

BULLION

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Bullion has remained one of the most important asset classes in the global financial system for centuries. These precious metals are valued not only for their beauty and cultural significance but also for their role as stores of value, investment assets, and effective hedges against inflation and economic uncertainty. Even in today's digital financial markets, gold and silver continue to play a vital role in investment portfolios, central bank reserves, jewellery manufacturing, industrial production, and commodity derivatives trading. Their ability to preserve wealth during periods of financial uncertainty has ensured that bullion remains relevant across different economic cycles.

India occupies a unique position in the global bullion market. The country is among the world's largest consumers of gold and one of the leading importers of silver. Gold holds deep cultural and religious significance in India and is considered an essential part of weddings, festivals, and family savings. Besides jewellery, investment demand through bars, coins, exchange traded funds (ETFs), sovereign gold bonds, and derivatives has grown steadily over the years. Silver has also gained importance, not only as a precious metal for investment and ornaments but increasingly as an industrial metal used in solar panels, electric vehicles, electronics, medical equipment, and advanced manufacturing.

The global bullion market remained one of the most active commodity segments during 2025, supported by strong investment demand, sustained central bank buying, geopolitical uncertainties and favourable macroeconomic conditions. Prices of both gold and silver reached record or multi-year highs during the year with high demand for the metals across the world. While gold continued to reinforce its position as the preferred safe-haven asset, silver benefited from both investment demand and robust industrial consumption, making it one of the most demanded precious metals during the year.

GOLD

Gold prices remained resilient in 2025 despite a mixed global economic environment. Ongoing geopolitical tensions in Europe and the Middle East, concerns over global trade policies, and uncertainty surrounding economic growth encouraged investors to increase their exposure to safe-haven assets. At the same time, expectations of lower interest rates by major central banks, particularly the US Federal Reserve, improved the attractiveness of non-interest-bearing assets such as gold. A softer US dollar during parts of the year further supported international bullion prices by making gold more affordable for buyers using other currencies.

One of the strongest pillars supporting gold prices over the last three years has been the continued buying by central banks. Many central banks have steadily increased their gold reserves as part of their strategy to diversify foreign exchange reserves and reduce dependence on reserve currencies. Global gold demand reached an all-time high of approximately 5,002 metric tonnes in 2025, according to the World Gold Council. Driven by persistent geopolitical uncertainty, central bank reserve bolstering, and surging investment interest, the overall value of demand jumped 45% year-over-year to a record US$555 billion. The institutional demand has provided a strong foundation for the global gold market even during periods of weaker investment flows. Additionally, investment in physical gold bars and coins remained healthy as investors sought protection against inflation, financial market volatility and geopolitical risks. Although jewellery demand moderated due to higher prices, overall global gold demand remained close to record levels, reflecting the continued importance of gold as both a financial asset and a store of value.

On the supply side, the gold market remained relatively balanced. Global mine production improved only marginally as several mining companies continued to face challenges related to higher production costs, declining ore grades, stricter environmental regulations and longer project development timelines. Recycling became an increasingly important source of supply as record gold prices encouraged households and investors to sell old jewellery and scrap gold. Nevertheless, overall growth in supply remained limited compared to the strong demand from central banks and investors, helping maintain firm price levels throughout the year.

SILVER

Silver followed a similar upward trend but was influenced by a broader set of demand drivers. Unlike gold, silver derives a significant portion of its demand from industrial applications. Its excellent electrical conductivity, thermal properties and durability make it an essential raw material for several modern industries. The global shift towards clean energy, electrification and digital technologies has substantially increased the industrial use of silver over the past few years.

In 2025, global silver demand remained near historic highs at 1.13 billion ounces, according to the Silver Institute's World Silver Survey. Even though total demand fell slightly by

2%, it outpaced total supply for the fifth year in a row, causing a big market shortage. This gap triggered a major squeeze on supply, pushing silver prices to record highs.

The rapid expansion of solar photovoltaic installations remained one of the biggest contributors to silver consumption, as solar panels require silver for efficient electrical conductivity. The increasing production of electric vehicles, battery technologies, charging infrastructure and advanced electronics further strengthened industrial demand. The rapid development of artificial intelligence infrastructure, including high-performance computing systems, data centres and semiconductor manufacturing, also contributed to higher silver consumption through increased demand for sophisticated electronic components. These structural trends indicate that silver is increasingly becoming both a precious metal and an industrial metal, giving it unique demand characteristics compared with gold.

Investment demand also supported silver prices during the year. Rising gold prices encouraged many investors to diversify into silver, which remained relatively affordable while offering greater return potential. Physical investment through bars and coins, exchange traded products, including derivatives, continued to attract investor interest, particularly during periods of heightened uncertainty in financial markets during 2025.

On the supply side, global silver production recorded only modest growth. Since a large share of silver is produced as a by-product of lead, zinc, copper and gold mining, silver supply depends not only on silver prices but also on mining activity in other metals. Although production recovered in some countries following operational disruptions in previous years, overall growth in supply remained muted. Recycling continued to contribute to total silver supply, but it was not sufficient to fully offset the strong demand from industrial users and investors. As a result, the global silver market continued to experience a supply deficit, providing additional support to prices.

INDIA'S BULLION ECOSYSTEM

India's bullion ecosystem has also undergone significant transformation in recent years. Regulatory reforms, improved market infrastructure, electronic spot trading platforms, development of indigenous quality standards, and increased participation by institutional investors have strengthened the overall market. The establishment of the India International Bullion Exchange (IIBX), the introduction of Electronic Gold Receipts (EGRs), and continuous product innovation by commodity exchanges have contributed towards creating a more transparent and efficient bullion market.

Commodity derivatives have become an integral part of this ecosystem. Initially used mainly by jewellers, refiners and bullion dealers for hedging price risk, gold and silver derivatives are now widely used by investors, portfolio managers, proprietary traders and retail participants. They provide an efficient mechanism for managing price volatility without requiring physical ownership of the metal. In India, MCX has played a leading role in developing a vibrant bullion derivatives market by offering a wide range of futures and options contracts across different contract sizes suitable for both institutional and retail participants. MCX currently offers gold futures in contract sizes of 1 kilogram, 100 grams, 10 grams, 8 grams and 1 gram, allowing participants with different capacities and requirements to access the market. Gold options are available on select contract sizes, providing greater flexibility for managing risk while limiting downside exposure. Similarly, silver futures are available in 30 kg, 5 kg, 1 kg and 100 grams contract sizes, while silver options are available of futures of 30 kg and 5kg underlying, providing additional opportunities for hedging and trading. This comprehensive product range has made exchange-traded bullion products accessible to a wide segment of market participants.

Product innovation has remained another important driver of market development. Recognizing the growing interest in index-based products, MCX introduced futures on the MCX iCOMDEX Bullion Index (MCX BULLDEX®) in 2020 and options on this index in 2025. The MCX BULLDEX® combines the performance of gold and silver, allowing market participants to take exposure in the broader bullion market through a single contract instead of trading individual metals separately.

The availability of multiple contract sizes has made bullion derivatives more accessible, while improvements in trading technology and regulatory oversight have enhanced investor confidence. The increasing integration between physical and derivatives markets has also improved price discovery and risk management across the bullion value chain.

EXPANSION INTO GOOD DELIVERY

The concept of 'Good Delivery' is central to ensuring that bullion delivered against futures contracts meets internationally accepted standards of purity, weight, quality assurance, traceability, and responsible sourcing. Historically, MCX accepted gold and silver bars produced by refiners accredited by the London Bullion Market Association (LBMA), which effectively made imported bullion the primary deliverable metal on the exchange. However, following the notification of Indian standards by the Bureau of Indian Standards, MCX progressively expanded its Good Delivery framework to include BIS-compliant India Good Delivery (IGD) refiners, enabling domestically refined gold and silver to be delivered for settlement against exchange contracts. This was a major step towards strengthening India's bullion ecosystem, promoting domestic refining capacity, and integrating local

refiners with exchange-based price discovery and hedging mechanisms.

GROWTH OF BULLION DERIVATIVES TRADING IN INDIA

India's bullion derivatives market recorded another year of healthy growth during 2025–26, reflecting the increasing maturity of the country's commodity markets. Record high prices in gold and silver, higher price volatility, growing investor awareness and wider participation from jewellers, refiners, bullion dealers, institutional investors and retail traders collectively contributed to the expansion of trading activity. As India's leading commodity derivatives exchange, MCX continued to strengthen its position as the primary platform for bullion price discovery and risk management.

MCX witnessed strong participation in gold derivatives throughout the year. During 2025–26, the average daily turnover in gold derivatives reached approximately ₹2,22,048 crore, representing an average daily trading volume of around 179 tonnes of gold. Average daily open interest stood at nearly 43 tonnes, reflecting sustained participation by hedgers as well as investors. These figures demonstrate that gold derivatives are not only widely used as effective risk management instruments by various stakeholders in the bullion industry but also used as investment instruments.

Silver derivatives also recorded impressive growth during the year. The average daily turnover in silver derivatives at MCX reached ₹ 96,915 crore, equivalent to an average daily trading volume of around 5,800 tonnes, while the average daily open interest was approximately 1,582 tonnes. The larger trading volume in silver reflects growing use of silver derivatives by industrial participants. The expanding use of silver in solar panels, electrical equipment, electronics and electric vehicles has increased the need for manufacturers and traders to actively manage price risk through organized derivatives markets.

Another important indicator of market maturity was the continued growth in physical deliveries through the exchange. During 2025–26, around 21.5 tonnes of gold and 404 tonnes of silver were delivered through MCX delivery mechanisms. High delivery numbers highlight the strong integration between the derivatives market and the physical bullion trade. A healthy delivery mechanism enhances confidence among market participants by ensuring that futures contracts remain closely linked to the underlying physical commodity. It also strengthens the credibility of exchange-discovered prices and improves overall market efficiency.

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Gold Fundamentals (tonnes)

Particular	2019	2020	2021	2022	2023	2024	2025
Global Supply							
Mine production	3,606	3,483	3,573	3,638	3,647	3,650	3,672
Net producer hedging	6	-37	-5	-7	69	-54	-74
Recycled gold	1,276	1,293	1,136	1,136	1,234	1,365	1,404
Total supply	4,888	4,739	4,703	4,768	4,951	4,962	5,002
Global Demand							
Jewellery fabrication	2,152	1,324	2,247	2,228	2,206	2,027	1,638
Jewellery consumption	2,127	1,398	2,148	2,088	2,111	1,887	1,542
Jewellery inventory	24	-75	99	140	95	140	96
Technology	333	309	337	315	305	326	323
Electronics	269	255	279	258	249	271	270
Other Industrial use	50	42	47	47	47	47	44
Dentistry	14	12	11	10	9	9	8
Investment	1,275	1,795	991	1,113	946	1,185	2,175
Total bar and coin demand	871	902	1,180	1,222	1,190	1,188	1,374
Physical Bar demand	584	543	811	802	782	862	1068
Official Coin	221	290	284	321	293	200	171
Medals/Imitation Coin	67	69	85	99	115	126	135
ETFs & similar products	404	893	-189	-110	-244	-3	801
Central banks & other inst.	605	255	450	1080	1051	1092	863
Gold demand	4,365	3,683	4,026	4,736	4,508	4,631	4,999
Indian Scenario							
Total Supply	789	454	988	754	877	934	771
Net bullion imports	658	350	906	645	744	802	664
Scrap	120	96	75	98	117	114	93
Domestic other sources#	11	9	7	12	16	18	15
Demand	690	446	797	774	761	803	711
Bar and coins	146	130	186	174	185	239	280
Jewellery demand	545	316	611	601	576	563	431

 # local mine production, recovery from imported copper concentrates and disinvestment.
Source: World Gold Council; Data downloaded on 10th June 2026.



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Fundamentals

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FUNDAMENTALS

Gold Fundamentals (tonnes)

Particular	2020	2021	2022	2023	2024	2025
Major producing countries (mine production)						
China	368	332	375	378	380	384
Russia	332	331	330	322	330	345
Australia	328	307	306	296	284	293
Canada	173	193	195	192	202	213
United States	193	187	173	170	158	157
Ghana	130	125	137	131	141	187
World	**3,483**	**3,575**	**3,645**	**3,640**	**3,661**	**3,817**
Major Consuming Countries						
China	613	959	789	910	815	792
India	446	797	774	761	803	721
United States	187	265	252	253	210	175
Germany	166	174	196	58	26	53
Turkey	147	95	122	192	153	104
World	**2,301**	**3,329**	**3,310**	**3,301**	**3,067**	**2,946**
Jewellery demand from major countries						
India	316	611	601	576	563	441
China	414	673	571	630	479	360
United States	118	149	144	137	132	115
UAE	21	34	47	40	35	29
Saudi Arabia	23	33	38	38	35	44
World	**1,398**	**2,148**	**2,088**	**2,111**	**1,878**	**1,544**
Reserves (gold) of central governement						
United States	8,133	8,133	8,133	8,133	8,133	8,134
Germany	3,362	3,359	3,355	3,353	3,352	3,350
Italy	2,452	2,452	2,452	2,452	2,452	2,452
France	2,436	2,436	2,437	2,437	2,437	2,437
China	1,948	1,948	2,011	2,235	2,280	2,322
India	677	754	787	804	876	881
World	**32,833**	**35,395**	**34,767**	**35,695**	**36,089**	**36,559**

Source: World Gold Council; Data downloaded on 30th June 2026.



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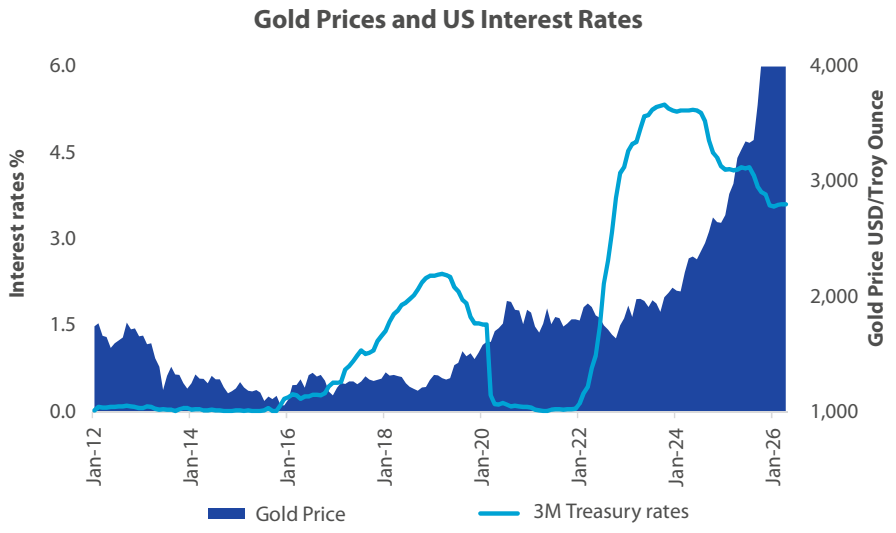
Major Import Sources and Export Destinations of Gold# (USD billion)

2020		2021		2022		2023		2024		2025	
Country	Value	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value
Major Importing Countries											
UK	88.3	Switzerland	92.3	Switzerland	99.0	Switzerland	101.4	Switzerland	105.3	Switzerland	211.1
Switzerland	87.9	India	55.8	China	76.7	China	91.9	China	102.7	UK	156.0
USA	34.7	UK	53.7	UAE	59.5	UK	48.0	UK	76.6	China	101.9
Turkey	25.2	UAE	48.2	UK	41.8	Turkey	30.0	China, Hong Kong SAR	65.4	USA	30.2
India	21.9	China	47.3	India	36.6	USA	15.1	India	57.6	Turkey	23.1
Major Exporting Countries											
Switzerland	71.6	Switzerland	86.7	Switzerland	100.2	Switzerland	107.2	Switzerland	115.4	Switzerland	195.8
China, Hong Kong SAR	41.3	UK	41.4	UK	72.7	UK	65.2	UK	65.4	UK	84.3
UK	21.4	UAE	33.8	USA	37.2	USA	26.0	China, Hong Kong SAR	56.5	USA	80.6
USA	20.6	China, Hong Kong SAR	30.8	UAE	35.6	Canada	20.5	USA	29.7	China	80.5
Australia	17.6	USA	27.7	China, Hong Kong SAR	30.1	Australia	18.8	Canada	27.6	Canada	38.7
2020-21		**2021-22**		**2022-23**		**2023-24**		**2024-25**		**2025-26**	
Major Importing Sources for India (USD million)											
Switzerland	16,276	Switzerland	20,740	Switzerland	12,642	Switzerland	17,861	Switzerland	18,142	SWITZERLAND	20,121
UAE	4,195	UAE	5,839	South Africa	3,360	UAE	7,647	UAE	16,834	UAE	15,318
South Africa	2,549	Guinea	3,316	UAE	3,089	South Africa	4,611	South Africa	4,766	Peru	7,921
Peru	1,499	South Africa	3,260	Bolivia	2,545	Peru	2,796	Peru	4,439	Ghana	6,024
Guinea	1,432	Peru	2,314	USA	1,881	Australia	1,994	Australia	3,388	South Africa	3,088
Major Exporting Destinations of India (USD million)											
Switzerland	192.92	Hong Kong	2.81	UAE	71.93	Thailand	65.61	U S A	608.71	SWITZERLAND	143.38
Turkey	63.13	UAE	1.95	Switzerland	54.33	Switzerland	32.25	Switzerland	235.43	U ARAB EMTS	52.45
Guinea	0.52	Switzerland	1.15	Turkey	19.21	Hong Kong	0.36	UAE	81.68	U S A	44.00
UAE	0.43	Guinea	0.26	Hong Kong	0.36	USA	0.03	Germany	6.70	GERMANY	2.08
Hong Kong	0.16	Peru	0.05	China P RP	0.02	-	-	Hong Kong	1.44	INDONESIA	0.43

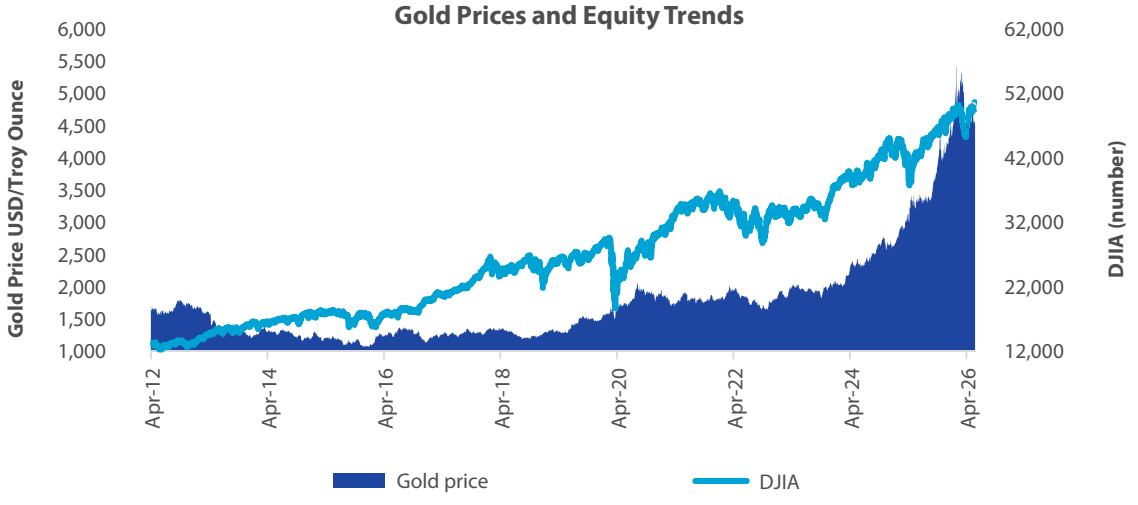
 # includes gold unwrought, semi-manufactured, powder form (HS Code 7108).
Source: UN Comtrade Database (data downloaded on 10th June 2026) , Export-Import databank of India (data downloaded on 10th June 2026).



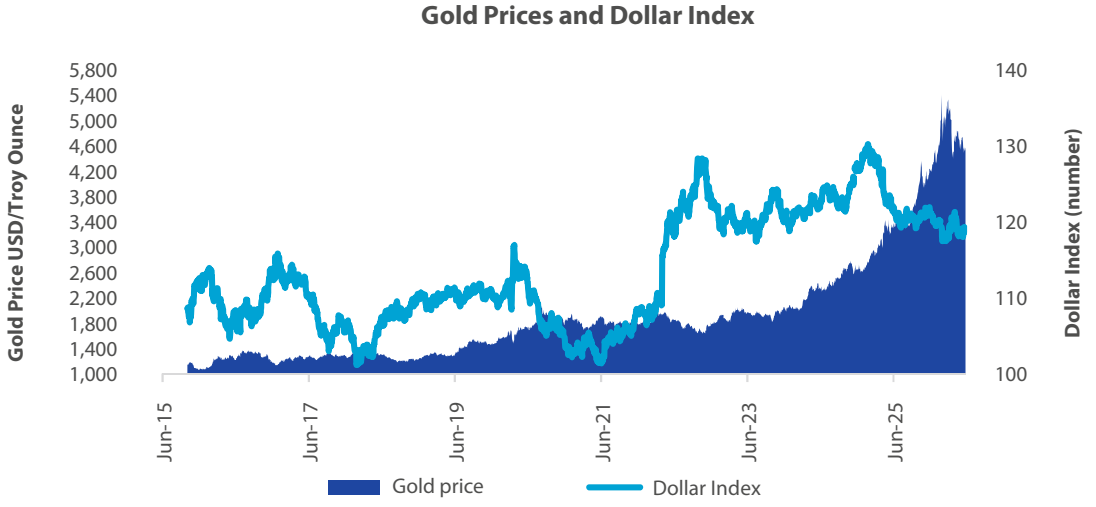
GOLD
Fundamentals



Source: Investing.com, WGC and Federal Reserve Bank of St Louis



Source: WGC and S & P Dow Jones Indices



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