The History of Gold

5,000 years of money, power and markets — the sheet

WHERE GOLD STANDS, 9 SEPTEMBER 2026

$4,390	$5,589	-21%	216,265 t
spot, per ounce	record, 28 Jan 2026	below the record	ever mined

THE ONE-PARAGRAPH VERSION

Gold became money because nothing else passed every test at once: durable, divisible, portable, fungible, hard to fake, and scarce enough to hold value in a small volume. Its defining property for a modern trader is that it is nobody's liability. Every other financial asset is somebody's promise. That is why central banks buy it when they stop trusting each other, and it is why it behaves strangely in a crisis. It is also why it produces nothing, compounds nothing, and can go nowhere for decades.

THE 5,000-YEAR SPINE

When	What happened	Why it mattered
c.4500 BC	Varna gold burials, Bulgaria	Among the oldest worked gold known
7th c. BC	Electrum coins in Lydia	First coins - purity unpredictable
c.550 BC	Croesus strikes pure gold coins	First trustworthy gold coinage
c.310 AD	Constantine's solidus	A standard that held for centuries
697 AD	Islamic dinar reform	A second gold standard, three continents
1252/1284	Florin, then the Venetian ducat	Gold money returns to Europe
1500s	American bullion floods Europe	Metal money inflates too
Dec 1717	Newton fixes the guinea at 21s	Silver leaves; gold wins by accident
1816-1821	Coinage Act, sovereign, convertibility	First formal gold standard
1848-1886	California, Australia, Witwatersrand	The great supply shocks
1873	US and Germany adopt gold	The classical standard goes global
1914	Convertibility suspended	Killed by the First World War
1925-1931	Britain returns, then quits	Interwar standard fails in six years
5 Apr 1933	Executive Order 6102	Americans hand in gold at $20.67
30 Jan 1934	Gold Reserve Act; $35 price	A 69% revaluation against the dollar
Jul 1944	Bretton Woods, 44 nations	Gold to dollar to everything else
Nov 1961	London Gold Pool	Eight central banks defend $35
Mar 1968	The Pool collapses	Two-tier market; the defence failed
15 Aug 1971	Nixon closes the gold window	The last metal anchor is cut
31 Dec 1974	US bullion ownership restored	After 41 years of restriction
21 Jan 1980	London fix hits $850	Blow-off top of the inflation decade
Jul 1999	$252.80 - the 20-year low	The Brown Bottom
Sep 1999	Washington Agreement	Sales capped; price jumps 13.7%
Nov 2004	First large US gold ETF	Gold becomes a brokerage asset
Sep 2011	Peak near $1,920	A 45% bear market follows
Feb 2022	~$300bn Russian reserves frozen	Sovereigns rediscover own-vault gold
Jan 2026	All-time high ~$5,589	Then -27% in under six months

Three Monetary Systems

What actually changed in the 1870s, 1944 and 1971

THE ARCHITECTURES, SIDE BY SIDE

System	Structure	How it ended
Classical	Gold -> national currencies, convertible	Suspended in days, August 1914
1870s-1914	Fixed rates; reserve rules, not 1:1 backing	No lever to fight a downturn
Interwar	Rebuilt at pre-war parity from 1925	Britain out Sept 1931; spread the Depression
Bretton Woods	Gold -> US dollar -> other currencies	Nixon shuts the window, 15 Aug 1971
1944-1971	$35/oz, foreign central banks only	Triffin dilemma: it had to break
Since 1971	Fiat, floating; gold is a traded asset	Still running

THE MYTH WORTH KILLING

Under a gold standard, every note was NOT backed one-for-one by metal in a vault. Banking was fractional-reserve throughout. The discipline came from convertibility on demand plus statutory reserve requirements - a real constraint, but one with slack. When confidence broke, the slack was the entire problem.

THE CORRECTION ON NEWTON

Newton did not put Britain on the gold standard in 1717. As Master of the Mint he set a mint ratio (guinea at 21 shillings, roughly 1:15.5) that made silver worth more abroad. Silver was exported; gold accumulated. The legal standard came a century later: Coinage Act 1816, the sovereign in 1817, convertibility resumed 1821.

THE LONDON GOLD POOL: THE CLEANEST EXPERIMENT ON PRICE CONTROL EVER RUN

November 1961. Eight central banks - the United States, Britain, West Germany, France, Italy, Belgium, the Netherlands and Switzerland - pooled reserves and used the Bank of England as their agent to hold gold at $35 an ounce. The US underwrote half. France withdrew in 1967. On 14 March 1968 the Pool faced roughly $400 million of demand in a single session. London closed the next day on a declared bank holiday, stayed shut for two weeks, and reopened on 1 April at a fixing near $38. A two-tier market followed: $35 between central banks, floating for everyone else.

WHAT THAT MEANS FOR A TRADER

They had coordination, pooled reserves, secrecy and no disclosure obligation. They held the price for six years and then lost anyway. Whenever you assume an official body will defend a level indefinitely - a currency peg, a yield cap, a price floor - price this in. Size is not an edge. Sustainability is.

The Numbers

Price milestones, drawdowns and official-sector demand

PRICE MILESTONES

Date	Price	What it was
1834-1933	$20.67	US statutory price - administered, not a market price
1934-1971	$35	Gold Reserve Act, then the Bretton Woods peg
21 Jan 1980	$850	London fix. Up from $512 three weeks earlier
20 Jul 1999	$252.80	The 20-year low, a fortnight after the UK's first auction
6 Sep 2011	~$1,920	Post-crisis peak
Dec 2015	~$1,050	Cycle low, 45% below the 2011 high
Aug 2020	~$2,075	First break above $2,000
14 Mar 2025	$3,000	2025 closed up roughly 64%
26 Jan 2026	$5,000+	Crossed for the first time
28 Jan 2026	~$5,589	All-time high. Feeds range $5,589-$5,608; LBMA PM fix ~$5,405
Jul 2026	~$4,100	The pullback
9 Sep 2026	~$4,390	About 21% below the record

THE DRAWDOWNS

Peak	Trough	Fall	Nominal recovery
Jan 1980, ~$850	1999, $252.80	~70%	28 years to see $850 again
Sep 2011, ~$1,920	Dec 2015, ~$1,050	~45%	About 9 years
Aug 2020, ~$2,075	2021-22 range	~20%	Roughly 3 years
Jan 2026, ~$5,589	Jul 2026, ~$4,100	~27%	Unresolved

THE SINGLE MOST IMPORTANT NUMBER ON THIS SHEET

Adjusted for US consumer prices, the January 1980 peak equals roughly $3,300-$3,600 in today's money, depending on the CPI series used. Gold did not clear that level until 2025 - about forty-five years later. Anyone who bought the 1980 top and held waited most of a working life to break even in purchasing power.

CENTRAL BANK BUYING: THE STRUCTURAL BID

Period	Net purchases	Notable buyers
2010-2021	~473 t a year	Emerging markets, steady accumulation
2022	Over 1,000 t	The year ~$300bn of Russian reserves were frozen
2023	Over 1,000 t	Second consecutive record-level year
2024	1,045 t	Poland, India, Turkey
2025	863 t	Poland, Kazakhstan, Brazil
Q1 2026	57 t (revised from 244 t)	187 t reclassified to over-the-counter
Q2 2026	289 t	Poland +51 t; up 62% on Q2 2025
2026 forecast	~850 t	World Gold Council estimate

Source: World Gold Council, Gold Demand Trends. Note the Q1 2026 revision - official-sector data is estimated and revised. Never build a trade on one quarter's print.

Drivers and Instruments

What moves gold, and the six ways to own it

WHAT ACTUALLY MOVES THE PRICE

Driver	Direction	Notes
Real rates	Lower real rates -> higher gold	Historically the most reliable relationship
US dollar	Weaker dollar -> higher gold	Priced in dollars; cheaper elsewhere
Central banks	Structurally supportive	Sets the floor, not the highs
ETF / OTC flows	Fast and reversible	Most short-term volatility comes from here
Jewellery	Falls as price rises	A brake, not an engine
Geopolitics	Supportive, unreliably	Often already priced in
Positioning	Amplifies both directions	Crowded longs stop responding to good news

THE MODEL THAT BROKE

For two decades the real-rate relationship explained gold better than anything else. In 2024-25 real yields stayed historically elevated and gold rose more than 60% anyway. The likeliest explanation is that the marginal buyer changed - from Western investors weighing opportunity cost to sovereign buyers weighing confiscation risk, which does not care about the ten-year TIPS yield. Whether that regime persists is the open question.

SIX WAYS TO OWN GOLD - AND THEY ARE NOT THE SAME ASSET

Instrument	What it is	Watch
XAU/USD	OTC cash gold vs the dollar	Leverage, financing, execution quality
Futures	Exchange contracts, fixed size	Rolls, margin, contango/backwardation
ETFs	Listed funds holding bullion	Fee, tracking, market hours only
Physical	Bars and coins you hold	Dealer spread, premium, storage, liquidity
Miners	Equity in gold producers	Operational leverage; company risk isn't gold risk
CFDs	Leveraged spot derivative	Financing, counterparty, availability

Physical gold, spot XAU/USD, futures, ETFs and miners correlate but do not behave alike. Buy a miner expecting gold exposure and you have bought a leveraged bet on a management team's cost control.

GOLD VS BITCOIN, HONESTLY

	Gold	Bitcoin
Track record	About 5,000 years	17 years
New supply	Roughly 1.5-2% a year	Fixed cap of 21m, halving every 4 years
Central banks	~37,755 t, ~17% of all gold	A handful of states
Confiscation	Vulnerable at home - see 1933	High resistance if self-custodied
Portability	Poor	Excellent
Volatility	High for a reserve asset	Several times higher again
In a crisis	Sold first, then bought	Has traded as a risk asset

Ten Lessons

What 5,000 years of gold teaches a trader

01 **A right thesis is not a right position**

Every structural argument for gold was intact in February 2026. It fell 27% anyway. Being correct about the world and correct about your entry are separate problems.

02 **Safe havens have enormous drawdowns**

Gold has fallen 70% and 45% from major peaks. 'Safe' describes what it protects against over decades, not what it does to your account this quarter.

03 **Dead money is a real state, and it lasts**

Twenty years of nothing after 1980 in nominal terms, forty-five in real terms. A market can be right about value and wrong about it for an entire career.

04 **Regimes change, and the model breaks first**

The real-rate relationship explained gold for two decades and then stopped working in 2024. When a reliable model breaks, that is information, not noise.

05 **Watch who the marginal buyer is**

Price is set at the margin. When it shifted from Western investors to sovereign reserve managers, everything about how gold responded to news changed.

06 **Institutions defending a level eventually lose**

The London Gold Pool had eight central banks and secrecy. It still lost. Size is not an edge; sustainability is.

07 **Telegraphing your intentions is a tax**

The Bank of England announced a 395-tonne sale and the market front-ran it for months. Execution is part of the strategy, for sovereigns and for you.

08 **Positioning turns markets more often than fundamentals**

The 1999 bottom came from a supply cap and a short squeeze, not from a change in demand.

09 **Volatility expansion demands smaller size, not bigger**

Gold's daily range in 2026 is a multiple of its 2019 range. Trading the same lot size through that shift is how accounts die during a thesis they got right.

10 **History rhymes; it does not signal**

Nothing about 1980 or 2011 tells you what happens next. Precedent shapes what you believe is possible. It is not an entry trigger.

> Gold does not trend gently. It grinds sideways for years, then moves further and faster than anyone expects, in both directions. The trader who respects that rhythm treats it as what it is: a violent, patient barometer of what the world thinks of its own money.

Sources and Definitions

Where every figure on this sheet came from

SOURCES

World Gold Council
History of Gold, The Classical Gold Standard, The Bretton Woods System, and the quarterly Gold Demand Trends series - the source for every central-bank tonnage figure here.

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London Gold Pool records and the 1999-2002 UK gold auctions.

US National Archives / Federal Register
Executive Order 6102, the Gold Reserve Act of 1934, Proclamation 2072.

Federal Reserve History
The gold standard, Bretton Woods and the Nixon shock.

LBMA
Benchmark prices and wholesale market structure.

Royal Mint / British Museum
Newton's 1717 mint ratio, the Coinage Act of 1816, Lydian and Croeseid coinage.

FURTHER READING

Barry Eichengreen, Golden Fetters and Globalizing Capital — how the gold standard transmitted the Depression. Liaquat Ahamed, Lords of Finance — the interwar central bankers as narrative. Peter Bernstein, The Power of Gold — the long human history. Niall Ferguson, The Ascent of Money — money and credit generally.

HOW TO READ THE FIGURES ON THIS SHEET

Prices are spot or London fix prints and vary slightly between data providers. A tilde means approximate. Dates before the classical period are the scholarly consensus, not fixed points. The 1834-1971 prices were set by law and were not market prices. Where a figure is contested, the range is given rather than a false single number.

THE REST OF THE WORK

The full article - 9,000 words, 28 sections, the interactive Gold Time Machine, the price chart and the complete FAQ - is at completetradersedge.com/history-of-gold/. The companion piece on the challenger is at /history-of-bitcoin/. For the practical side, sessions, spreads and sizing, see /how-to-trade-gold-xauusd-complete-guide/.