



The Edge Economic Update

Gold: A Century of Wealth, Crisis, and Resilience

9 October 2025



Gold: A Century of Wealth, Crisis, and Resilience

Introduction

In October 2025, gold prices shattered a historic milestone by surpassing \$4,000 per ounce for the very first time. This unprecedented achievement is more than just a market record – it underscores the metal’s timeless economic significance and its enduring role in global finance. For centuries, gold has stood at the crossroads of wealth, power, and security. It has functioned as a monetary anchor under the gold standard, a trusted safe-haven asset in times of turmoil, and a store of value capable of preserving purchasing power across generations.

Unlike most financial assets, gold carries a unique dual identity: it is both a commodity with practical uses in jewelry and industry, and a strategic financial instrument that central banks, governments, and investors rely on during crises. Its ability to maintain relevance through wars, depressions, inflationary surges, and technological revolutions illustrates why gold is often referred to as “the metal of resilience.”

This report explores gold’s economic importance in today’s interconnected world, its historical linkage with currencies and the U.S. dollar, and the dynamics that led to the end of the Bretton Woods system. It also examines 125 years of gold price history, tracing how global conflicts, financial upheavals, and monetary policies have shaped its trajectory. By contextualizing past price swings with the major economic events of their time, this study highlights not only gold’s value as an asset but also its role as a mirror of the global economy itself.



Gold: A Century of Wealth, Crisis, and Resilience

Economic Importance of Gold

Gold's value extends far beyond its luster; it holds several crucial roles in the economy and financial markets:

- **Store of Value and Safe-Haven Asset:** Gold is widely regarded as a reliable store of wealth, particularly during financial turmoil. Investors often flock to gold during stock market downturns or geopolitical crises, as it tends to hold its value when other assets falter^[2]. For example, when equities slump or uncertainty rises, gold prices typically strengthen, reflecting its role as a *refuge* for capital.
- **Hedge Against Inflation and Currency Weakness:** Gold often serves as a hedge against inflation and currency depreciation. Its price tends to move inversely to the strength of major currencies, especially the U.S. dollar. When the dollar weakens or inflation erodes purchasing power, gold becomes more attractive as an alternative asset that preserves value. This dynamic – sometimes called the “debasement trade” – is driven by investors buying gold to guard against declining fiat currency value and loss of confidence in paper money.
- **Central Bank Reserves and Financial Stability:** Central banks around the world hold gold as part of their official reserves, using it to diversify and stabilize their portfolios. In recent years, central banks have been buying gold at record levels, exceeding 1,000 metric tons of net purchases

annually in 2022 and 2023. This trend reflects efforts by many countries to reduce reliance on the U.S. dollar (especially after events like the freezing of Russia's reserves in 2022) and to bolster financial stability with an asset no one government can debase. Gold's status as a reserve asset underscores the trust central banks place in its enduring value.

- **Industrial and Cultural Demand:** Beyond investment, gold retains significant demand in jewelry and certain industries. Approximately half of global gold demand comes from jewelry fabrication – a testament to gold's cultural importance as a symbol of wealth and prosperity (particularly in countries like India and China). Gold also has critical industrial uses, especially in electronics, due to its excellent conductivity and resistance to corrosion. These practical applications ensure there is always underlying physical demand supporting gold's value in addition to its financial demand.
-



Gold: A Century of Wealth, Crisis, and Resilience

Historical Role of Gold and the U.S. Dollar Linkage

Gold as the Monetary Standard: For centuries, gold (and silver) formed the basis of money. By the late 19th and early 20th centuries, the world had embraced the *gold standard* – a system in which currencies were directly redeemable for a fixed quantity of gold. The United States formalized its commitment to gold with the Gold Standard Act of 1900, which legally pegged the U.S. dollar at \$20.67 per ounce of gold. Under this system, anyone could exchange U.S. paper dollars for gold, and thus the dollar’s value was literally “as good as gold.” This gold-backed monetary order provided long-term price stability but also imposed strict constraints on money supply and government policies.

From Gold Standard to Bretton Woods: The classical gold standard unraveled during the economic upheaval of the Great Depression. In 1933, facing banking panics and public hoarding of gold, President Franklin D. Roosevelt suspended gold convertibility for Americans and forbade the hoarding of gold (Executive Order 6102), effectively taking the U.S. off the domestic gold standard. The following year, the U.S. government via the Gold Reserve Act reset the price of gold to \$35 per ounce, devaluing the dollar. This devaluation aimed to combat deflation and boost the economy by expanding the money supply. Subsequently, the Bretton Woods Agreement of 1944 established a new global monetary system: the U.S. dollar remained fixed at \$35/oz of gold and allied currencies were in turn pegged to the dollar. In essence, the dollar became the world’s anchor currency, backed by U.S. gold reserves – foreigners could exchange dollars

for U.S. gold, and many countries pegged their exchange rates to the dollar. This system restored a form of international gold standard (with the dollar as the proxy for gold) and underpinned post-WWII economic stability for several decades.

End of the Dollar-Gold Peg: By the late 1960s, the Bretton Woods system came under severe strain. The U.S. had issued more dollars (through spending on programs and the Vietnam War) than it could back with gold, and other countries began demanding American gold in exchange for their dollar holdings. U.S. gold reserves plunged, and confidence in the \$35 peg wavered. In August 1971, President Richard Nixon unilaterally ended the dollar’s convertibility into gold, effectively breaking the Bretton Woods system. This historic move – known as the *Nixon Shock* – ushered in the era of fiat currencies and floating exchange rates. From that point on, the price of gold was no longer fixed by governments; instead, gold traded freely in the open market, and its value would be determined by supply, demand, and economic conditions. Notwithstanding the end of the formal gold standard, nations still held (and continue to hold) large gold reserves, reflecting gold’s ongoing role as a financial backstop.



Gold: A Century of Wealth, Crisis, and Resilience

Historical Price Fluctuations and Key Economic Events (1900–2025)

Over the past 125 years, gold's price history can be divided into distinct phases. Initially, gold's price was stable by design (under gold-standard fixes), and later it experienced dramatic swings in response to economic events once freely traded. Below are the major phases of gold's price evolution along with the economic events that influenced them:

- **1900–1933 (Gold Standard Era):** During this period, gold's price was essentially *fixed* at \$20.67 per ounce in the United States. The classical gold standard kept prices stable; gold did not appreciate in dollar terms, because the dollar's value was defined by that weight of gold. This regime lasted until the Great Depression. The banking crises and deflation of 1929–1933 caused people to exchange dollars for gold en masse, depleting bank reserves. In response, the U.S. government halted gold convertibility in 1933 and outlawed private gold hoarding to stem the crisis. This marked the beginning of the end for the original gold standard.
- **1934–1971 (Bretton Woods System):** In 1934, the U.S. government raised the official gold price to \$35/oz (from \$20.67), and that price became the backbone of the Bretton Woods monetary system after World War II. Under Bretton Woods, from 1944 to 1971 the U.S. dollar was pegged at \$35 per ounce of gold and other major currencies were pegged to the dollar. Gold's price was thus effectively locked at \$35 through these decades, even amid events like WWII and the post-war boom. However, by the late 1960s the fixed rate was unsustainable – the U.S. could no longer redeem dollars for gold at \$35 as gold was undervalued at that price. In 1971 the dollar's convertibility to gold was suspended, ending the Bretton Woods system. Once the peg broke, gold was free to trade at market-driven prices, which would soon skyrocket from the long-held \$35 level.
- **1970s (Free-Market Spike):** After the collapse of Bretton Woods, gold entered a dramatic bull market as it found a new equilibrium. The 1970s were marked by high inflation, a weakening dollar, and geopolitical turmoil – factors highly bullish for gold. The oil embargo (1973) and stagflation in the mid-1970s eroded confidence in paper assets, and investors poured into gold as an inflation hedge. The price of gold soared from around \$35 in 1971 to over \$100 by 1973–74. By the end of the decade, gold went parabolic: it ultimately peaked at roughly \$850 per ounce in January 1980, amid a mix of double-digit inflation, a second oil shock in 1979, and global political tensions (e.g. the Iranian Revolution and Soviet invasion of Afghanistan). That 1980 peak (about \$850) was an all-time high at the time – equivalent to nearly \$3,600/oz in today's dollars when adjusted for inflation. Gold's spectacular rise in the 1970s demonstrated its safe-haven appeal during one of the most inflationary periods in modern history.



Gold: A Century of Wealth, Crisis, and Resilience

- **1980s–1990s (Decline and Consolidation):** After its 1980 peak, gold entered a long *bear market* and period of relative price stability. As central banks (under Paul Volcker’s U.S. Fed, for example) tamed inflation in the 1980s, interest rates rose and investors returned to stocks and bonds, reducing gold’s allure. From the 1980 peak, gold’s price plunged to around \$300–\$400 per ounce by the mid-1980s. Throughout the late 1980s and 1990s, gold mostly traded in a range between roughly \$300 and \$500, with occasional rallies that quickly fizzled. Economic prosperity in the 1990s (and booming stock markets) further dampened interest in gold. The metal hit a two-decade low around \$254–\$256 in 1999–2001 during the dot-com bubble, when investors had little appetite for precious metals. This late-90s trough marked gold’s lowest point (in nominal terms) since before 1979.
- **2000s (Bull Market Resumes):** The early 21st century witnessed a powerful revival in gold prices. Catalysts included the bursting of the tech bubble (2000), the September 11, 2001 attacks, and the 2008 global financial crisis – all of which drove investors back to gold for safety. From its turn-of-the-century lows (~\$255), gold began climbing steadily in the 2000s. It reached \$664 by May 2006 (a new 25-year high) amid early signs of trouble in credit markets, then surged past \$800 in 2007–2008 as the financial crisis unfolded. Massive monetary easing and economic uncertainty pushed gold to an all-time high of around \$1,873 per ounce in September 2011 during the aftermath of the Great Recession. (This eclipsed the 1980 high in nominal terms, though not yet in inflation-adjusted terms.) Gold proved one of the best-performing assets of the 2000s, rewarding those who sought a refuge from financial system stress.
- **2010s (Correction and Plateau):** Following its 2011 peak, gold saw a significant correction. As the global economy gradually recovered and the Federal Reserve signaled tighter monetary policy, some investors rotated out of gold. By late 2015, gold had fallen to about \$1,077 per ounce – the lowest in five years. For much of the mid-to-late 2010s, gold prices remained subdued. From 2013 through 2018, gold traded roughly between \$1,100 and \$1,350, with low volatility. This period coincided with a strong stock market and low inflation, which reduced urgent demand for gold. However, gold never fell back to its pre-2008 levels, and it began creeping higher again in the late 2010s as geopolitical risks and late-cycle recession fears emerged.
- **2020s (New Record Highs):** The tumultuous early 2020s have propelled gold to fresh record prices. The COVID-19 pandemic in 2020 triggered a rush into safe-haven assets; gold broke above its previous peak and reached about \$2,038 per ounce in August 2020 amidst the global crisis. Enormous fiscal and monetary stimulus during the pandemic, followed by the highest inflation rates in decades (in 2021–2022), provided a strong tailwind for gold. After a brief dip in 2021–22, gold surged to *new* all-time highs – nearly \$2,800 by October 2024 – as investors



Gold: A Century of Wealth, Crisis, and Resilience

hedged against inflation and uncertainty. By 2025, a mix of factors including persistent inflation, a weakening dollar, geopolitical tensions, and robust demand from both investors and central banks culminated in gold's price breaching \$4,000 per ounce for the first time ever. This milestone – gold up roughly 50% in 2025 alone – highlights how strongly the metal can respond to global economic stress. Investors sought gold in 2025 amid fears of currency “debasement,” record central-bank buying, and instability (from inflation to international conflicts), once again affirming gold's role as a refuge in uncertain times.

Conclusion

Over more than a century, gold has demonstrated a remarkable ability to preserve wealth and inspire confidence through a myriad of economic storms. From its fixed price of \$20.67 per ounce in 1900 under the classical gold standard to its record highs above \$4,000 in 2025, gold's journey reflects the broader history of the global economy – wars, depressions, inflations, and technological booms. Yet through all this change, gold's *essence* remains the same: it is a finite, tangible asset with an intrinsic allure and universal acceptance. This unique status has made gold a timeless financial anchor. Central banks, investors, and ordinary people alike continue to trust in gold as a store of value when paper assets lose their shine. In an era of fiat currencies and digital money, gold's latest surge to record levels underscores that its economic importance is as relevant as ever – linking our financial past to our present, and likely, well into our future.



Gold: A Century of Wealth, Crisis, and Resilience

Sources & Links:

The information above is drawn from historical analyses and financial data on gold, including reports by the World Gold Council and financial news outlets. Key reference materials include *JM Bullion's chronicle of gold prices since 1900*, *Investopedia's coverage of gold's record run in 2025*, *Reuters and Economic Times articles on the 2025 gold rally*, *World Gold Council data on central bank gold reserves*, as well as *historical gold price data and economic context from Bankrate and Wikipedia*. These sources provide a comprehensive view of gold's financial role and price behavior over time.

Gold Prices Topped \$4,000 For The First Time. Where Do They Go From Here?

<https://www.investopedia.com/gold-prices-top-usd4k-for-first-time-where-do-they-go-from-here-11826010>

History of Gold Prices: 100 Years of Historical Data | JM Bullion

<https://www.jmbullion.com/investing-guide/facts/history-of-gold-prices/>

Gold's record-breaking rally: who's keeping it going? | Reuters

<https://www.reuters.com/business/finance/golds-record-breaking-rally-whos-keeping-it-going-2025-09-22/>

Gold standard - Wikipedia

https://en.wikipedia.org/wiki/Gold_standard

Gold Price History And Historical Prices (1915-2025) | Bankrate

<https://www.bankrate.com/investing/gold-price-history/>

Gold rate prediction outlook investors guide: Gold price hits \$4,014 for the first time ever, up 50% year-to-date: Is the gold rate prediction outlook pointing to \$4,900 by 2026? - The Economic Times

<https://economictimes.indiatimes.com/news/international/us/gold-price-hits-4014-for-the-first-time-in-history-up-50-year-to-date-is-the-gold-rate-prediction-outlook-pointing-to-4900-by-2026/articleshow/124384152.cms?from=mdr>

The Edge for Economic Consultancy

“Empowering businesses by providing expert consultancy services that enhance efficiencies, create value and drive growth through tailored and impactful solutions”

Our Services: The Edge offers a wide range of consultancy services to meet the diverse needs of businesses and projects within both the private and public sectors in the following areas:

- **Economic Consultancy:** Microeconomic Studies, Macroeconomic and Economic Sector Studies, Banking Credit Program Consultancy, and Investment Consultancy (excluding financial securities).
- **Commercial Projects Consultancy:** Feasibility Studies, Consultations for Companies Engaged in Real Estate, and Consultations for Privatization Projects and B.O.T. Projects.
- **Banking and Business Information Consultancy:** Reviewing the Structure of Existing Banking Facilities, Financing Arrangements, and Banking Facilities Restructuring and Settlements.
- **Management Consultancy:** Corporate Restructuring, Digital Transformation Consultancy, Strategic Planning Consultancy for Companies, Management Consultancy Program, and Organization of Conferences and Workshops.
- **ESG (Environmental, Social, and Governance) Consultancy**
- **Public Relations Consultancy:** Public Relations, and Coordination between Foreign & Local Companies.
- **Marketing Consultancy**

For more details on our services, visit our website:

<https://edgeconsultancykw.com/services-page/>

Economic Reports: At The Edge for Economic Consultancy, we deliver strategic economic intelligence to help businesses, investors, and decision-makers stay ahead of the curve. Explore our comprehensive economic reports, market briefs, and real estate insights covering Kuwait, the GCC, and global markets. To access and download other economic Reports and newsletters, visit our website:

<https://edgeconsultancykw.com/economic-reports/>

Contact Us: Our Customer Service Team looks forward to assisting you!

Hours of Operation: 9:00 to 17:00, Sun.-Thurs.

Phone/WhatsApp: 00965-22286370

Email: Info@edgeconsultancykw.com

LinkedIn: [linkedin.com/company/edgeconsultancykw](https://www.linkedin.com/company/edgeconsultancykw)

Address: Al-Qibla, Block 14, Hamad Al-Saqer Street, Tower 15 (Yacoub Tower), Office C11, Kuwait City, State of Kuwait.

For more details, visit our website:

<https://edgeconsultancykw.com/contact-us/>



Copyright © 2025 by The Edge for Economic Consultancy W.L.L. All rights reserved.

No content within this report (including data, analysis, or resulting output) or any part thereof (“Content”) may be modified, reverse engineered, reproduced, or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of The Edge for Economic Consultancy W.L.L. (“The Edge”). The Content shall not be used for any unlawful or unauthorized purposes. The Edge for Economic Consultancy W.L.L., along with its directors, shareholders, personnel and employees (collectively, “The Edge Parties”) make no representations or warranties, express or implied, regarding the completeness, accuracy, timeliness, or availability of the Content. The Edge Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of the Content. In no event shall The Edge Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income, lost profits, opportunity costs, or losses caused by negligence) in connection with any use of the Content. Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. All published Content created or processed using AI is composed, reviewed, edited, and approved by The Edge personnel. While The Edge has obtained information from sources it believes to be reliable, The Edge does not perform an audit and undertakes no duty of due diligence or independent verification of any information obtained.

This report is intended solely for informational and educational purposes and is distributed on a complementary and discretionary basis. This report does not constitute investment advice, a recommendation, or an offer or solicitation to buy or sell any financial instruments or securities. Any opinions expressed are subject to change without notice. The Edge Parties shall not be held liable for any losses or damages arising from the use of this information. Readers are strongly encouraged to conduct their own due diligence and consult with a qualified financial advisor before making any investment or financial decisions.

General note on all services: All consultancy services provided – in accordance with the contractual terms with clients – are subject to the laws of the State of Kuwait, as well as any directives and regulations by the relevant regulatory authorities. In the event that the provision of services under the contracts with clients requires the engagement of professionals, specialized companies, or licensed individuals to perform any of the tasks outlined above – based on the nature of activities of engaged entities – such entities will be engaged in accordance with the terms to be mutually agreed upon.

The Edge for Economic Consultancy W.L.L.

edgeconsultancykw.com +965-22286370

Al-Qibla, Block 14, Hamad Al-Saqer Street, Tower 15 (Yacoub Tower), Office C11. Kuwait City, State of Kuwait.