PUBLISHED MARKET RESEARCH

The refiner's squeeze: scrap that will not answer price, and the swing in Asian premiums

Why recycled gold stays scarce at high prices, and what that means for Indian and Chinese premiums into the new year

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The refiner's squeeze: scrap that will not answer price, and the swing in Asian premiums

Why recycled gold stays scarce at high prices, and what that means for Indian and Chinese premiums into the new year

Gold scrap has stopped answering price: holders in India and China are trading in, pledging or keeping old metal rather than selling it, so scrap-fed refiners lose feed just as Indian premiums swing between record discounts and brief festive premiums. We expect Indian discounts to return by mid January while Chinese premiums hold into the Lunar New Year.

Recycled gold is the supply that should rise when prices are high, and it is not rising. Recycling fell in the latest quarter even though the average price stood far above a year earlier, because holders in India and China are exchanging, pledging or keeping old jewellery rather than selling it. That leaves refiners leaning on mine dore at a time when India's official bullion imports have collapsed under a higher duty and unofficial metal fills the gap outside the official channel. The Indian swing to a premium in October was a festive and price-dip effect, not a change in the structure, and we expect discounts to return by mid January. China, heading into its pre-holiday restocking season, should hold a premium.

HEADLINE INDICATORS

314.5 tonnes
GLOBAL RECYCLED GOLD SUPPLY IN Q3 2026, DOWN 8 PERCENT YEAR ON YEAR

23 percent
RISE IN THE Q3 2026 AVERAGE GOLD PRICE YEAR ON YEAR

USD 43 per ounce
INDIA'S AVERAGE Q3 2026 DISCOUNT TO IMPORT PARITY, A QUARTERLY RECORD

USD 4 per ounce
TOP OF THE INDIAN DEALER PREMIUM IN THE WEEK TO 6 NOVEMBER 2026

Flat to USD 9 per ounce
CHINA PREMIUM RANGE IN THE WEEK TO 6 NOVEMBER 2026

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CENTRAL JUDGMENT

Scrap has decoupled from the price level. In both India and China, old gold now moves through jewellers' exchange and trade-in schemes, or is pledged as collateral, rather than being sold to refiners as net supply, and holders who expect higher prices do not sell into a dip. Recycling therefore follows the recent direction of the price, not its height. For refiners that depend on scrap this is a feed squeeze; for the Indian market it sits on top of a duty gap that pulls metal into unofficial channels and keeps the official price at a structural discount. The October swing to an Indian premium was a festive and price-dip effect that was already fading in early November. We expect India back at a discount by mid January and China at a premium ahead of the Lunar New Year.

KEY JUDGMENTS

KJ-1	Global gold scrap will stay weak into the year end even if prices steady, because holders in the two largest consumer markets trade in, pledge or keep old metal rather than sell it. Recycling fell in the latest quarter at a price far above a year earlier, and the World Gold Council reports few distress sellers.	MODERATE
KJ-2	India will be back at a discount to official domestic prices by mid January. The festive premium was already narrowing in early November, and the duty gap that produced a record quarterly discount is unchanged.	MODERATE
KJ-3	China will hold a premium over the global benchmark into the Lunar New Year. Chinese bullion stayed at or above flat in both autumn weeklies read, and January is the pre-holiday restocking window.	MODERATE
KJ-4	The squeeze falls on scrap-fed refiners in India and China rather than on refiners fed by mine dore. Mine output set a record for the quarter while recycling fell, but no refiner margin or utilization figure was read.	LOW

KEY STATISTICS

314.5 tonnes
Global recycled gold supply in the third quarter, 2026-09-30[1]

342.7 tonnes
Global recycled gold supply in the third quarter a year earlier, 2025-09-30[1]

1070.9 tonnes
Global mine production in the third quarter, a record for a third quarter, 2026-09-30[1]

4262.2 USD per ounce
LBMA gold price average in the third quarter, 2026-09-30[2]

366 tonnes
Global recycled gold supply in the fourth quarter, 2025-12-31[5]

19 tonnes
India recycled gold supply in the third quarter, down 12 percent year on year, 2026-09-30[3]

64 tonnes
India official bullion imports including dore in the third quarter, down 70 percent year on year, 2026-09-30[3]

50 tonnes
India unofficial gold imports in the third quarter, preliminary estimate, 2026-09-30[3]

15 percent
India gold import duty after the May increase from 6 percent, 2026-09-30[3]

3869.85 USD per ounce
Spot gold one-year low, 2026-10-30[7]

Scope and method

METHOD

This text reads the World Gold Council's Gold Demand Trends for the third quarter of 2026 and for the full year 2025, its India focus for the third quarter, its October India market update, and two Reuters weekly Asia Gold reports from October and November 2026, all read on 9 November 2026. The World Gold Council is not on the firm's Source List, so every figure from it is marked unverified and no High confidence judgment rests on it. The Reuters reports were read through republications that name Reuters as author. No refiner's own figures, toll rates or utilization data were read, and the squeeze on refiners is inferred from feed volumes. No client-attributable material is used.

SECTION 01 · ASSESSMENT

Scrap that does not answer price

Global recycled gold supply was 314.5 tonnes in the third quarter of 2026, down 8 percent from 342.7 tonnes a year earlier and 2 percent below the second quarter, while mine production reached 1,070.9 tonnes, a record for a third quarter.[1]

The LBMA gold price averaged USD 4,262.2 per ounce in the third quarter of 2026, 23 percent above a year earlier.[2]

The World Gold Council attributes the weak recycling of the third quarter of 2026 mainly to a price that fell about 5 percent from the second quarter, and to holders who expect prices to recover; it reports few sellers under financial distress.[1]

In 2025 recycling rose only to 1,404.3 tonnes against a 44 percent rise in the annual average price, and fourth-quarter 2025 recycling was 366 tonnes; the World Gold Council titled its chart "Global gold recycling did not respond to the rapid rally in price".[5]

> **ASSESSMENT · MODERATE CONFIDENCE**
>
> Recycling now responds to the recent direction of the price rather than to its level, so a high but falling price yields less scrap, and refiners cannot count on a rally to bring it back quickly. The rally of last year and the latest quarter show the same weak response, but both rest on one unverified source.

SECTION 02 · ASSESSMENT

India: duty, smuggling and the old-gold exchange

India's recycled gold supply was 19 tonnes in the third quarter of 2026, down 12 percent year on year and broadly flat on the quarter, about 14 percent of its total supply.[3]

The World Gold Council links India's weak recycling in the third quarter of 2026 to the lower quarterly price, a preference for pledging gold as collateral and more jewellery exchanges, which do not count as net supply.[1]

India raised its gold import duty to 15 percent from 6 percent in May 2026, and unofficial imports reached about 50 tonnes in the third quarter of 2026 against 3 tonnes a year earlier.[3]

Old-gold exchange transactions at listed Indian jewellers rose more than 10 percent year on year in July to September 2026 and made up over 50 percent of sales for some retailers.[4]

India's gold imports were USD 1.8 billion in September 2026, against USD 9.6 billion a year earlier.[6]

> **ASSESSMENT · MODERATE CONFIDENCE**
>
> India's official import and refining chain is squeezed from both ends: old gold is recycled inside jewellers' exchange schemes rather than sold to refiners as net supply, and the duty gap pulls metal into unofficial channels. The import collapse is reported by both Reuters and the World Gold Council, but the exchange and smuggling figures rest on the World Gold Council alone.

SECTION 03 · ASSESSMENT

China: the VAT and the trade-in

China's recycled gold supply fell 20 percent year on year and 12 percent on the quarter in the third quarter of 2026, which the World Gold Council links to the 7 percent VAT on jewellery sales that buyers partly offset by trading in old pieces.[1]

China's jewellery demand was 65.7 tonnes in the third quarter of 2026, down 22 percent from 84.1 tonnes a year earlier.[2]

Chinese bullion traded from flat to a premium of USD 9 per ounce over the global benchmark in the week to 6 November 2026.[7]

UNKNOWN: Shanghai Gold Exchange premium series and China's customs gold import figures for October were not read from a listed source.

> **ASSESSMENT · MODERATE CONFIDENCE**
>
> The VAT turns Chinese scrap into trade-in metal that stays inside the retail chain, which cuts recycled supply to refiners now and may cut it further later, while the bullion market keeps a premium. The mechanism is stated by the World Gold Council and fits the fall in both jewellery and recycling volumes, but it rests on one unverified source.

SECTION 04 · ASSESSMENT

The swing in Asian premiums

India's domestic gold price stood at an average discount of USD 43 per ounce to import parity in the third quarter of 2026, the highest quarterly level on record.[3]

India's domestic discount narrowed from an average of USD 66 per ounce in September 2026 to USD 8 per ounce as of 16 October 2026.[4]

In the week reported on 18 October 2026, Indian dealers quoted a premium of up to USD 7 per ounce over official domestic prices, inclusive of the 15 percent import and 3 percent sales levies, the first premium in more than three months, after discounts of up to USD 6 the week before; Chinese bullion traded at premiums of USD 4 to USD 13 per ounce.[6]

In the week to 6 November 2026, the Indian premium narrowed to up to USD 4 per ounce from up to USD 7 the week before, with the domestic price at about INR 141,600 per 10 grams after a fall to INR 137,863, and spot gold had hit a one-year low of USD 3,869.85 per ounce on 30 October 2026.[7]

In the same week to 6 November 2026, Hong Kong traded between a USD 0.50 discount and a USD 1.80 premium, Singapore between a USD 1 discount and a USD 1.70 premium, and Japan between a USD 6 discount and a USD 0.50 premium.[7]

> **ASSESSMENT · MODERATE CONFIDENCE**
>
> The Indian premium is a festive, price-dip effect laid on a structural discount, and it is already fading, so once the festivals pass the duty gap and unofficial supply should pull India back to a discount. The two Reuters weeklies show the premium narrowing as the festival approached, and the record discount of the third quarter shows where the market sat without a festive pull.

SECTION 05 · ASSESSMENT

The refiner's squeeze

Global mine production was 1,070.9 tonnes in the third quarter of 2026, up 3 percent year on year, while producers de-hedged a net 16.8 tonnes and total supply was 1,368.6 tonnes, down 1 percent.[1]

India's official bullion imports, including dore, fell 70 percent year on year to 64 tonnes in the third quarter of 2026.[3]

UNKNOWN: Refiners' toll fees, capacity utilization and margins in India, Switzerland, Hong Kong and China were not read from any source; the squeeze on refiners is inferred from feed volumes, not measured.

> **ASSESSMENT · LOW CONFIDENCE**
>
> Refiners that depend on scrap, chiefly in India and China, are likely losing throughput while refiners fed by mine dore are not, and India's domestic refiners also lose dore imports to the duty gap, so the squeeze is regional and by feed type rather than industry-wide. The inference rests on supply volumes alone, with no refiner margin or utilization data read.

SECTION 06 · DECISION

Decision

Decision	Owner	Trigger	Pre-authorised action
Time Indian bullion purchases after the festivals	Procurement lead at an Indian jewellery buyer	A Reuters weekly quotes India at a discount again	Shift purchases into the discount window in weekly stages
Secure scrap feed for a refinery	Refinery commercial lead	The next World Gold Council quarterly report shows recycling still below the year-earlier quarter	Raise collection incentives or move feed toward mine dore
Time deliveries to Chinese buyers	Trading desk serving Chinese buyers	A January Reuters weekly shows the China premium widening	Bring deliveries forward into the pre-holiday window

SECTION 07 · OUTLOOK

Outlook

Baseline. Prices hold near their autumn range, scrap stays thin, India slips back to a discount after the festivals as the duty gap reasserts itself, and China keeps a modest premium into the Lunar New Year.

Deterioration. A renewed price rally turns holders into net sellers only slowly, Indian discounts widen sharply as buyers wait and unofficial imports grow, and scrap-fed refiners lose further throughput.

Stabilization. Prices settle, Indian wedding demand lifts official buying enough to keep India near flat, recycling recovers modestly toward last year's pace, and Chinese premiums hold without widening.

Claim C-1. In the first Reuters weekly Asia Gold report published on or after 11 January 2027, Indian dealers quote gold at a discount to official domestic prices. Probability 0.70. Resolves on 2027-01-16 from Reuters: YES if that report quotes India only at a discount, as a single discount figure or a range lying wholly at a discount to official domestic prices; NO if any part of the quoted Indian range is flat or a premium, or if no such report is published by 16 January 2027. Horizon 90 days. The October premium was a festive, price-dip effect and had already narrowed by early November. The duty gap behind the record quarterly discount is unchanged, and unofficial supply undercuts the official channel. No base rate available: no firm or published series counts how often Indian dealers quote a discount in mid January.

Claim C-2. In the first Reuters weekly Asia Gold report published on or after 11 January 2027, the upper end of the range quoted for China is a premium of USD 5 per ounce or more over the global benchmark. Probability 0.70. Resolves on 2027-01-16 from Reuters: YES if the highest China figure quoted in that report is a premium of USD 5.00 per ounce or more; NO otherwise, including when no such report is published by 16 January 2027. Horizon 90 days. China held at or above flat in both autumn weeklies read, with the top of its range at USD 13 and then USD 9 per ounce. January is the restocking window before the Lunar New Year, which falls in early February 2027. No base rate available: no firm or published series counts how often the China premium tops USD 5 in mid January.

Claim C-3. Global recycled gold supply in the fourth quarter of 2026, as stated by the World Gold Council and reported by Reuters. Point and interval: lo 270, central 300, hi 335, unit tonnes, level 80. Resolves on 2027-02-05 from Reuters: the value is the fourth-quarter 2026 global recycled gold supply, in tonnes, stated in the first Reuters report on the World Gold Council's full-year 2026 Gold Demand Trends, as first reported, whatever the method; the claim does not resolve if no

Reuters report states it by 5 February 2027. Horizon 90 days. Spot gold fell to a one-year low in late October and recycling has followed recent price moves rather than the price level. The quarter should therefore come in below the third quarter's 314.5 tonnes and well below the 366 tonnes of a year earlier. No base rate available: no firm record scores quarterly recycling estimates against the World Gold Council's first print.

Indicators.

- The weekly Reuters Asia Gold report: the Indian quote against official domestic prices and the China premium range
- India's monthly official gold import value in the Commerce Ministry trade release
- The spot gold price against its late October low
- The World Gold Council's fourth-quarter recycling figure, due with its full-year report
- Any change to India's gold import duty in the February budget

SECTION 08 · SCORECARD

Scorecard

No earlier firm claim is resolved or advanced by this draft.

SOURCE REGISTRY

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