GoldSquawk

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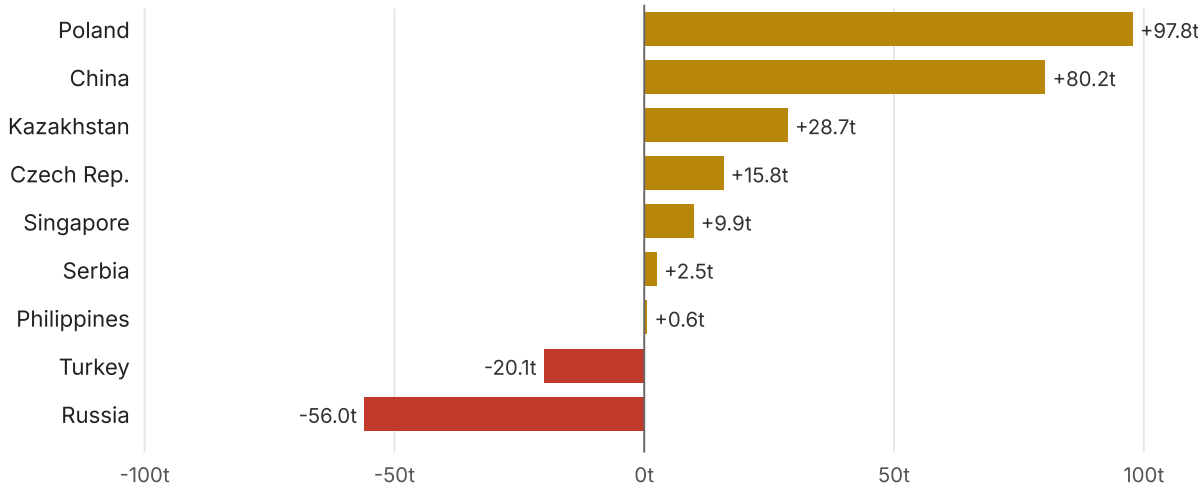
Central banks keep absorbing supply through buying and reserve reshuffling

GoldSquawk Research

Key takeaways

- Central banks bought 863t in 2025 after 2024 was revised to 1,086t, keeping the official sector a major additive source of demand even below the 1,000t threshold in 2025[1]. In Q1 2026, central banks added a further 244t, while WGC said unreported buying remained elevated in Q2 2026[2,3].
- The reported 2026 buying base is concentrated but broad enough to matter: Poland, China and Kazakhstan lead among disclosed buyers, while smaller additions from countries including Singapore, the Czech Republic and others show the official bid is not dependent on one or two institutions alone[4,5,1].
- China and Poland are the clearest visible anchors of 2026 official demand. China added 20t in both July and August, taking holdings to 2,387t and gold to 9% of FX reserves by end-August, while Poland reached 640t by July and remains oriented towards a 700t objective[6,5,7].
- Not all official-sector absorption is outright accumulation. The Dutch central bank moved about 86t from North America to London between March and August 2026 to improve tradability, highlighting a parallel trend towards managing gold as a mobilisable reserve asset[8,9].
- The main challenge to the bullish official-sector narrative is variability rather than absence of demand. The IMF says gold's rise in global reserve share in 2025 was driven almost entirely by valuation effects, while Turkey and Russia were meaningful sellers in parts of 2026 and some high-gold-share reserve managers may rebalance tactically[10,11,12,5].

Figure 1: Reported 2026 official-sector buying remains concentrated in EM buyers



Source: IMF International Reserves and Foreign Currency Liquidity data; GoldSquawk calculations, as of 11 October 2026.

Official demand remains large relative to available supply

- WGC said total gold demand reached a record 5,002t in 2025 on its measure including OTC, with central-bank buying of 863t still a prominent additive source of demand after 2024 was revised up to 1,086t[13,1]. In Q1 2026, total demand was 1,231t including OTC and central banks added 244t[2].
- The visible monthly pattern in 2026 stayed constructive despite some volatility: official institutions bought 41t in May, 23t in July and 39t in August, while March was an exception with net sales of 30t driven mainly by Turkey and Russia[4,5,12,11].
- Reported reserve changes likely understate the true official bid. WGC said publicly reported monthly changes differ from broader demand estimates, 57% of annual central-bank demand in 2025 was unreported in real time, and unreported buying was again elevated in Q2 2026[14,15,3].
- That matters because supply has not responded aggressively even at high prices. WGC said mine production hit a record first quarter in Q1 2026, but recycling rose only 5% year-on-year, leaving official buying to compete with a still-muted secondary supply response[2].

China and Poland anchor disclosed EM accumulation

- China's disclosed buying accelerated through mid-2026. WGC said the PBoC posted double-digit monthly purchases since May; it added 20t in July, its 21st consecutive month of buying, and another 20t in August, lifting official holdings to 2,387t and gold to 9% of total FX reserves by end-August from 8% in July[5,6].
- Poland has been the dominant reported buyer in Europe and one of the largest globally. WGC said Poland bought 82t in H1 2026 and 90t by July, taking holdings to 640t, around 28% of reserves; the NBP Governor separately said reserves totalled 632.4t at end-June and reiterated a 700t goal[3,5,7].
- Beyond the two headline buyers, the disclosed EM bid remains broad. Kazakhstan had bought 29t YTD by July with gold equal to 75% of reserves, Uzbekistan's YTD purchases still stood at 40t by July despite a 1t monthly sale, and Singapore bought 4t in May in its first net purchase since September 2025[5,4].
- The country mix also shows why official demand should not be treated as one-way. Uzbekistan's gold stock was around 431t, or 87% of reserves, and its central bank has indicated it may sell at favourable prices as part of reserve management; Turkey and Russia were meaningful sellers at points in 2026[5,11,12].

Reserve reshuffling is becoming part of the official-sector story

- Official-sector absorption is no longer only about adding tonnes. On 2 September 2026, De Nederlandsche Bank said it had transferred approximately 86t of gold from New York and Ottawa to London between March and August 2026 to improve the tradability of its reserves[8].
- DNB said total Dutch gold reserves were 612.4t, worth €72.2bn at year-end 2025, underscoring that the change was about usability and custody rather than headline reserve growth[8]. WGC linked the Dutch move to a broader pattern of central banks adjusting storage and custody arrangements[9].
- This fits the broader strategic backdrop. WGC's 2026 survey, based on 76 central-bank responses collected between 5 February and 19 May 2026, found 89% of reserve managers expected global central-bank gold holdings to rise over the next 12 months, in an environment defined by geopolitical uncertainty and reserve diversification[16].
- The IMF adds an important nuance to the reserve story: gold surpassed US Treasuries as a share of official reserves in 2025, but the shift was driven almost entirely by valuation effects from the gold

price rather than a pure transactional rotation[10]. That argues for focusing on custody, liquidity and disclosed flow data alongside reserve-share headlines[10,8].

Scenarios

- **Supportive case:** Disclosed buying by China and Poland continues, smaller EM buyers remain active, and WGC continues to report elevated unreported official demand. In that setting, the official sector would remain an important absorber of mine and recycled supply, even if some activity stays outside monthly disclosures[5,6,3,2].
- **Pressure case:** High prices increase central-bank price sensitivity, while tactical selling by high-gold-share holders or liquidity-driven sellers such as Turkey and Russia offsets part of the buying elsewhere. That would not negate the strategic reserve-diversification theme, but it would make official-sector demand less linear and more uneven month to month[17,11,12,5].
- **Reshuffling case:** More central banks optimise storage location and custody arrangements rather than simply increasing tonnage. That would reinforce gold's role as a usable reserve asset, even if some of the official-sector story shows up through London-bound transfers and reserve-management changes rather than large headline purchase numbers[8,9].

Levels to watch

- COMEX gold last close: $4,216.3/oz (09 Oct 2026)
- 50-day moving average: $4,377.0/oz
- 200-day moving average: $4,548.0/oz
- 52-week high: $5,318.4/oz (29 Jan 2026)
- 52-week low: $3,960.5/oz (04 Nov 2025)

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Glossary

Official sector: Central banks and other public institutions that hold reserve assets, including gold.

FX reserves: Foreign-exchange reserves held by a central bank, typically including foreign currencies, government bonds and gold.

OTC: Over-the-counter trading, meaning bilateral market activity that takes place outside an exchange.

Reserve diversification: A strategy in which a central bank spreads reserve holdings across different assets or jurisdictions to reduce concentration risk.

Custody: The place and arrangement under which reserve assets such as gold are stored and safeguarded.

Valuation effect: A change in the reported share or value of an asset caused by its market price moving, rather than by new buying or selling.

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