

SPDR® Gold ETF Dashboard

Insights
SPDR Gold
Strategy Team

October 2021

What Happened to Gold in Q3 2021

Gold remained under pressure in Q3 2021 by retreating 1.15% as the Federal Reserve (Fed) continued to set expectations for tapering to start towards the end of the year with a potential rate hike in 2022.¹ The health of the labor market will remain a key focal point for the Fed as it evaluates the start and speed of tapering in the coming months. In Q3', weekly new jobs claims averaged 365,000, which is lower than the 2021 first half average of 483,000, but higher than the 2019 average of 218,000. A persistent mismatch of skills between the supply and demand of labor may prevent the labor market from returning to pre-pandemic levels in the near term.

According to the World Gold Council, India's official gold imports hit a five-month high and totaled 121.8 metric tons (t) in August 2021 — more than double the 58.5t from August 2020 and 68% higher than the 72.3t from July 2021. Official imports are anticipated to remain healthy in September ahead of the seasonally busy period of festival and weddings in Q4.²

Key Facts

Ticker	Fund Size	30-Day Bid-Ask Spread	30-Day Average Daily Volume
SPDR® Gold Shares	US\$55.5B	US\$0.01	US\$1.3B

Source: Bloomberg Finance L.P., & State Street Global Advisors, as of 30 September 2021.

Looking Ahead Central bankers continue to refer to the current inflationary environment as “transitory” due to the view that the up-tick in inflation metrics stems from pandemic-driven short-term supply chain disruptions that will eventually normalise as capacity returns. However, supply chain issues have continued to linger longer than some officials expected following decades of global focus on cost-efficient manufacturing and just-in time inventory logistics. If these supply chain disruptions continue into next year, evocations of the 1970s and its oil embargo supply chain disruptions may be hard to overlook. Both the embargo and pandemic related trade barriers represent supply shocks in which a reliable supply of cheap imports (oil in 1973 and manufacturing goods in 2021) was suddenly curtailed. The longer “transitory” inflation lasts the higher the probability that expensive adjustments to supply chains and business models will be needed. As a result, consumer and business price expectations may anchor higher with persistently higher prices compared to the prior decade. In this environment, gold may fare well as a potential store of wealth against higher prices.

¹ Bloomberg Finance L.P., & State Street Global Advisors, data as of 30 September 2021.
Note: Gold is measured by LBMA Gold Price PM (US\$/oz).

² Source: World Gold Council, data as of 20 September 2021.

Gold Vitals

Factors	Trend*	Potential Impact**	30-September-2021	52-Week High	52-Week Low
Gold Price (USD/oz)	∨	∨	1,742.8	1,943.2	1,684.0
Citi Macro Risk Index	∧	∧	0.5	0.5	0.1
Stock Market Volatility	>	>	23.1	40.3	15.1
Gold Spec. Interest (moz)	∨	∨	19.0	32.1	19.0
US Dollar Index	∧	∧	94.2	94.3	89.4
*Gold ETP Holdings (moz)	∨	∨	115.5	126.1	114.7
10-Year TIPS Yields %	>	>	-0.89	-0.59	-1.20

*We define "Trend" as a comparison between end-of-month, 50-day, and 200-day readings for each factor. A positive trend is identified if either the end-of-month reading is greater than the 50-day reading or if the 50-day reading is greater than the 200-day reading. We identify a negative trend when either the end-of-month reading is less than the 50-day reading or when the 50-day reading is less than the 200-day reading. We define a flat trend as instances when the prevailing movement is neither positive nor negative.

**We define "Potential Impact" as the possible impact each of the trends may have on the price of gold.

† Gold holdings in exchange traded products (ETPs) are represented by the securities tracked by Bloomberg Finance L.P., Company Filings & World Gold Council as of 30 September 2021. We only track funds that are fully backed by gold, including: 1) open-end gold-backed ETFs whose shares are 100% backed by gold; 2) closed-end funds that are not technically ETFs, but trade on exchanges and whose shares are 100% backed by physical gold; 3) gold-backed ETFs that may hold a small portion of cash or derivatives, as long as their assets include at least 90% physical gold at all times; 4) ETFs holding precious metal baskets, as long as their shares are backed by physical gold. Source: World Gold Council, Gold Demand Trends, Central Bank Statistics, 30 September 2021. Indices representing the above asset classes are as follows: Gold = LBMA Afternoon Gold Price as tracked by ICE Benchmark Administration Ltd., Citi Macro Risk Index = Citi Macro Risk Index, Stock Market Volatility = SPX Volatility Index, Gold Spec. Interest = Gold Net Speculative Long Positions from the Commitment of Traders Report released by the CFTC, US Dollar Index = The US Dollar Index. 10-Year TIPS Yields = Bloomberg Generic Government 10-Year TIPS Yield Index. (See "Glossary" for details on indices or benchmarks). MOZ represent Million Ounces.

Asset Class Returns and Correlations***

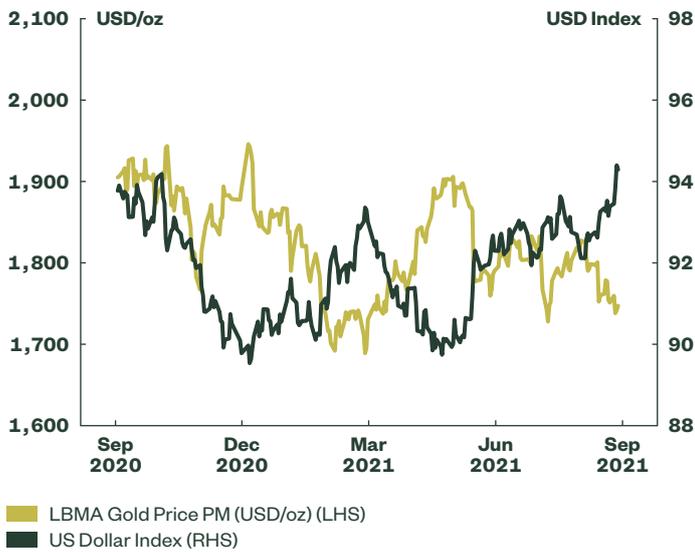
	Returns			Correlation to Gold				
	September (%)	Trailing 3-Mo. (%)	Trailing 12-Mo. (%)	September Correlation	Correlation Over Past 3 Months	September	Trailing 3-Mo.	Trailing 12-Mo.
USD	1.73	1.94	0.37	Moderate Negative	Weakening	-0.32	-0.32	-0.45
10-Yr TIPS	-1.29	1.81	4.31	Weak Positive	Weakening	0.18	0.29	0.19
Commodities	5.75	4.05	59.26	Weak Positive	Flat	0.14	0.13	0.07
Equities	-4.09	-0.95	27.98	Weak	Flat	0.07	0.13	0.15
Gold	-3.97	-1.15	-7.64	—	—	—	—	—

***The correlation coefficient is a metric that measures the strength and direction of a linear relationship between two variables. It measures the degree to which the deviations of one variable from its mean are related to those of a different variable from its respective mean. Correlations between -1.0 to -0.5 or 0.5 to 1.0 are considered "strong;" correlations between -0.5 to -0.3 or 0.3 to 0.5 are considered to be "moderate;" and correlations between -0.3 to -0.1 or 0.1 to 0.3 are considered to be "weak." We view a correlation coefficient between -0.1 to 0.1 as having "no correlation" or a "very weak" correlation.

Source: Bloomberg Finance L.P., State Street Global Advisors, as of September 30, 2021. **Past performance is not necessarily indicative of the future performance.**

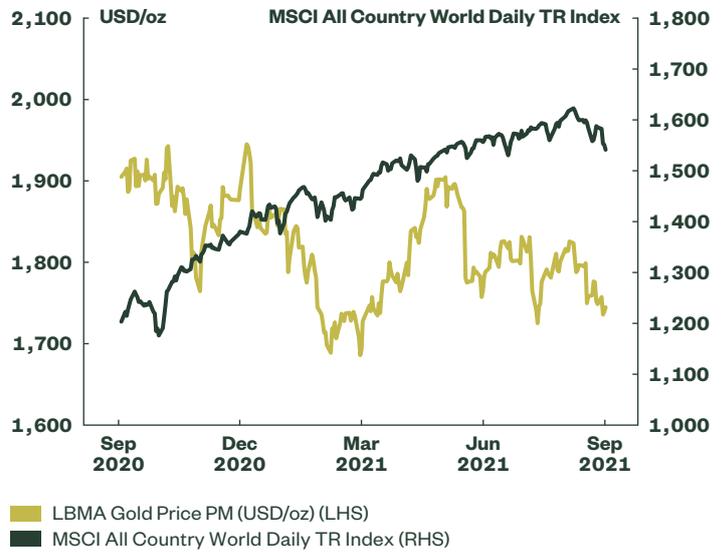
Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Indices representing the above asset classes are as follows: Gold = LBMA Afternoon Gold Price as tracked by ICE Benchmark Administration Ltd., USD = The US Dollar Index, 10-Year TIPS = S&P 10 Year U.S. TIPS Index Total Return, Commodities = S&P Goldman Sachs Commodity Index, Equities = MSCI AC World Daily TR. In terms of "Strengthening" and "Weakening" correlation, it's a comparison between the September correlation and the trailing 3-month correlation. It is considered "Strengthening" when the September correlation is greater than 0.2 and greater than the trailing 3-month correlation. It is considered "Weakening" when the September correlation is less than -0.2 and less than the trailing 3-month correlation. It is considered "Flat" when none of the criteria above fits.

Figure 1: Long term bear case: Growth should broaden globally as COVID-19 transforms from pandemic to endemic. The rotation from highly valued US assets into cheaper more cyclical assets outside the US could be negative for the US dollar



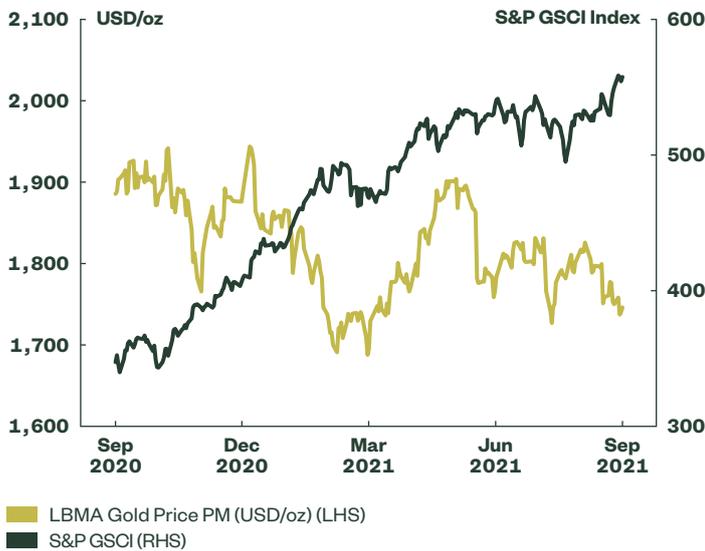
Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 2: The uncertainty of a possible collapse of Evergrande in China stalled equities towards the end of Q3



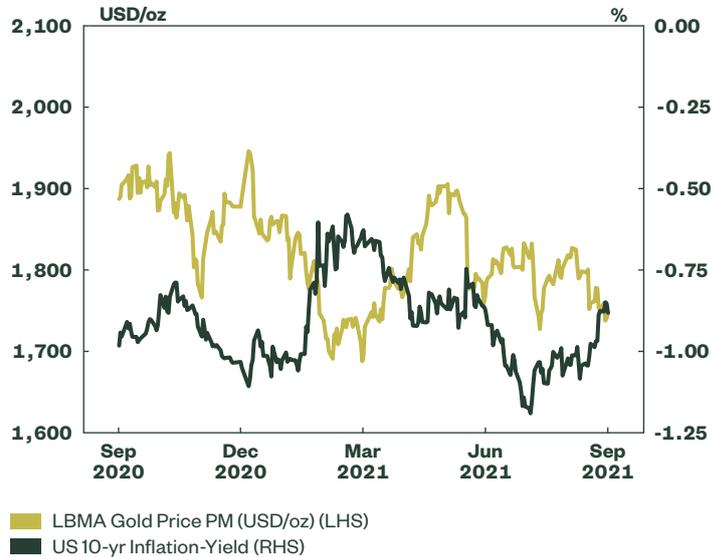
Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 3: Gold has the potential to catch-up other commodities in year-to-date performance if ongoing inflationary trends do materialise



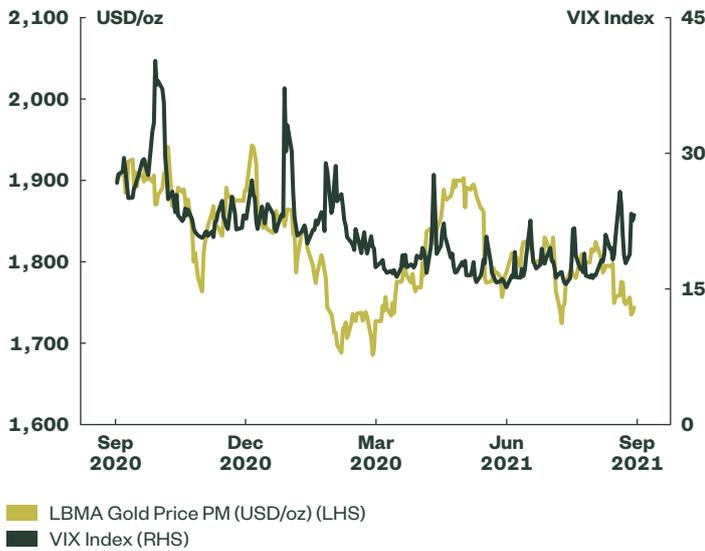
Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 4: CPI and PCE inflations fell from their recent peaks during Q3 but stayed well above historical norms, while inflation expectations continued to moved sideways



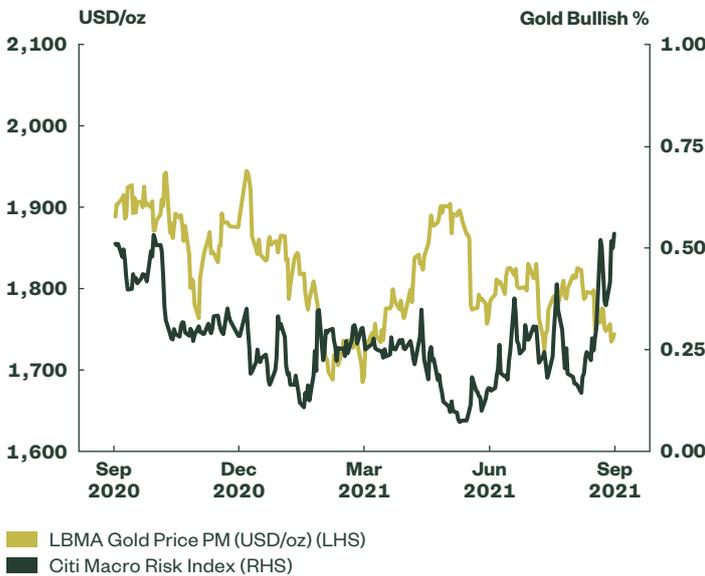
Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 5: The VIX ended September at 23.14 after dropping to a pandemic low of 15.07 in early July. Gold could catch upside momentum if the VIX closes over 28 (one standard deviation (8) from the long run mean (20))



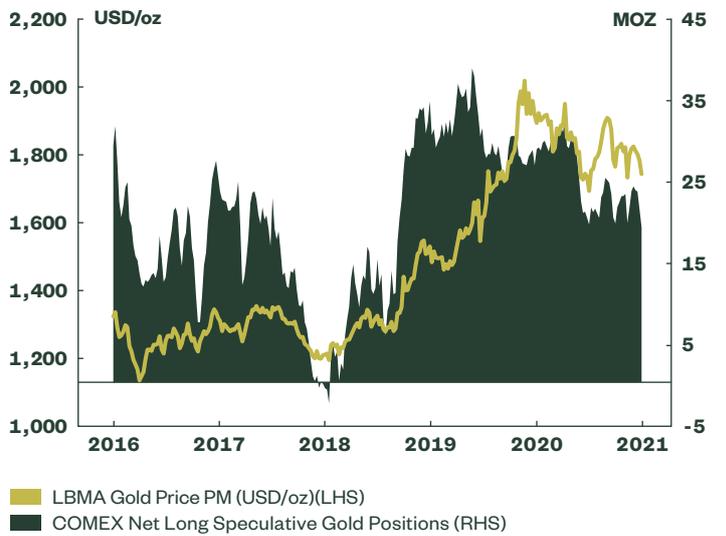
Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 7: Citi Macro Risk Index crossed over 0.50% for the first time in 11-months



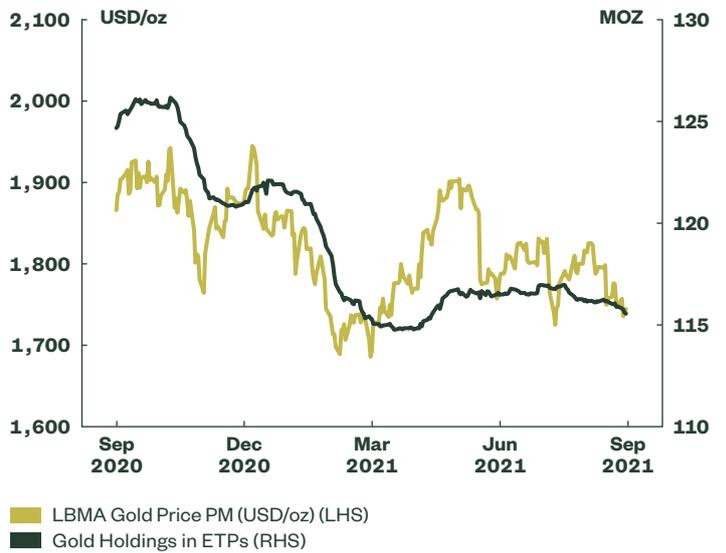
Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 6: Net long positions ended the quarter hovering around 20 MOZ for the third quarter in a row, illustrating investors continue to value gold's risk management qualities despite weak performance in 2021



Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

Figure 8: Global gold ETF holdings fell to their lowest level since April following significant price declines. Rising bond yields and weaker positioning presented headwinds for gold throughout the month



Source: Bloomberg Finance L.P., State Street Global Advisors, data as of 30/09/2021. Past performance is not necessarily indicative of the future performance.

SPDR® Gold Trust Performance as of September 30, 2021

	Cumulative Returns			Annualised Returns				
	1 Month (%)	QTD (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)	Since Inception 11/18/2004 (%)
NAV*	-4.00	-1.25	-8.12	-8.01	13.18	5.25	0.33	8.04
Market Value	-3.22	-0.85	-7.93	-7.28	13.34	5.50	0.38	8.00
LBMA Gold Price PM	-3.97	-1.15	-7.67	-7.64	13.64	5.67	0.73	8.47

Source: ssga.com. **Past performance is not necessarily indicative of the future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit ssga.com for most recent month-end performance. Performance returns for periods of less than one year are not annualised.** The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ. Gross and Net Expense Ratio: 0.40%. Effective 20 March 2015, the SPDR Gold Trust adopted the LBMA Gold Price PM as the reference benchmark price of gold in calculating the Net Asset Value (NAV) of the Trust. Prior to that date, the Trust used the London PM Fix as the reference benchmark price in calculating the NAV.

* Past performance of the scheme is not necessarily indicative of the future performance of the scheme. NAV return on the scheme is calculated on a single pricing basis (US\$), on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment.

Calendar Year Returns

	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)
NAV*	23.68	18.36	-1.54	11.41	8.69
Market Value	24.81	17.86	-1.94	12.81	8.03
LBMA Gold Price PM	24.61	18.43	-0.93	12.66	8.10

Source: Bloomberg Financial L.P., and State Street Global Advisors, data as of 31 December 2020. **Past performance is not necessarily indicative of the future performance.**

* NAV return on the scheme is calculated on a single pricing basis (US\$), on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment.

ssga.com/etfs

Information Classification: General Access

Glossary

Citi Macro Risk Index measures risk aversion in global financial markets. It is an equally weighted index of emerging market sovereign spreads, US credit spreads, US swap spreads and implied FX, equity and swap rate volatility.

COMEX The main futures market for trading metals such including gold, silver, copper and aluminum.

ICE U.S. Treasury 7-10 Year Bond

Index A fixed-income benchmark created by the Intercontinental Exchange, or ICE, that focuses on debt issued by the US Department of the Treasury. The index includes only US dollar denominated, fixed-rate securities that have a minimum term to maturity greater than seven years and less than or equal to 10 years.

LBMA Gold Price The LBMA Gold Price is determined twice each business day (10:30 a.m. and 3:00 p.m. London time) by the participants in a physically settled, electronic and tradable auction administered by the IBA using a bidding process that determines the price of gold by matching buy and sell orders submitted by the participants for the applicable auction time.

Long Gold Positions Speculative long positions on gold and other futures are recorded in the weekly Commitment of Traders Report published by the Commodities Futures Trading Commission, or CFTC, and measure the amount of gold ounces that are represented by gold futures that will be profitable should the price of gold rise.

MSCI ACWI Index, or MSCI All Country World Index Captures large and mid cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. With 3,050 constituents, the index covers approximately 85% of the global investable equity opportunity set.

Net Positions Net positions in gold futures and other futures markets is the difference between the number of speculative long and speculative short positions. The data, found in the weekly Commitment of Traders Report, are published by the Commodities Futures Trading Commission, or CFTC. S&P Goldman Sachs Commodity Index, or S&P GSCI A production-weighted index launched in 1992 that tracks the performance of 24 commodity futures

contracts. The index, tilts to commodities that are more heavily produced globally, so its weights more heavily to crude oil than, say, to cocoa.

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Short Gold Positions Speculative short positions on gold and other futures are recorded in the weekly Commitment of Traders Report published by the Commodities Futures Trading Commission, or CFTC, and measure the amount of gold ounces that are represented by gold futures that will be profitable should the price of gold fall.

SPX Volatility Index VIX, or CBOE Volatility Index The SPX Volatility Index, also called the VIX or the CBOE Volatility Index, is a measure of the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

US Dollar Index The US Dollar Index (DXY) Index measures the performance of the US Dollar against a basket of currencies: the euro (EUR), the Japanese yen (JPY), the British pound sterling (GBP), the Canadian dollar (CAD), the Swiss Franc (CHF) and the Swedish krona (SEK).

US Generic Government 10 Year Yields Index A fixed-income index compiled by Bloomberg that measures yields of generic US, on-the-run, government notes and bond indices. Yields are yield to maturity and pre-tax, are based on the ask side of the market and are updated intraday. Yields included in the index are precise to 4 decimal places.

US 10-Year Treasury Note Yield (Used in Macro Sensitivity) The interest rate paid to holders of U.S. 10 Year Treasury Notes. The rate is comprised of Generic United States on-the-run government 10 Year Treasuries. The yield quoted is yield to maturity and on a pre-tax basis.

Important Risk Information

All forms of investments carry risks, including the risk of losing all of the invested amount. Such activities may not be suitable for everyone.

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The value of SPDR® Gold Shares (the "Shares") may fall as well as rise. An investment in Shares is subject to investment risks, including the possible loss of the principal amount invested. Past performance figures of the SPDR® Gold Trust (the "Trust") or of the gold market are not necessarily indicative of the future performance of the Trust. The Shares are expected to reflect the price of gold, therefore the price of the Shares will be as unpredictable as the price of gold has historically been.

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