33.5	-1,856.2	-11.2%
iShares Gold Trust	US	-8.9	-496.8	-1.7%
WisdomTree Physical Gold	GB	-3.0	-166.9	-3.1%
Amundi Physical Gold ETC	FR	-1.9	-103.5	-2.2%
Xetra-Gold	DE	-1.3	-75.0	-0.5%
ZKB Gold ETF ‡	CH	-1.3	-74.1	-0.8%
Xtrackers Physical Gold ETC EUR	DE	-1.1	-64.1	-2.9%
WisdomTree Physical Swiss Gold	GB	-1.1	-61.0	-2.0%
abrln Gold ETF Trust	US	-1.1	-59.8	-2.3%

Long-term trends

Larger, liquid funds' flows continue to move with the price of gold, while low-cost funds continue to grow, nearly every month

- Following three consecutive months of net outflows, global holdings of gold ETFs are now 5% (153t) higher y-t-d, below 2021's annual inflows of 173t
- North American- and European-listed funds have absorbed a combined 159t of inflows in 2022 to date
- Chinese funds started the first half of the year leading outflows but had a resurgence with 15% growth in July.

Table 4: Y-t-d regional flows*

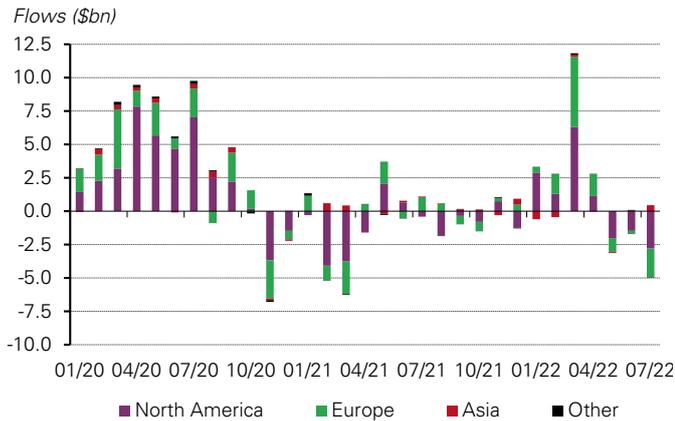
	Total AUM (bn)	Flows (tonnes)	Flows (US\$m)	Flows (% AUM)
North America	106.0	78.3	5,338.5	5.06%
Europe	92.2	81.1	5,381.6	5.86%
Asia	7.8	-7.9	-496.9	-5.90%
Other	3.5	1.4	93.6	2.65%
Total	209.4	153.0	10,316.8	4.93%
Global inflows		216.0	39,937.2	19.09%
Global outflows		-63.0	-29,620.4	-14.16%

*As of 31 July 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

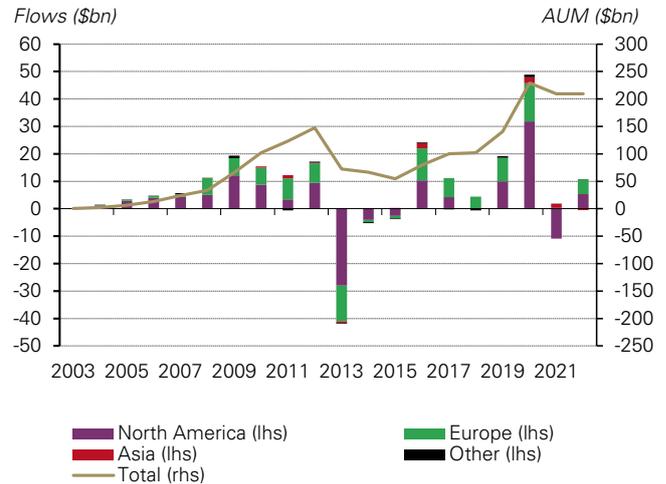
Relevant Charts

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



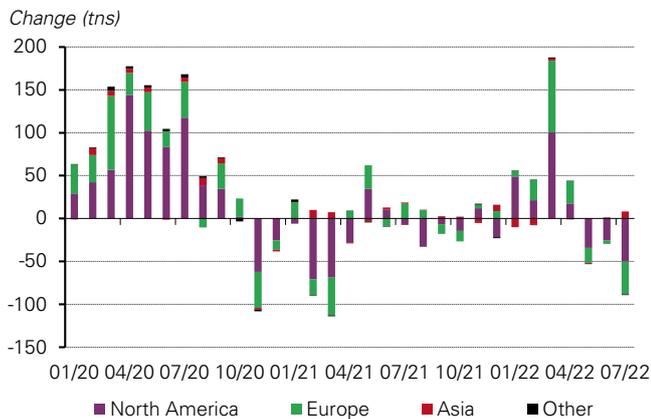
*As of 31 July 2022.
Source: Bloomberg, World Gold Council

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



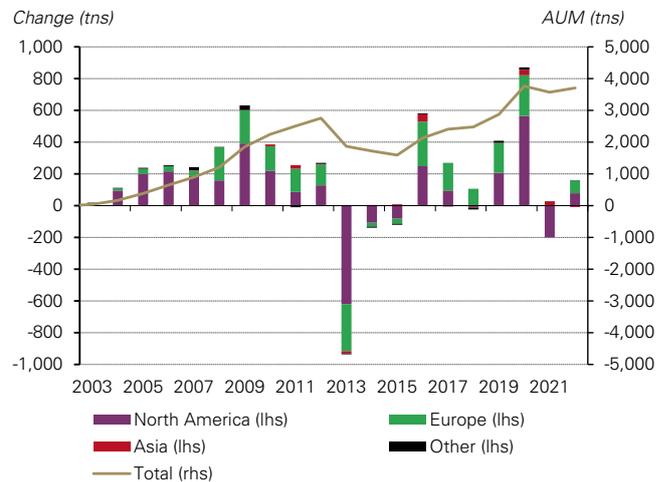
*As of 31 July 2022.
Source: Bloomberg, World Gold Council

Chart 3: Gold-backed ETFs (and similar) change in holdings by month*



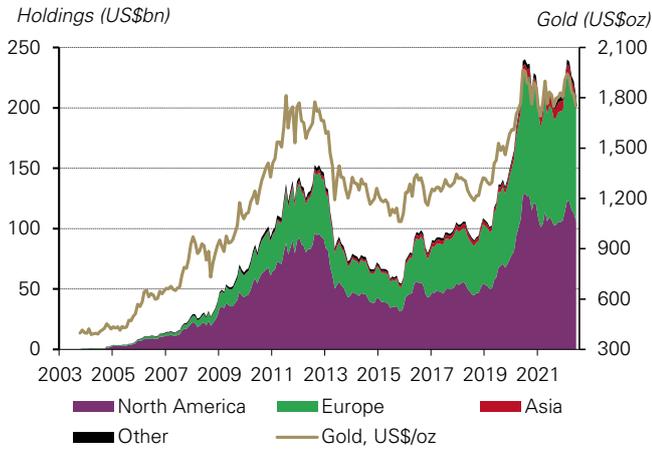
*As of 31 July 2022.
Source: Bloomberg, World Gold Council

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



*As of 31 July 2022.
Source: Bloomberg, World Gold Council

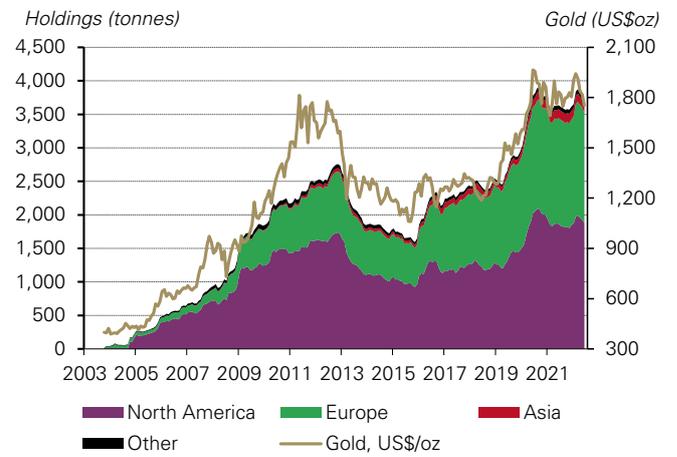
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 31 July 2022.

Source: Bloomberg, World Gold Council

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



*As of 31 July 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, considering 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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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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