GoldSquawk

SPECIAL REPORT · NOVEMBER 2026

Physical demand is becoming more geographically fragmented

GoldSquawk Research

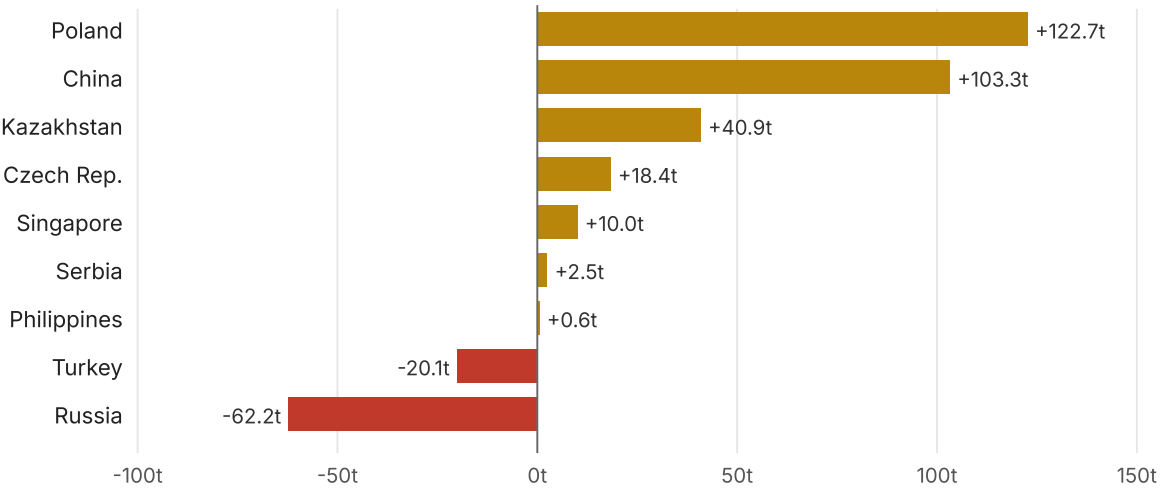
Key takeaways

- China's local market has turned more balanced but remains sensitive: the Shanghai benchmark was CNY 883.95/g on 10 November, and the China premium versus London recently swung between +$1.60/oz, -$8.36/oz and +$0.89/oz; the 7-day average was +$1.76/oz.[1,2]
- China remains a significant physical anchor through official buying. SAFE data show reported gold reserves rose from 74.19mn oz in January to 78.30mn oz in October 2026, while GoldSquawk data show China's official holdings reached 2,410t in September after 23 consecutive monthly rises.[3,4]
- ETF demand is part of the physical story in 2026, not separate from it. Global gold ETFs added 211.2t in Q3 and a further 19t in October to a record 4,275t, with Asia still posting net buying in October while North America saw marginal outflows.[5,6]
- Chinese ETF demand has become large enough to matter for regional metal flows. Chinese gold ETFs added 27t in Q3, including 11t in September, taking holdings to a record 304t at end-September.[7]
- Warehouse location is shifting as well as end-demand. CME says anticipated tariff-related arbitrage and U.S. futures premiums pulled metal into U.S. vaults, lifting COMEX registered stocks from 88.5K metric tons in early 2025 to over 711K metric tons by October 2026, while Shanghai exchange gold stocks rose to 118.4t in the week to 6 November, the highest since at least November 2025.[8,9]

China's premium is no longer signalling acute shortage, but it still matters

- The Shanghai Gold Exchange benchmark PM fixed at CNY 883.95/g on 10 November, after CNY 881.97/g on 9 November and CNY 868.44/g on 6 November.[1] GoldSquawk data show the China premium versus London at +$0.89/oz on 10 November, after -$8.36/oz and +$1.60/oz on the prior cited sessions; the 7-day average stood at +$1.76/oz.[2]
- These small swings around parity suggest a market that is better supplied than during past squeeze periods, but still capable of tightening episodically. WGC's China update says Q3 wholesale demand improved seasonally and that stronger investment demand and official-sector buying remained supportive.[7]
- China's domestic demand mix is also changing. WGC says Chinese gold ETFs added 27t in Q3, with holdings reaching a record 304t at end-September, while September alone saw 11t of inflows.[7] That means part of local demand can now be expressed through physically backed funds rather than only through wholesale bar demand.[10,7]

Figure 1: Official buying remains a key physical anchor



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 10 November 2026.

Official buying and ETF flows are reshaping the marginal bid

- SAFE data show China's reported gold reserves rising month by month from 74.19mn oz in January 2026 to 78.30mn oz in October 2026.[3] GoldSquawk data separately show China's official holdings at 2,410t in September, up 103.3t this year and marking 23 consecutive monthly increases.[4]
- WGC says the official sector's continued buying announcements have supported domestic investor psychology in China.[7] In practice, that can make China both a direct physical sink through reserve accumulation and an indirect demand amplifier through private investment flows.[7,3]
- The broader ETF picture is also changing geographically. Global gold ETFs added 211.2t in Q3 2026, lifting holdings to 4,256t, and then added another 19t in October to a new record 4,275t.[5,6] WGC says Europe led October inflows, Asia remained net positive, and North America saw marginal outflows.[6]
- GLD holdings were 1,042.5t on 9 November, down 10.6t over one month but up 0.5t over 12 months, showing that the largest U.S. gold ETF has been broadly steady rather than the sole source of marginal demand.[11]

Figure 2: ETF holdings remain firm even as demand geography broadens



Source: SPDR Gold Shares (World Gold Trust Services), as of 09 November 2026.

Metal is also being redirected into warehouses, not only into end-use demand

- CME says anticipated potential tariffs and a premium in U.S. futures over European pricing pulled imported metal into U.S. vaults, expanding COMEX registered stocks from 88.5K metric tons in early 2025 to over 711K metric tons by October 2026.[8] CME also said COMEX-approved warehouses held record U.S. inventory of 700,000 short tons in Q3.[12]
- That points to a relocation of bullion driven partly by basis and policy risk, not solely by final-user demand. In other words, some of the changing physical map reflects inventory migration and precautionary stockholding rather than immediate consumption.[8]
- Asian warehouse data also show metal availability has increased. GoldSquawk data put Shanghai exchange gold stocks at 118.4t in the week to 6 November, up 1.5t on the week and at the highest level since at least 14 November 2025.[9]
- Warehouse stocks are not perfectly fungible across venues. CME's August notices on approved delivery brands underscore that location and brand eligibility still matter for how quickly metal can satisfy demand in a given market.[13]

Scenarios

- **Supportive physical rebalancing:** China's premium stays around flat to positive, Chinese reserve additions continue, and Asian ETF demand remains firm alongside European inflows. That would suggest the marginal ounce is still being absorbed across several physical channels rather than returning to a single dominant hub.[6,7,3,2]
- **Inventory-led loosening:** China's premium slips back into deeper discount while high COMEX and Shanghai stocks persist. That would argue the recent shift is being driven more by inventory relocation and improved local supply than by renewed end-demand tightness.[8,2,9]
- **Multi-polar demand persists:** North American ETF demand stays softer while Europe and Asia remain active, and official-sector buying continues. In that case, gold's physical map would look increasingly fragmented, with state demand, ETF allocation and exchange inventories all shaping conditions at once.[6,5,4]

Levels to watch

- Gold last close $4,039.1/oz on 10 Nov 2026.[chart]
- 50-day moving average $4,213.3/oz.[chart]
- 200-day moving average $4,492.0/oz.[chart]
- 52-week low $3,898.9/oz.[chart]
- 52-week high $5,318.4/oz.[chart]

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Glossary

Premium/discount versus London: The difference between a local gold benchmark price and London spot. A positive premium can indicate stronger local demand or tighter supply; a discount can indicate easier supply or weaker local demand.

Registered stocks: Exchange inventory that is eligible for delivery against futures contracts.

Physically backed ETF: An exchange-traded fund that holds physical gold to back its shares rather than using only derivatives.

Import parity: The effective local price of imported gold after including exchange rates, duties and related costs.

Basis/arbitrage: Trading driven by price differences between markets or between spot and futures, which can pull metal from one location to another.

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