

Gold ETF commentary

Gold ETF outflows continue for a fourth straight month on dollar strength

September 2022

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Highlights

- Global gold ETFs registered outflows of 51t (-US\$2.9bn, 1.4%) in August
- SPDR® Gold Shares and iShares Gold Trust led global outflows during the month
- Gold ETFs have given back two-thirds of their inflows seen through April, standing just 3.6% higher on the year

August highlights

Global gold ETFs registered outflows of 51t (-US\$2.9bn, 1.4%) in August, in line with price performance.¹ This was the fourth consecutive month of outflows. Funds have now given back two-thirds of the inflows accumulated through April; y-t-d global inflows are 102t (US\$7.5bn), with total holdings at 3,651t (US\$202bn), up 3.6% on the year. A fresh two-decade high in the US dollar - coupled with higher rates - was again, a headwind for the gold price. Gold failed to break through the US\$1,800/oz resistance level before succumbing to the pressure following stern hawkish warnings from the Fed. Gold finished the month down 2% to US\$1,716/oz, and is lower by 5% on the year. For additional information please review our [August Global Market Commentary](#).

Outflows were widespread in August, with only the 'Other' region seeing inflows. North American funds led outflows, falling 40t (-US\$2.2bn, 2.1%), driven by the largest and most liquid US funds. Continued hawkish commentary from US Fed officials drove 2-yr rates above the June highs, to levels last seen during the Global Financial Crisis (GFC). Nearly all funds in the region experienced outflows, including those in the low-cost space.²

European funds had modest outflows of 4.7t (-US\$266mn, 0.3%), led by UK- and Swiss-based funds. Europe had considerable equity weakness during the month, and the euro broke parity versus the dollar for the first time since 2002. Volatility in Asian gold ETF flows continued as holdings fell (7.5t, -US\$433mn, 6.0%) after rebounding the previous month. Chinese funds dominated outflows in August and remains the country with the most outflows this year. Indian gold ETFs witnessed minor net outflows during the month (0.1t), as investors rotated into other asset classes like equities (BSE Sensex, +3.6%) and bonds (Indian 10-year government bonds, +1.2%).

Gold trading volumes and futures demand cratered in August

Gold *average daily trading volumes* fell significantly in August – as is common in the summer months - to US\$109bn, below 2021's average level of US\$131bn. Futures exchange volumes were the primary culprit, as their volumes fell 57% m-o-m. The latest Commitment of Traders (COT) report for Comex continues to show low *net long positioning*, but the managed money net longs did increase from a July net short position to +94t.

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 August 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 brief 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).

² 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.

Regional flows³

Outflows in all regions except 'Other', as Asian fund flows remain volatile

- North American funds saw outflows of 39.9t (-US\$2.8bn, 2.1%)
- European funds fell by 4.7t (-US\$266mn, 0.3%)
- Funds listed in Asia lost 7.5t (-US\$433mn, 5.6%)
- Funds in other regions had inflows of 1.2t (US\$71mn, 2.1%).⁴

Table 1: August regional flows*

| | Total AUM (bn) | Flows (tonnes) | Flows (US\$mn) | Flows (% AUM) |
|-----------------|----------------|----------------|----------------|---------------|
| North America | 101.5 | -39.9 | -2,238.9 | -2.11% |
| Europe | 89.6 | -4.7 | -266.1 | -0.29% |
| Asia | 7.3 | -7.5 | -432.7 | -5.55% |
| Other | 3.5 | 1.2 | 71.4 | 2.05% |
| Total | 201.8 | -50.8 | -2,866.3 | -1.37% |
| Global inflows | | 5.5 | 1,446.2 | 0.69% |
| Global outflows | | -56.4 | -4,312.5 | -2.06% |

*As of 31 August 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

- 3 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

Table 2: August flows by country*

| Country | Total AUM (US\$mn) | Holdings tonnes | August Flows (US\$mn) | 2022 Flows |
|---------------------|--------------------|-----------------|-----------------------|------------|
| US | 97,513 | 1,767.6 | -2,206.7 | 3,447.7 |
| UK | 41,946 | 760.3 | -173.2 | 3,124.4 |
| Germany | 23,487 | 425.7 | 5.1 | 1,716.6 |
| Switzerland | 19,019 | 344.7 | -76.4 | -625.3 |
| France | 4,239 | 76.8 | -41.6 | 573.8 |
| Canada | 3,942 | 71.5 | -32.2 | -350.5 |
| China P.R. Mainland | 3,275 | 58.3 | -436.9 | -1,009.0 |
| India | 2,440 | 38.1 | -7.4 | 31.3 |
| Australia | 2,421 | 43.9 | 19.2 | 206.5 |
| Japan | 1,315 | 23.7 | 11.6 | 57.9 |
| South Africa | 976 | 17.7 | 52.2 | -23.4 |
| Ireland | 602 | 10.9 | 19.7 | 373.8 |
| Italy | 311 | 5.6 | -0.6 | -44.4 |
| Hong Kong SAR | 214 | 3.9 | 0.0 | -8.8 |
| Turkey | 52 | 0.9 | 0.0 | -10.9 |
| Liechtenstein | 37 | 0.7 | 0.8 | -3.3 |
| Saudi Arabia | 18 | 0.3 | 0.0 | -7.3 |
| Malaysia | 12 | 0.2 | 0.0 | -1.2 |

*As of 31 August 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

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.

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

Individual flows (August)

SPDR® Gold Shares and iShares Gold Trust led global outflows during August

- In North America, SPDR® Gold Shares led outflows, with AUM dropping 32.5t (-US\$1.8bn, -3%), while iShares Gold Trust lost 5.1t (-US\$288mn, -1%).
- In Europe, WisdomTree Core Physical Gold lost 1.9t (-US\$111mn, 17%) and Invesco Physical Gold lost 0.8t (-US\$48mn, 0.3%). Xtrackers Physical Gold EUR added 0.6t (US\$36mn, 1.7%)
- In Asia, Chinese ETFs led outflows as Huan Yifu (3.8t, -US\$219mn, 13%) and Bosera Exchange Traded (2.0t, -US\$112mn, 10%) had double-digit percentage losses

Table 3: August individual top and bottom flows*

| Top 10 flows | Country | Flows (tonnes) | Flows (US\$m) | Flows (% AUM) |
|--|---------|----------------|---------------|---------------|
| Invest Gold ETF | ZA | 0.7 | 39.0 | 118.6% |
| Xtrackers Physical Gold ETC EUR | DE | 0.6 | 36.1 | 1.7% |
| ETFS Metal Securities Australia Ltd - ETFS Physical Gold | AU | 0.5 | 30.5 | 1.7% |
| Xtrackers IE Physical Gold GBP Hedged ETC | GB | 0.5 | 29.2 | 8.9% |
| Xtrackers IE Physical Gold EUR Hedged ETC | DE | 0.5 | 27.9 | 4.4% |
| Royal Mint Responsibly Sourced Physical Gold ETC | IE | 0.3 | 19.7 | 3.3% |
| NewGold Issuer Ltd | ZA | 0.2 | 13.2 | 1.5% |
| Sprott ESG Gold ETF | US | 0.2 | 12.5 | 100.0% |
| EUWAX Gold II | DE | 0.2 | 12.1 | 1.1% |
| Japan Physical Gold ETF | JP | 0.2 | 11.6 | 0.9% |

| Bottom 10 Flows | Country | Flows (tonnes) | Flows (US\$m) | Flows (% AUM) |
|--|---------|----------------|---------------|---------------|
| SPDR Gold Shares | US | -32.5 | -1,818.4 | -3.2% |
| iShares Gold Trust | US | -5.1 | -288.2 | -1.0% |
| Huan Yifu Gold ETF | CN | -3.8 | -219.1 | -13.1% |
| Bosera Gold Exchange Trade Open-End Fund ETF | CN | -2.0 | -111.8 | -10.1% |
| WisdomTree Core Physical Gold | GB | -1.9 | -110.6 | -17.3% |
| E Fund Gold Tradable Open-end Securities Investment Fund | CN | -1.8 | -102.1 | -15.1% |
| Goldman Sachs Physical Gold ETF | US | -0.9 | -53.1 | -9.2% |
| Invesco Physical Gold ETC | GB | -0.8 | -48.4 | -0.3% |
| Granitshares Gold Trust | US | -0.8 | -46.6 | -5.0% |
| Amundi Physical Gold ETC | FR | -0.8 | -41.6 | -1.0% |

Long-term trends

Gold ETFs have given back two-thirds of their inflows seen through April, standing just 3.6% higher on the year

- Larger, liquid funds' flows continue to move with the price of gold, while low-cost funds continue to grow steadily
- European inflows have more than doubled those of North American ones in 2022
- The quantity of global gold ETFs have grown 10% this year.

Table 4: Y-t-d regional flows*

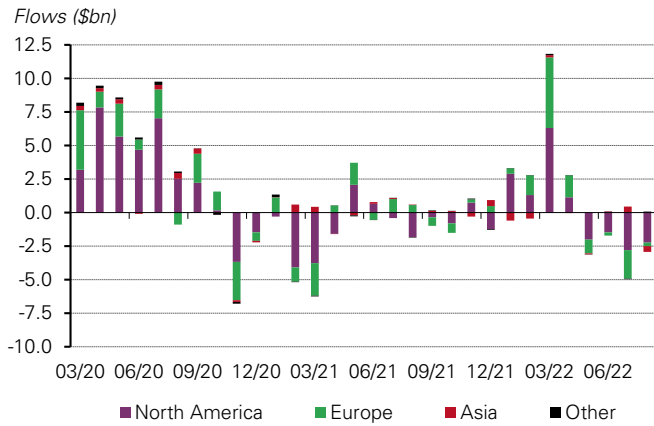
| | Total AUM (bn) | Flows (tonnes) | Flows (US\$m) | Flows (% AUM) |
|-----------------|----------------|----------------|---------------|---------------|
| North America | 101.5 | 38.5 | 3,097.2 | 2.94% |
| Europe | 89.6 | 76.4 | 5,115.5 | 5.57% |
| Asia | 7.3 | -15.4 | -930.0 | -11.05% |
| Other | 3.5 | 2.7 | 164.8 | 4.67% |
| Total | 201.8 | 102.1 | 7,447.6 | 3.56% |
| Global inflows | | 177.6 | 41,360.9 | 19.77% |
| Global outflows | | -75.4 | -33,913.3 | -16.21% |

*As of 31 August 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 differences in the methodology used to compute each metric. For more information, see ETF Flows Data Methodology.

Source: Bloomberg, World Gold Council

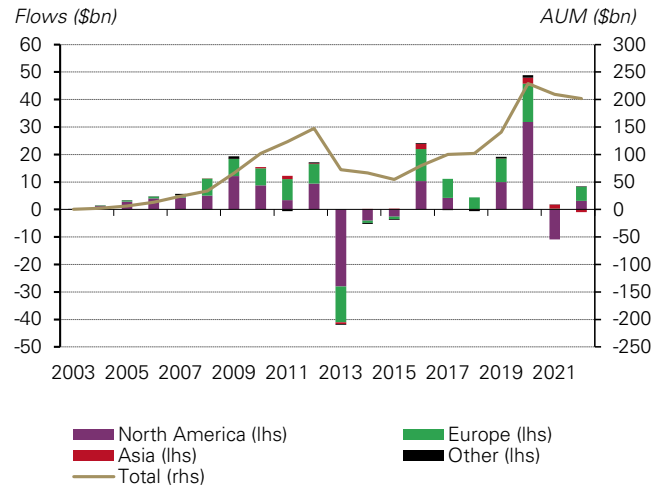
Relevant Charts

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



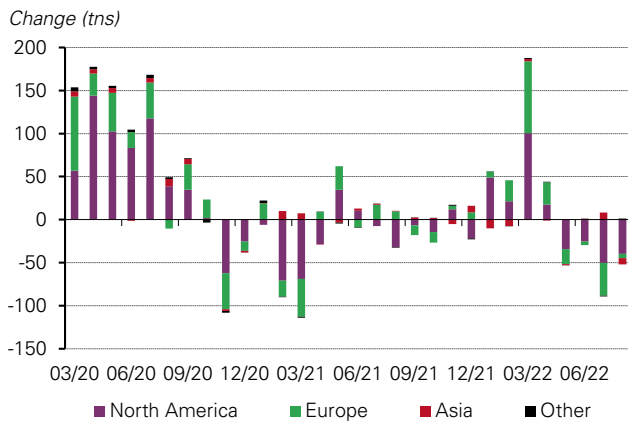
*As of 31 August 2022.
Source: Bloomberg, World Gold Council

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



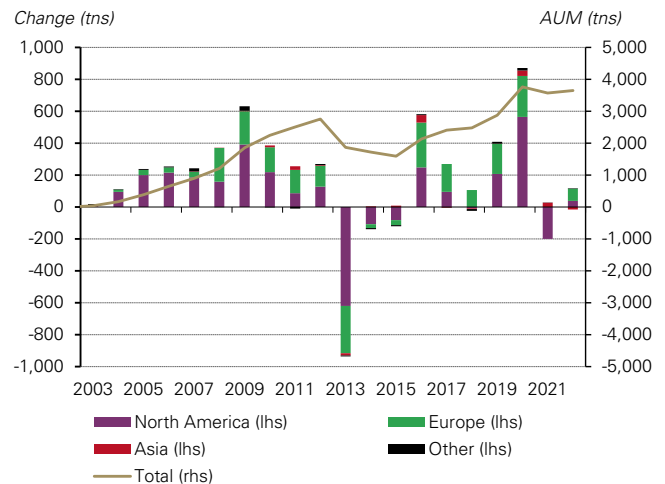
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Source: Bloomberg, World Gold Council

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



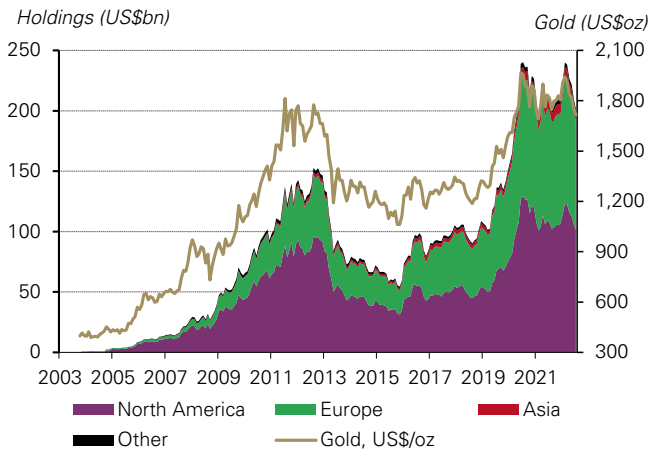
*As of 31 August 2022.
Source: Bloomberg, World Gold Council

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



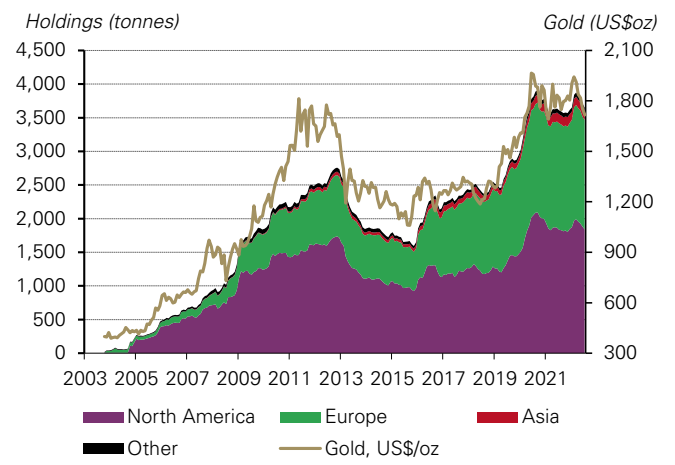
*As of 31 August 2022.
Source: Bloomberg, World Gold Council

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



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

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



*As of 31 August 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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