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Rising APAC gold ownership supports bullish price momentum

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Gold ownership in APAC is rising, driven by shared economic and structural factors across key markets. Robust investor demand, reinforced by cultural affinity in countries like India and China, is solidifying gold's role as a reliable store of value and remains a key driver of its continued bullish momentum.

Gold ownership in APAC has surged in recent years. The growth is led by key regional markets, where investors are increasingly turning to gold amid local economic uncertainty, geopolitical tensions, currency depreciation, and the underperformance of risk assets. This can directly benefit Western bullion ETF holders. APAC buying represents a potential source of countercyclical physical gold demand that is less concerned about risk-on/risk-off sentiment or Fed cycles as opposed to local market dynamics.

Proactive government initiatives, regulatory reforms, and a growing emphasis on portfolio diversification have exacerbated the demand impulse. APAC is expected to remain a major force in global gold investment, enhancing the path to USD4,000/oz gold in 2026.

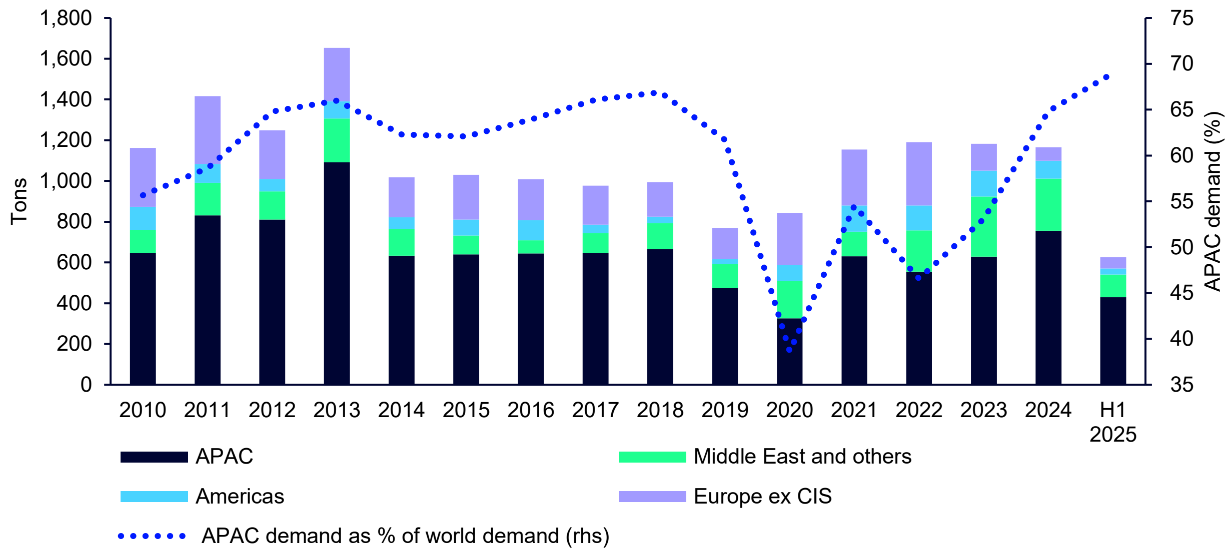
Physical gold ownership has surged after the 2020 recession

Over the past five years, APAC ownership of physical gold bars and coins has risen markedly. In the wake of the pandemic, investors have increasingly turned to gold for its well-established benefits: diversification, protection against volatility, and potential for capital growth. During this period, the spot price of gold in US dollars climbed by 118%, from USD1,517/oz at the start of 2020 to USD3,303/oz by June 2025[1].

Figure 1 illustrates the global demand for gold bars and coins from 2010 through the first half of 2025. During this period, the APAC region experienced notable fluctuations in its share of global demand. In 2020, APAC's contribution dropped significantly to just 39%, reflecting a sharp decline influenced by pandemic-related disruptions and shifting investor behavior.

However, this trend reversed in subsequent years, with APAC's share steadily recovering. By mid-2025, the region accounted for 69% of global demand[2], not only regaining lost ground but also exceeding its 2010–2019 average of 63%. This resurgence highlights APAC's renewed dominance in physical gold investment.

Figure 1: Gold bars and coins demand: APAC vs. rest of the world



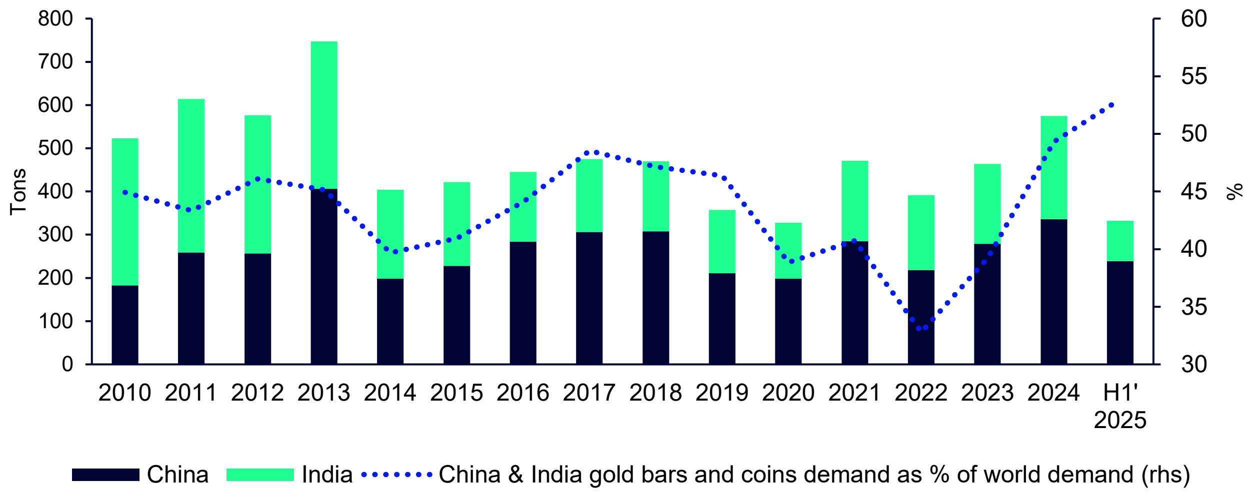
Source: World Gold Council, State Street Investment Management. Data from December 31, 2010 to June 30, 2025

China and India, APAC's traditional gold powerhouses and leading global precious metal consumers, have been key drivers of rising global demand. In the first half of 2025, they accounted for 53% of global gold bar and coin demand, up from 39% in 2020 and higher than the 2010–2019 average of 45%[3].

China's growing demand was first fueled by underperformance of its domestic equity and property markets. This has since expanded to local currency hedging amid limited reliable alternatives and persistent uncertainty surrounding policy efforts to revive its slowing economy. In this environment, gold has emerged as a preferred store of value and diversification tool for Chinese investors.

In contrast, India's rising demand is supported by a robust local economy, rising per capita income, and continued weakness in the Indian Rupee. Together, these dynamics highlight the distinct yet complementary drivers of gold investment across APAC's two largest physical gold markets.

Figure 2: Gold bar and coin demand in China and India as a share of global demand



Source: World Gold Council, State Street Investment Management. Data from December 31, 2010 to June 30, 2025. **Past performance is not a reliable indicator of future performance.**

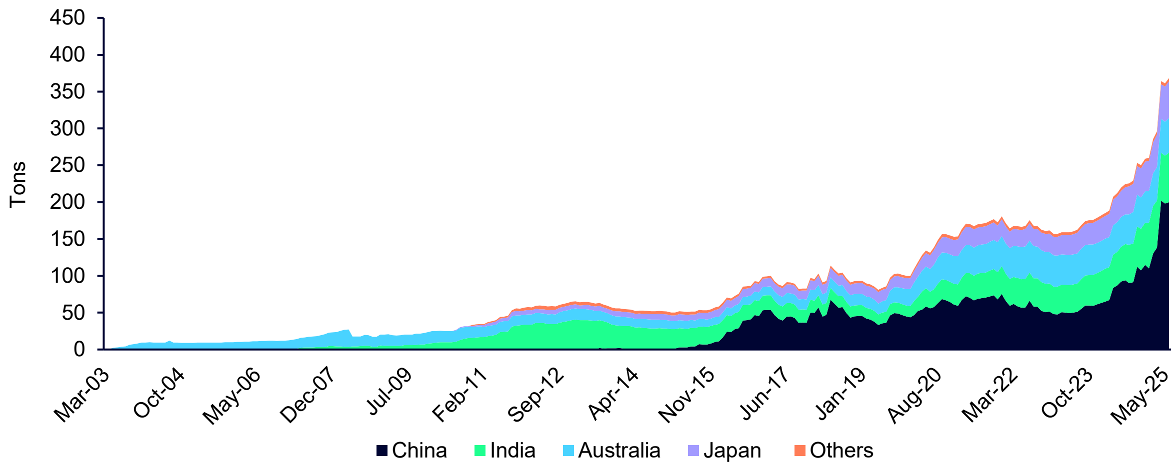
Rising adoption of gold-backed ETFs

APAC pioneered gold-backed ETFs with Australia's launch of the world's first in 2003[4], laying the foundation for a steadily growing market. As of June 2025, the region holds a record 368 tons, representing 10.2% of global gold ETF holdings[5]. While early growth was gradual, taking 14 years to reach 100 tons[6], adoption accelerated significantly after 2020, including in economies like China.

This surge has been driven by a combination of macroeconomic and structural factors: rising economic uncertainty, persistent inflation, local currency depreciation, and a growing awareness of gold's role in portfolio diversification. Both institutional and retail investors across APAC have increasingly embraced gold ETFs as a liquid, transparent, and cost-effective way to gain exposure to gold.

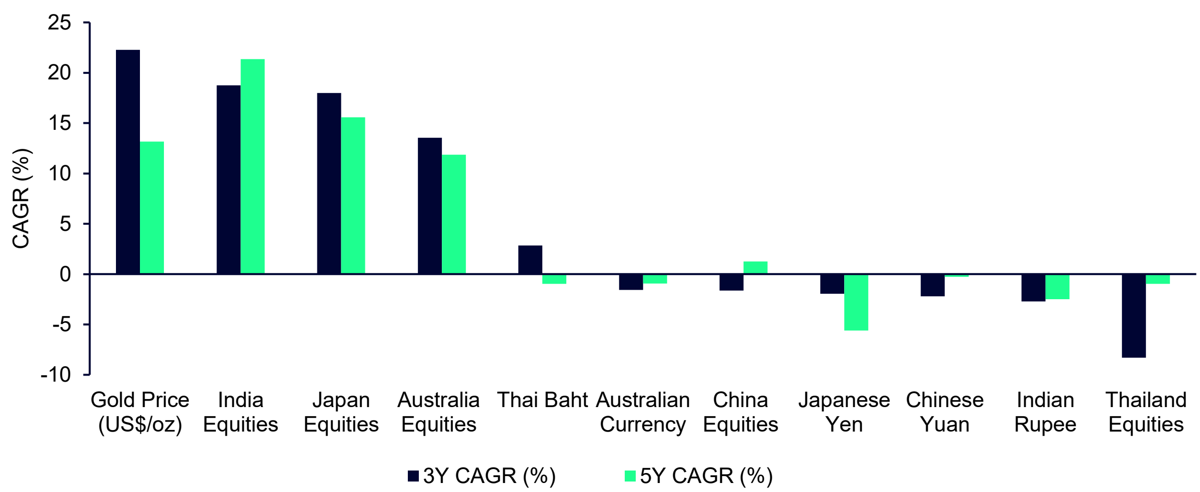
Looking ahead, the outlook remains strong. Continued upward momentum in gold prices and evolving regulatory frameworks including tax incentives and policy reforms are expected to further stimulate local demand, including from non-traditional sectors. As APAC's influence in the global gold investment landscape expands, gold-backed ETFs are likely to play an even more prominent role in regional investment strategies.

Figure 3: Gold-backed ETF assets under management in APAC-domiciled ETFs



Source: World Gold Council, State Street Investment Management. Data as of June 30, 2025

Figure 4: CAGR of gold price, major equity markets, and currencies



Source: Bloomberg Finance L.P., State Street Investment Management. Data as of June 30, 2025. Japan Equities: TOPIX TR index, India Equities: NSE NIFTY TR Index, Australia Equities: ASX 200 TR Index, China Equities: CSI 300 TR Index, Thailand Equities: Stock Exchange of Thailand TR Index, Thai Baht: THB/USD, Indian Rupee: IND/USD Currency Pair, Chinese Yuan: CNY/USD Currency Pair, Australian Dollar: AUD/USD Currency Pair, Japanese Yen: JPY/USD Currency Pair. **Past performance is not a reliable indicator of future performance**

Broader adoption of gold investment products

In addition to the rising popularity of gold-backed ETFs across APAC, other gold investment products have gained traction in select markets, particularly Japan and Thailand.

In Japan, the economic environment between 2020 and 2024 played a crucial role in shaping gold demand trends. Sustained depreciation of the yen, accelerated domestic inflation rates beginning in 2022, and unprecedented geopolitical risks have prompted Japanese households to seek refuge in assets traditionally capable of hedging against these challenges.

Retail prices for gold rose sharply during this period, frequently surpassing historical highs. By early 2024, the yen-denominated gold price reached record levels above 10,000 yen per gram, which likely prompted further interest in the yellow metal.

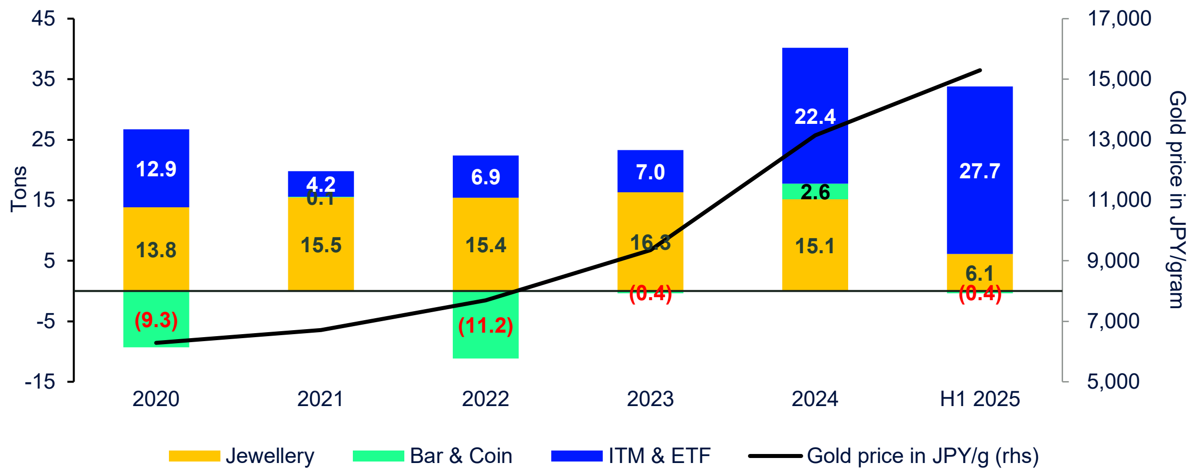
To be sure, gold investment trusts and gold ETFs became increasingly popular among retail investors during this period, mirroring global trends where these investment vehicles provided a more accessible, less cumbersome alternative to physical gold holdings.

Net inflows into gold investment trusts and gold ETFs surged from an annual average of USD478.6 million between 2020 and 2023 to USD1,898.1 million in 2024[7]. This strong growth momentum has continued into 2025, with net inflows reaching USD2,972.9 million in the first half alone, which is approximately 1.6x the total net inflows recorded for the full year of 2024[8]. In terms of absolute volume, gold demand related to these vehicles surged from an annual average of 7.8 tons between 2020 and 2023 to 22.4 tons in 2024, and further to 22.7 tons in just the first half of 2025[9].

During the first half of 2025, approximately 83% of new inflows were directed toward gold investment trusts, rising from around 78% in 2024, whereas the remaining 17% were directed toward ETFs, dropping from approximately 22% in 2024[10].

Investment trusts continue to be the preferred vehicle over ETFs in Japan, owing to several structural and cultural factors. Their long-standing presence and strong public recognition contribute to their popularity. Additionally, investment trusts are widely accessible through mega banks and known financial institutions. However, younger and more sophisticated investors are increasingly leaning toward ETFs due to their cost efficiency and ease of trading.

Figure 5: Japan private sector gold demand



Source: World Gold Council, Bloomberg Financial L.P, State Street Investment Management. Data from January 1, 2020 to June 30, 2025. **Past performance is not a reliable indicator of future performance**

In Thailand, the introduction of Depository Receipts (DRs), listed securities on the Stock Exchange of Thailand that can fully invest in foreign-listed ETFs (including gold-backed ETFs), has gained popularity among Thai investors. Several DRs launched in 2024 now provide access to the world's largest gold-backed ETF[11], enabling retail investors in Thailand to gain direct exposure to gold through a regulated and accessible investment vehicle

Policy reforms and government initiatives to drive ownership growth

Regulatory changes and new government initiatives have been supportive to increase gold ownership in the region. We believe recent actions implemented by several governments will continue to support gold ownership in APAC:

China: In February 2025, China launched a pilot program allowing ten domestic insurers to invest up to 1% of their assets in gold[12], marking a milestone in opening new institutional participation[13]. This move reflects limited investment options due to capital controls and challenges in China's property market. With the People's Bank of China increasingly focused on expanding gold exposure, there is potential for higher allocation limits ahead, further boosting institutional demand and broadening gold ownership.

Hong Kong: In October 2024, the Hong Kong SAR government unveiled plans to position the city as a global gold trading hub. Key initiatives include expanding vaulting capacity, upgrading infrastructure, and tightening financial regulations to support gold trading and ownership[14]. A central aim is to deepen connectivity with mainland China, reinforcing Hong Kong's strategic role in the international gold market.

India: In July 2024, the Indian government introduced pro-gold reforms to boost the domestic gold industry. Key measures included cutting import duties (gold from 15% to 6% and gold doré from 14.35% to 5.35%) marking the lowest levels in over a decade[15]. The holding period for long-term capital gains was reduced from 36 to 24 months, with the tax rate lowered from 20% (with indexation) to 12.5% (without indexation)[16].

Further incentives take effect in April 2026, with gold ETFs and mutual funds reclassified for tax benefits. These changes aim to drive investor participation and support the growth of India's financial gold market.

Japan: In January 2024, Japan introduced the new NISA scheme, modeled after the UK's ISA, to boost long-term investments. It raised the annual tax-free limit to JPY3.6 million, doubled the general NISA cap to JPY2.4 million, and removed time restrictions. Individuals can now hold up to JPY18 million tax-free indefinitely. Aimed at mobilizing Japan's JPY1,127 trillion in idle bank deposits, the new framework includes gold investment trusts and ETFs in its growth category, enhancing accessibility and appeal for retail investors seeking exposure to gold.

Significant growth potential among APAC asset owners

Last year, State Street Investment Management and the World Gold Council surveyed 63 APAC asset owners to assess how market conditions are influencing gold investment sentiment. The survey found that 24% of APAC asset owners held no gold investments, mirroring North America[17]. However, 27% of APAC respondents planned to increase their gold allocations over the next 12–18 months, compared to 21% in North America[18]. Top reasons cited included gold's role as a diversifier during market stress, its ability to enhance risk-adjusted returns, and its function as a hedge against weaker fiat currencies.

The growing appetite for gold among APAC asset owners is expected to remain a key catalyst for higher bullion prices in the years ahead. This trend is not merely cyclical, but reflects longer-term structural shifts in asset owners' investment behavior as they seek diversification amid macroeconomic volatility. In addition, there are clear tax, policy, and macro tailwinds supporting local gold investment growth. This benefits all gold holders, by diversifying underlying sources of gold demand Beyond its longstanding cultural importance, growing interest from central banks, retail investors, intermediaries, and institutions in APAC also underscores gold's reemergence as a strategic financial asset.

Footnotes

1 Bloomberg Financial L.P. and State Street Investment Management, as of 6/30/2025

2 World Gold Council and State Street Investment Management, as of 6/30/2025

3 World Gold Council and State Street Investment Management, as of 6/30/2025

4 https://www.lbma.org.uk/alchemist/issue-100/lifting-the-lid-on-the-birth-of-the-gold-etf

5 World Gold Council and State Street Investment Management, as of 6/30/2025

6 World Gold Council and State Street Investment Management, as of 6/30/2025

7 Bloomberg Financial L.P. and State Street Investment Management, as of 6/30/2025

8 Bloomberg Financial L.P. and State Street Investment Management, as of 6/30/2025

9 Bloomberg Financial L.P. and State Street Investment Management, as of 6/30/2025

10 Bloomberg Financial L.P. and State Street Investment Management, as of 6/30/2025

11 The Stock Exchange of Thailand, State Street Investment Management, as of 6/30/2025

12 World Gold Council, as of 2/19/2025

13 The 10 insurers include PICC, China life , Taiping Life Insurance, Sinosure, Ping An P&C, Ping An Life Insurance, Pacific Property, Pacific Life Insurance, Taikang Life Insurance, and New China Life Insurance

14 https://www.policyaddress.gov.hk/2024/en/p29.html

15 World Gold Council, Gold Market Insights, as of July 2024

16 World Gold Council, Gold Market Insights, as of July 2024

17 World Gold Council and State Street Investment Management, Gold Perceptions Survey, as of January 2024

18 World Gold Council and State Street Investment Management, Gold Perceptions Survey, as of January 2024

Glossary

Gold Spot Price
The price in spot markets for gold. In US dollar terms, spot gold is referred to with the symbol “XAU,” which refers to the price of one troy ounce of gold in USD terms.

APAC
Abbreviation for *Asia-Pacific.* Refers to the region encompassing East Asia, South Asia, Southeast Asia, and Oceania. In financial services, “APAC” typically denotes the grouping of markets such as Japan, China, India, Australia, South Korea, Singapore, Hong Kong, and others within this geography.

Depository Receipts (DRs)
Negotiable financial instruments issued by a bank that represents shares in a foreign company’s stock. They allow investors to trade shares of non-domestic companies on local exchanges in their own currency.

NISA
Abbreviation for *Nippon Individual Savings Account.* A Japanese tax-advantaged investment account introduced in 2014, modeled on the UK’s ISA framework. It allows individuals to invest in stocks, ETFs, and mutual funds, with exemptions on capital gains and dividend taxes up to specified limits.

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