GoldSquawk

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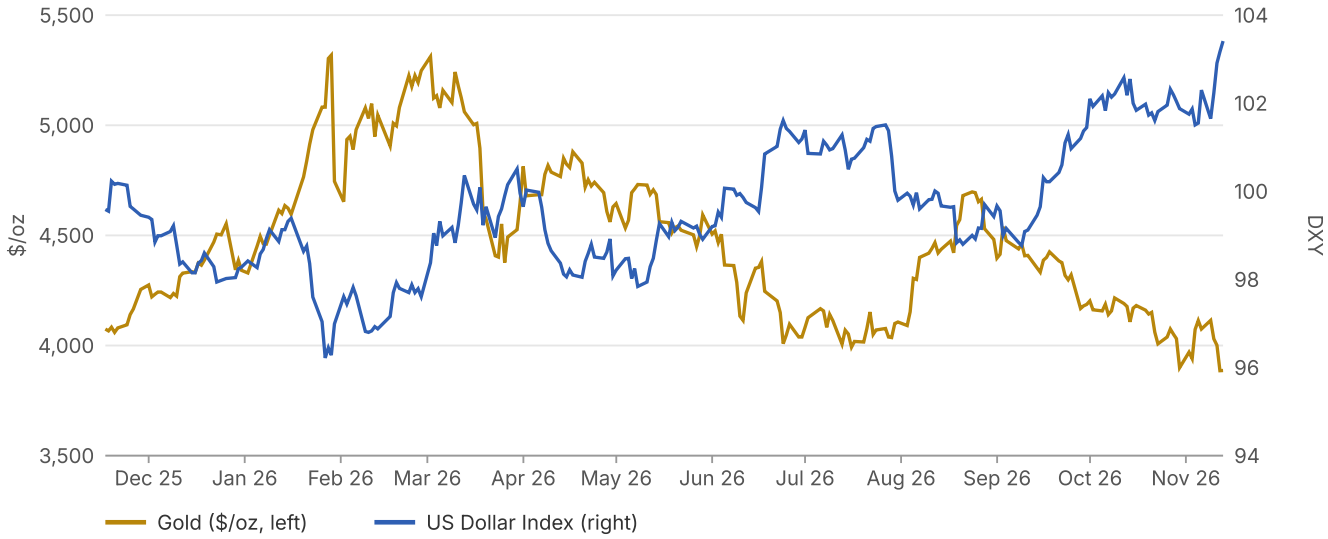
Shanghai firms while London stays comfortable

GoldSquawk Research

Key takeaways

- The Shanghai premium has turned positive again, with GoldSquawk showing +$8.72/oz on 13 November and a 7-day average of +$1.74/oz; that is consistent with local firmness, but not with an extreme squeeze. WGC's premium framework treats this spread as a gauge of Chinese supply-demand conditions rather than a precise tradable arbitrage measure.[1,2]
- SHFE gold warehouse stocks do not confirm acute tightness. Exchange inventories were 118.4t in the week to 13 November, unchanged on the week and at their highest level since at least 14 November 2025; the official 6 November SHFE report also showed a 1,500kg weekly rise to 118,404kg.[3,4]
- SGE Au(T+D) activity points to active local positioning, but not a clean shortage signal. On 13 November, volume rose to 59,700kg, around 1.8x its 19-day median, while open interest fell 5.9% day on day to 210,300 lots, which is more consistent with liquidation or two-way churn than straightforward fresh accumulation.[5,6]
- The divergence with London looks geographic rather than systemic. LBMA vault holdings stood at 9,850t at end-October, up 0.29% month on month, while London gold clearing averaged 18.3mn oz a day in September, only 1.6% lower on the month and 6.7% above its 12-month average.[7,8]
- China's local firmness appears more investment-led than jewellery-led. WGC said Chinese investors were supported by weaker domestic equities and falling government bond yields, while Q3 jewellery demand fell to 65.7t, down 22% year on year and the weakest Q3 since 2006.[9,10,11]

Figure 1: Gold weak globally, yet Shanghai trades at a premium



Source: COMEX gold futures and ICE US Dollar Index via Yahoo Finance; GoldSquawk calculations, as of 13 November 2026.

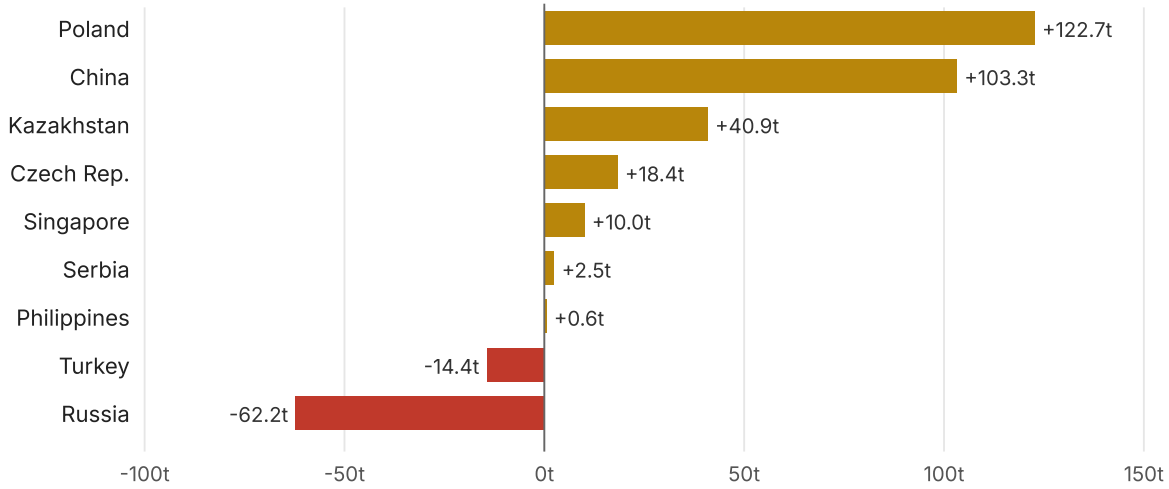
China's premium says firm, not stressed

- GoldSquawk's latest China premium reading was +$8.72/oz on 13 November, with a 7-day average of +$1.74/oz; your other flagged print of +$3.75/oz fits the same pattern of positive but low single-digit to high single-digit premiums.[1]
- Under the WGC methodology, the Chinese premium is the difference between the Shanghai Gold Exchange reference price and the LBMA Gold Price AM in US dollars per ounce, used as an indicator of local supply-demand conditions.[2]
- A positive premium generally implies domestic demand is absorbing available supply faster than fresh metal is entering, or that local buyers are willing to pay above the international benchmark despite market frictions. But the current premium magnitude looks more like mild firmness than a severe dislocation.[2,1]
- This matters because global gold sentiment has been weak: COMEX front-month gold closed at $3,886.3/oz on 13 November, down 6.8% over one month and 13.1% over three months, while the dollar index was up 3.8% over 12 months; against that backdrop, a positive Shanghai premium stands out as a local divergence.[gold_vs_dollar]

Stocks and T+D activity do not confirm an outright squeeze

- SHFE gold warehouse stocks were 118.4t in the week to 13 November, unchanged week on week and the highest since at least 14 November 2025 in GoldSquawk's history. The official SHFE weekly stock report for 6 November showed 118,404kg, up 1,500kg from 116,904kg the prior week.[3,4]
- That stock profile argues against an accelerating drain in exchange-registered metal. SHFE also notes these inventories are registered standard warrants, so they reflect futures-deliverable stocks rather than the whole of Chinese commercial or wholesale availability.[4]
- Au(T+D) turnover was mixed through 9-13 November before a sharp jump on 13 November. Volumes were 38,956kg on 9 November, 32,538kg on 10 November, 27,036kg on 11 November, 32,580kg on 12 November and 59,700kg on 13 November.[12,13,14,15,6]
- The 13 November surge in activity came with open interest falling to 210,300 lots from 223,514 the previous day, and SGE reports volume on a two-way basis. That weakens any claim that the move alone proves shortage; it may instead reflect long liquidation, hedging, arbitrage or broader two-way repositioning.[5,6]

Figure 2: Official buying and investment demand support China sentiment



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 15 November 2026.

The broader backdrop supports segmentation, not systemwide tightness

- China's physical and investment backdrop remains mixed. SGE October gold withdrawals were 92,083.24kg, while WGC said September withdrawals were 92t, up 48% month on month but still 22% lower year on year; Q3 wholesale demand totalled 234t, down 21% year on year and 44% below the 10-year average of 418t.[16,17]
- Jewellery demand remains weak in tonnage terms. WGC reported Chinese jewellery demand at 65.7t in Q3 2026, down 22% year on year and the weakest Q3 since 2006; it also said H1 2026 jewellery tonnage was the weakest first half since 2006.[9,18]
- By contrast, investment conditions have been more supportive. WGC said Chinese funds continued to attract inflows, citing weaker domestic equities and declining government bond yields, and said China continued to lead regional inflows in its November ETF-flows note.[10,11]
- Official buying also supports sentiment. WGC said the PBoC added 23t in September, taking Q3 buying to 63t, while GoldSquawk data show China's official holdings at 2,410t as of September, up 103.3t year to date and marking 23 consecutive monthly increases.[17,19]
- London, meanwhile, still looks comfortable on stock and clearing metrics. LBMA vault holdings were 9,850t at end-October, up 0.29% month on month, and average daily gold clearing was 18.3mn oz in September, down just 1.6% on the month.[7,8]

Scenarios

- **Supportive case:** Shanghai premiums stay consistently positive, SHFE stocks begin to edge lower from current highs, and future Au(T+D) volume increases come with rising open interest rather than falling open interest. That combination would strengthen the case that China's local bid is broadening beyond sentiment into tighter wholesale conditions.[1,3,5]
- **Segmentation case:** Premiums remain positive but modest, SHFE stocks stay stable around current levels, and London vault and clearing data remain comfortable. In that outcome, the divergence persists as a China-specific investment and restocking story rather than a wider bullion tightness episode.[1,3,7,8]
- **Pressure case:** Shanghai premiums fade back towards flat or discount territory, while jewellery demand stays soft and recent T+D volume proves to have been mainly liquidation and churn. That would suggest local firmness was temporary and driven more by volatility than by durable physical scarcity.[1,9,5]

Levels to watch

- COMEX front-month gold last close: $3,886.3/oz (13 Nov 2026).
- 52-week low: $3,885.3/oz (12 Nov 2026).
- 50-day moving average: $4,181.5/oz.
- 200-day moving average: $4,472.2/oz.
- 52-week high: $5,318.4/oz (29 Jan 2026).

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Glossary

Shanghai premium: The difference between the Shanghai Gold Exchange reference price and the LBMA Gold Price AM in US$/oz, used as a gauge of Chinese local supply-demand conditions.[10]

Au(T+D): A deferred-settlement gold contract traded on the Shanghai Gold Exchange. Its volume can reflect hedging and speculative activity as well as physical-financial arbitrage.[7]

Open interest: The number of outstanding contracts or positions that remain open. Rising open interest can indicate fresh positioning, while falling open interest can indicate liquidation or position closure.[7]

Registered standard warrants: Exchange-registered warehouse receipts representing deliverable metal in SHFE inventories, rather than total commercial gold stocks in China.[3]

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