GoldSquawk

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Physical demand is splitting by region and channel

GoldSquawk Research

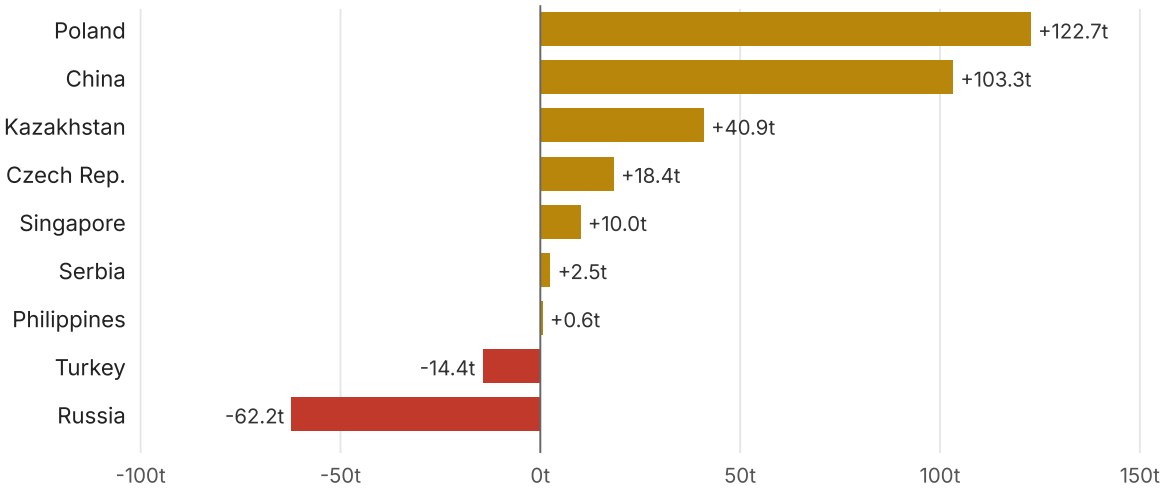
Key takeaways

- India's festive pickup looks real but tonnage remains price-sensitive: the World Gold Council said Dhanteras/Diwali demand was healthy across jewellery and bars/coins, yet volumes were largely flat to slightly higher, with lighter products and old-gold exchange accounting for 40%-60% of sales at many retailers[1].
- China remains the strongest supportive signal among the four markets, but mainly through investment and official buying rather than jewellery: Q3 bar-and-coin demand rose 7% y/y to 79t and year-to-date reached a record 393t, while jewellery demand fell 22% y/y to 65.7t[2].
- Swiss trade data point to redistribution rather than a simple Eastbound drain: September exports rose to 165.2t, but shipments to the UK climbed to 126.2t while flows to China fell to 12.7t and India to 3.1t[3].
- London still looks comfortably supplied on visible metrics: LBMA vault holdings rose 0.29% m/m to 9,850t at end-October, while September clearing averaged 18.3mn oz/day, tempering the case for an acute shortage in the main OTC hub[4,5].

India has improved, but mainly on seasonal and price-dip demand

- The latest India signal is firmer than Q3 data alone suggest. WGC said festive demand during Dhanteras/Diwali was healthy and broad-based across regions and across jewellery and bars/coins, with retailer estimates pointing to value demand up 15%-25% y/y while volumes were only flat to slightly higher[1].
- That nuance matters for bullion tonnage. WGC said average festive prices were still nearly 10% above last year's festive period and 17% higher y/y on a comparable basis, purchases skewed to lighter weights, bars and coins concentrated in 0.5g-5g denominations, and old-gold exchange accounted for 40%-60% of sales at many retailers[1].
- Imports have recovered from September's trough but remain subdued relative to normal seasonal patterns. WGC estimated October imports at around 70t versus 23t in September and 128t a year earlier, with September-October combined at about 93t versus a 2021-25 average of roughly 180t for the same period; official September unwrought imports were 23.2t, down 77% y/y[1,6].
- Local and financial signals are firmer than customs flows alone imply. Reuters reported that India swung to premiums of up to $7/oz in mid-October from discounts of up to $6/oz a week earlier as festive and wedding demand improved, while WGC said Indian gold ETFs saw a fifth straight month of net inflows in October, lifting holdings to 126t[7,1].

Figure 1: Official buying remains a core pillar of China demand



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 18 November 2026.

China is supportive, but the support is investment-led

- China's physical picture is stronger than India's, but the composition is very different from a classic jewellery-led boom. In Q3, bar-and-coin demand rose 7% y/y to 79t and year-to-date reached a record 393t, while jewellery demand fell 22% y/y to 65.7t, the weakest Q3 since 2006[2].
- Wholesale and pricing signals are mixed rather than uniformly strong. WGC said September SGE withdrawals rose 48% m/m to 92t but were still 22% lower y/y; Q3 wholesale demand was 234t, down 21% y/y and 44% below the 10-year average[8]. At the same time, GoldSquawk headlines and data show Shanghai pricing at premiums of +$8.60/oz and +$7.28/oz versus London spot, with a 7-day average premium of +$7.28/oz[5].
- ETF and official demand are doing much of the work. WGC said Chinese gold ETFs added 11t in September, taking holdings to a record 304t, while the PBoC bought 23t in September and 63t in Q3, lifting official holdings to 2,410t[8]. GoldSquawk data also show China's official holdings at a one-year high and up 103.3t so far this year as of September[9].
- The result is a supportive but selective signal: local premiums, ETF inflows and central-bank buying all argue for continued bullion absorption, but weak jewellery tonnage and below-average wholesale volumes show that high prices are still rationing broad consumer demand[2,8].

Swiss flows and London stocks do not confirm a blanket physical squeeze

- The latest published Swiss customs data suggest bullion is being redistributed in ways that do not map neatly onto Asian consumer demand. In September, total Swiss gold exports rose 6% m/m to 165.2t, but shipments to the UK increased to 126.2t from 102.1t, while exports to China fell 51% m/m to 12.7t and exports to India fell 12% m/m to 3.1t[3].
- That pattern matters because Switzerland is a major refining and transit hub. If India and China were both restocking aggressively through formal channels, Swiss exports would be more likely to show a stronger direct pull into those markets; instead, the strongest visible destination in the latest official month was the UK[3].
- London's visible stock data also look comfortable rather than stressed. LBMA said gold held in London vaults rose 0.29% m/m to 9,850t at end-October, equivalent to roughly 787,993 bars, while LBMA/LPMCL data show average September clearing activity of 18.3mn oz/day, worth about $76.2bn/day[4,5].

- Taken together, Switzerland and London argue against reading Asian firmness as evidence of a global shortage. A better reading is fragmentation: local tightness signals in Shanghai and tactical buying in India can coexist with ample visible stocks and heavy liquidity in the main Western hub[3,4].

Scenarios

- **Supportive case:** China retains a positive premium over London, ETF and official buying remain firm, and India's wedding-season demand continues to respond to softer prices. In that setting, bullion absorption would stay healthy in Asia even if jewellery tonnage remains selective rather than broad-based[8,1,5].
- **Pressure case:** India's post-festival demand normalises, domestic premiums soften, and China's premium fades while SGE withdrawals remain below historical norms. That would leave the market looking more dependent on ETF and central-bank demand than on broad physical consumer uptake[8,1,5].
- **Redistribution case:** Swiss trade continues to favour the UK and London vault stocks remain stable or higher, while Asian demand is increasingly met through recycling, unofficial flows or local inventories. That would reinforce the view that bullion demand is fragmented by geography and channel rather than converging into a single global squeeze[3,4,1].

Levels to watch

- Gold last close: $3,734.0/oz on 18 Nov 2026
- 50-day moving average: $4,143.0/oz
- 200-day moving average: $4,457.8/oz
- 52-week low: $3,734.0/oz
- 52-week high: $5,318.4/oz

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Glossary

SGE premium: The price difference between Shanghai Gold Exchange pricing and London spot. A positive premium can indicate stronger domestic Chinese demand relative to offshore supply [7].

SGE withdrawals: Gold taken out of Shanghai Gold Exchange vaults, often used as a proxy for wholesale physical demand in China [3].

Old-gold exchange: A retail transaction in which customers trade in existing jewellery or bullion towards new purchases, reducing the need for fresh bullion supply [6].

LBMA vault holdings: The amount of gold reported as held in London vaults, including commercial vaults and Bank of England holdings; a visible stock measure rather than a direct gauge of immediately available free float [4].

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