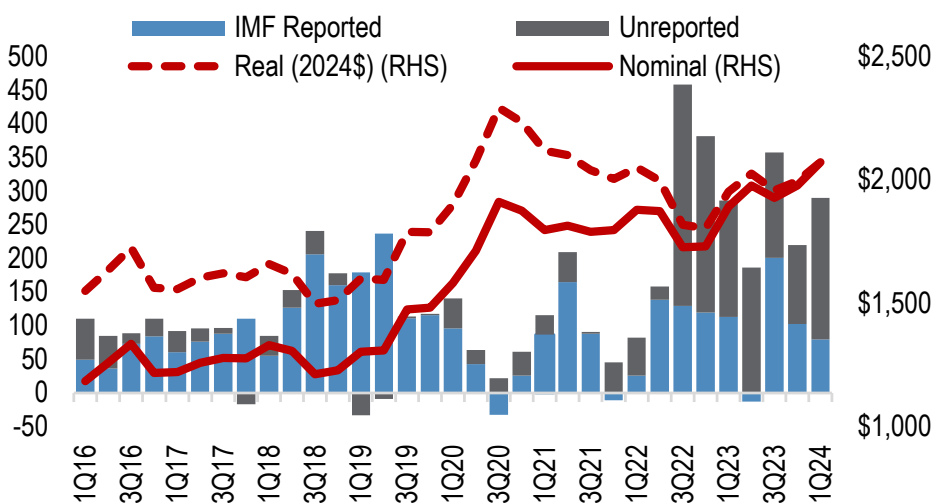


Central banks keep purchasing more gold in 1Q24. Gold’s ongoing shift in ownership base away from traditional investors, via ETFs to EM central banks seeking to diversify away from the US dollar, is one of the six powerful structural shifts we see underpinning commodities markets ([Global Commodities: Not a deflationary force any more](#), 25 April 2024). After net central bank gold purchases of 1,082 tonnes in 2022 and 1,037 tonnes in 2023, 2024 has started strongly again, with the World Gold Council [reporting](#) this week that central banks on net bought 290 tonnes in 1Q24, the fourth strongest quarter of purchases since the buying binge began in 2022.

The continued robust level of CB gold purchasing in 1Q24 somewhat surprised us in its strength, though our perspective is likely skewed by the very strong price action over the last two months. At 290 tonnes, 1Q24 purchases came in ~36% higher than the quarterly pace (~213 tonnes) implied by our latest annual CB purchasing estimate of 850 tonnes in 2024. Moreover, the 70-tonne increase in net purchases vs 4Q23 came despite a 5% qoq increase in the average price of gold (**Figure 1**). Granted, most of this price increase only came in March. To this end, reported CB gold purchases – which, at 80 tonnes, accounted for ~30% of the WGC/Metals Focus full quarter estimate – indicate the strongest buying activity was actually in January, which accounted for around 60% of the total reported 1Q24 buying. Of reported 1Q24 purchasers, Türkiye was the largest (30t) followed by China (27t), India (18.5t) and Kazakhstan (16t). **Overall, the vigorous level of 1Q24 CB purchasing, as well as the continued ascent in gold prices since the end of 1Q, has us thinking about the price sensitivity of central bank demand.**

Figure 1: Net central bank gold demand (reported vs unreported) and the price of gold

LHS: tonnes; RHS: US\$/oz



Source: IMF IFS, Metals Focus, respective central banks, World Gold Council, Bloomberg Finance L.P., J.P. Morgan Commodities Research

Structurally, we think the price level of gold has minimal impact on long-term central bank acquisition plans, however, price changes do appear to influence the pace and cadence of net purchasing. Amid fraying geopolitics, inflation concerns, increased sanctioning and de-dollarization, we think the surge in central bank gold purchasing is structural and driven by an increased appetite to diversify reserves with a