

RECORD GOLD PRICE SEES Q2 JEWELRY DEMAND 'SINK CLOSE TO PANDEMIC LEVELS'

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The gold price continued its rise in the first half of the year, and the increase created a larger divergence between demand volumes and values, the World Gold Council (WGC) said.

The LBMA average quarterly gold price was \$3,280.35 in Q2, a record high and 40% increase year-over-year.

According to WGC's Gold Demand Trends report for Q2 2025, the record gold price in the second quarter saw jewelry demand by volume sink to a level close to what the market saw during the pandemic. The report said global gold jewelry consumption fell 14% to 341 tons in Q2, the lowest since Q3 2020. Much of that decline came from China and India, which saw combined market share fall to below 50% for only the third time in last five years. Additionally, that quarterly

demand was 30% below the five-year quarterly average of 487 tons.

But, in value terms, jewelry consumption was 21% higher year-over-year at \$36 billion.

Gold jewelry consumption in the U.S. specifically continued the downward trend seen over the past three years, declining 7% year-over-year to 30 tons. In contrast, the value of demand was up 30% to \$3 billion. WGC said the steep decline in prices for lab-grown diamonds helped offset the rising price of gold to support gem-set gold jewelry.

In Europe, gold jewelry demand by volume dropped 4% year-over-year, marking the market's ninth consecutive quarter of decline, while value rose 35% to \$2 billion.

Chart 5: Record gold prices have sparked growing divergence between volumes and value

Year-on-year change in H1 jewellery demand, tonnes and value*



*Data to 30 June 2025.

Source: ICE Benchmark Administration, Metals Focus, World Gold Council

Record gold prices have sparked a growing divergence between demand by volume and by value. (Graph credit: World Gold Council)

Marking one of the largest drops in demand by volume was China's 20% decline year-over-year to 69 tons, its fifth consecutive quarterly double-digit decline and taking the country's demand to levels not seen since the first quarter of 2020. Still, WGC said demand in value terms in China continued to strengthen, up 13% to \$7 billion.

A weak Q2 volume performance led China's H1 gold jewelry consumption to a 28% decrease to 194 tons, the weakest H1—with the exception of 2020—since 2009. WGC attributed the decline to factors that had carried over from 2024: high local gold prices, subdued consumer confidence, increased household saving, and broad economic uncertainties.

In another major gold jewelry market, India, gold jewelry consumption fell in Q2 by 17% to 89 tons, resulting in H1 demand of 160 tons, the second lowest in WGC's data series that started in 2000, falling only behind the hit brought on by the pandemic. But, once again, gold jewelry demand by value showed something different, with spending up 17% year-over-year.

WGC said in its report that a shift toward lighter-weight gold items persisted in that market, with consumers favoring 18-karat jewelry. The organization also noted that recycling of gold jewelry was down in India as consumers preferred to exchange old pieces



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for new or were increasingly using it as collateral for loans.

Turkey and the Middle East were also down in volume but up in value, with the exception being Iran, where consumers were purchasing gold jewelry as a proxy investment and pushed volume up.

Looking ahead at the second half of the year, WGC said that even with its prediction of modest price gains for gold in H2, lackluster economies in most regions of the world means there likely won't be much of a recovery for gold jewelry purchasing, noting its "expectation for weak full-year jewelry demand remains in place." ♦

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