

London Gold Market: 1660-2014

Gold price: £4.05 per t.oz fine.	1660	
		1661
		The East India Company secured exclusive trading rights to the east. In next 45 years they shipped almost 500,000 t.oz/15.5 m.t from London to India.
The guinea, named after Guinea on Africa's 'gold coast', was first struck.	1663	
		1671
		Moses Mocatta set up in London, founding the firm that later became Mocatta & Goldsmid, the oldest members of the market. Nine generations of the family worked in the bullion market. Mocatta first sent gold to India via the East India Company in 1676.
Bank of England founded.	1674	
		1696/7
		The Great Recoinage in England shifted the balance of coins in circulation from silver to gold, by over-valuing gold, thus paving the way to an informal gold standard.
Gold price: £4.35 per t.oz fine.	1700	
		1702
		Gold rush in Brazil led to opening of mint in Rio de Janeiro making 'moedas de ouro', most of which came to London over next sixty years for reminting into guineas.
Sir Isaac Newton, as Master of the Mint, set the historic gold price of £4.25 per troy ounce fine (£3.89 per standard ounce of 916 fine in which guinea was minted). The price effectively lasted two hundred years, placing Britain on an unofficial gold standard.	1717	
		1731
		Mocatta appointed official broker in gold and silver to the Bank of England.
The Bank opened its own Bullion Warehouse, which became the crossroads for precious metal for over a century.	1732	
		1740
		Bank of England's gold stock stood at 900,000 t.oz/28 m.t – the first central bank gold reserve.
Brazil's gold output peaked at 550,000 t.oz/17 m.t. Most of this came to London via Lisbon.	1760	
		1774/7
		Major recoinage of guineas involving 5 million t.oz/155.5 m.t. Mocatta bought 550,000 t.oz/17.1 m.t for the Bank's account in 1774 alone – three-quarters of world output. The rest came from old coin.
Abraham Mocatta took Asher Goldsmid as his partner. Lowndes London Directory recorded: Mocatta & Goldsmid (Brokers), Grigsby's Coffee House in 1783.	1779	
		1785
		Bank of England's Warehouse changed its name to The Bullion Office.
Bank of England opened an account for Louise d'Or coins brought by French refugees escaping the Revolution.	1789	
		1797
		Bank of England's gold reserve, drained by costs of the Napoleonic wars, was down to 235,000 t.oz (£1 million) against note issue liabilities of £15.5 million. Cash payment in gold against bank notes was suspended on 20 February, and did not resume for twenty-four years.

Nathan Mayer Rothschild opened his banking house in London and became closely involved in secret shipments of gold and silver to the Duke of Wellington's army in Europe against Napoleon. Mocatta & Goldsmid rounded up the gold, often bidding over the market price.	1805	
		1810 The House of Commons Select Committee on the High Price of Bullion, which had risen from the normal £3.89 for 916 gold to £4.50. The evidence provided a unique insight into the London market, as Aaron Asher Goldsmid, Nathan Mayer Rothschild (incognito as a 'continental merchant') and gold refiner William Merle explained the trade. The Committee concluded the Bank of England had been printing too many notes as they were no longer redeemable in gold.
Sharp & Kirkup, auctioneers since 1796, started brokerage in gold and silver, but refused Bank of England accreditation.	1811	
		1815 The gold price jumped to £5.35 for standard gold after Napoleon escaped from Elba, but after his defeat at Waterloo fell back under £4.00.
The Coinage Act made the gold standard official, with the guinea replaced by the sovereign, worth £1.00, weighing 0.25 t.oz/7.77 g at 916 fine. The first sovereigns were issued in 1817.	1816	
		1821 Full resumption of cash payments in gold against notes by the Bank of England.
Bank of England's Bullion Office opened to 'any sworn broker', because of the increase in gold from Russia entering the Port of London, thus ending Mocatta's exclusive arrangement.	1840	
		1848 California gold rush brought a new dimension to the gold market, with tripling of mine output by 1850.
Australian gold discoveries in New South Wales and Victoria pushed world output to 6.5 million t.oz/203 m.t by 1855. Most Australian gold came to London, transforming the market.	1851	
		1852 Stewart Pixley set up as a bullion broker, the first of four generations in the market, with William Haggard as partner. The firm later became Pixley & Abell.
Samuel Montagu founded his bullion and exchange business (today part of HSBC).	1853	
		1855 London market comprised: Brokers: Mocatta & Goldsmid, Sharps & Wilkins, Pixley & Haggard (shortly Abell), Samuel Montagu & Co. Approved refiners: Johnson & Matthey, Browne & Wingrove, Rothschild's Royal Mint Refinery, H. L. Raphael's Refinery (1856). 'Good delivery' bars were of 200 t.oz, and the Bank required a triple assay of each bar. After 1871, 400 t.oz bars were also accepted.
Germany went on the gold standard; most other European nations followed suit.	1871	
		1876 House of Commons Select Committee on Depreciation of Silver took expert advice from Mocatta, Pixley and Sharps on gold output coin fabrication and central bank stocks.

Royal Commission on Gold & Silver investigated changed relationship between the metals. Samuel Montagu sat on the Commission, Stewart Pixley and Sir Hector Hay of Mocatta gave statistical briefings. The Commission came out in favour of the gold standard, as opposed to bimetallism.	1886	
	1886	Gold discoveries in the Witwatersrand in South Africa. Output reached 3.8 million t.oz/118.2 m.t by 1898. It came to London for refining and sale.
Gold rush in Western Australia after discoveries at Kalgoorlie.	1893	
	1896	US presidential election had bimetallism as the key issue, supported by William Jennings Bryan. He was defeated and the US went on the gold standard in 1900.
Peak years of gold rush to the Yukon in Canada, yielding 3.7 million t.oz/115 m.t.	1897/9	
	1900	Gold price: £4.25 t.oz fine/US \$20.67.
At outbreak of World War I governments limited gold flows and called in much domestic coin, especially in Britain and France. The gold standard was never officially suspended, although in practical terms it was.	1914	
	1919	The Bank of England, determined to restore London as the main gold market, reached an agreement with the seven South African mining houses to ship their gold to London for refining, after which it would be sold through N. M. Rothschild 'at the best price obtainable, giving the London market and the Bullion Brokers a chance to bid'. Thus, on 12 September 1919, the first gold fixing took place; the price was fixed at £4.94 (US \$20.67) per t.oz fine – a change from the previous price for standard 916 gold. The bids were made by telephone for the first few days and it was then decided to hold a formal meeting at Rothschild's offices in New Court, St Swithins Lane.
The Rand Refinery was opened in South Africa, but the gold continued to be sold through London.	1922	
	1925	Britain went onto a gold bullion standard at the old fixed rate of £4.25 t.oz fine, but with minimum purchase of 400 ounces.
Britain and many other nations came off the gold standard, with the onset of the depression. Sterling was devalued creating price between £5.50 and £6.34.	1931	
	1933	The US came off the gold standard. President Roosevelt stopped the convertibility of dollars into gold and ordered US citizens to hand in coin.
On 31 January Roosevelt set a new fixed price of \$35 per t.oz. The US bought all gold offered at that price.	1934	
	1939	London gold market closed on 3 September on outbreak of World War II. Final fix £8.05.

Bretton Woods Agreement established new international framework of fixed exchange rates with gold exchanged for currencies among central banks at \$35.	1944	
	1949	US gold reserves peaked at 707 million t.oz/21,990 m.t; equal to 75% of world stocks.
London Gold Fixing resumed; opening price £12.42. Aim was to keep price equivalent to \$35.	1954	
	1961	Gold Pool of US and main European central banks set up to defend \$35 price, by selling at fixing to contain it.
Private buying exceeded mine supply, making Gold Pool net sellers.	1965	
	1968	Collapse of Gold Pool and defence of \$35 price, after devaluation of sterling and pressure on dollar over Vietnam setbacks sent speculators into gold. The pool lost almost 64 million t.oz/2,000 m.t. London market closed for two weeks; when it reopened the fix was in dollars, not sterling, and an afternoon fix was added for New York's benefit. Gold price floated freely, but central banks still exchanged at \$35.
Federal Reserve in New York closed its 'gold window' at which central banks had still been able to trade dollars for gold at \$35, ending the gold exchange standard.	1971	
	1974	Hong Kong gold market liberalised. London market members soon opened trading rooms.
American citizens again permitted to own gold after 42 years. Comex 1 kilo contract launched. US Treasury began five years of gold sales.	1975	
	1976	IMF began four-year series of gold auctions.
Record London fixing at \$850 on 21 January ended an inflationary decade of oil price shocks, the freezing of Iran's assets and the Soviet invasion of Afghanistan, which sent investors into gold. Average price for the year was \$614.63.	1980	
	1987	The London Bullion Market Association founded to represent the interests of the members of the wholesale bullion market.
The longest fixing, 2 hours 26 minutes, took place on 23 March, when a Middle East bank came into the fix offering at least 450,000 t.oz/14 m.t. The price dropped over \$20 during the fix.	1990	
	1993	Republic National Bank buys the fixing seat from Mase Westpac. The fixing members now are: N.M. Rothschild, Midland Montagu, Kleinwort Benson (Sharps Pixley), Standard Chartered Bank (Mocatta) and Republic National Bank.
Deutsche Bank buys Sharps Pixley from Kleinwort Benson. The fixing members now are: Deutsche Bank, N.M. Rothschild, Midland Montagu, Standard Chartered Bank and Republic National Bank.	1994	

<p>Bank of Nova Scotia buys the fixing seat from Standard Chartered Bank. The fixing members now are: Deutsche Bank, N.M. Rothschild, Midland Montagu, Bank of Nova Scotia Mocatta and Republic National Bank</p>	1997	<p>1999 The Euro was launched, with the European Central Bank holding 15% of its reserves in gold. In line with the birth of the new currency, the first official gold fixing rate in Euros was provided on 4th January 1999 bringing to 3 currencies (USD, GBP and EUR) that are the official benchmarks for the twice daily Fixings. The Swiss National Bank and the Bank of England announce plans to sell roughly half of their respective countries official stocks of gold. 17th September, gold's PM fixing of \$255.10 is the lowest for 20 years. The European central bank Gold Agreement is announced with the 15 signatories committed to selling no more than 400 tonnes of gold per annum between them with an absolute cap of 2,000 tonnes of gold over the 5 year period of the Accord (from 27th September 1999 until 26th September 2004) The Midland Montagu name for membership of the gold fixing is retired and is replaced by HSBC</p>
<p>Following the takeover of Republic National Bank by HSBC, the institution now has two fixing seats. HSBC sells one of these to Credit Suisse. The fixing members now are: Deutsche Bank, N.M. Rothschild, HSBC, Bank of Nova Scotia Mocatta and Credit Suisse</p>	2000	<p>The fixing members now are: Deutsche Bank, N.M. Rothschild, HSBC, Bank of Nova Scotia Mocatta and Republic National Bank</p>
<p>8th March the European central bank Gold Agreement is extended for a further 5 years with the total maximum allowed to be sold by the signatories over the period increased from 2,000 tonnes to 2,500 tonnes. The period to run from 27th September until 26th September 2009. Barclays buys the fixing seat from N.M. Rothschild & Sons. The fixing members now are: Barclays, Deutsche Bank, HSBC, Bank of Nova Scotia Mocatta and Societe Generale. The Gold Fixing becomes phone based only and it is determined that the Chair would rotate annually amongst the 5 members on 1st May each year.</p>	2004	<p>2002 Societe Generale buys Credit Suisse's fixing seat. The fixing members now are: Deutsche Bank, N.M. Rothschild, HSBC, Bank of Nova Scotia Mocatta and Societe Generale</p>
<p>Gold fixes above \$850 for the first time and surpasses the record set in January 1980 on the morning of 3rd January when it fixes at \$865.35. In April the International Monetary Fund announces that it will be selling 403.3 tonnes of gold to create an endowment.</p>	2008	<p>2007 From 1st October the discretionary balance between gold offered for sale and that wanting to be bought on the Fixing was doubled from 25 bars of gold to 50 bars.</p>

In April China announces that its gold reserves have increased by 454 tonnes to 1,054 tonnes.

Gold fixes above \$1000 for the first time on the afternoon of 8th September with a fixing of \$1000.75

The financial crisis delays the IMF's sales plan but the selling of 403.3 tonnes is restarted on 18th September.

The European central bank Gold Agreement is extended for a further 5 years with the total maximum allowed to be sold by the signatories over the period once more capped at 2,000 tonnes.

3rd November, The IMF announces that it has sold 200 tonnes of gold to the Reserve Bank of India.

2009

2010 Further central bank buying of gold is seen throughout the year with Saudi Arabia (180 tonnes), Bangladesh (10 tonnes) and Thailand (15.6 tonnes) all announcing increases to their gold reserves. Russia continues to accumulate gold from its domestic production. AngloGold Ashanti announces that it has closed out its hedgebook. This is widely considered to be the last of the large hedged positions remaining amongst gold mining companies.

2011 It becomes a requirement that organisations wishing to reproduce or utilise gold fixing data will be required to purchase a license from The London Gold Market Fixing Limited. Gold sets its all time nominal record fixing of \$1896.50 on the morning of 5th September – although it did trade higher than this in the market later that day. Banco de Mexico announces that it has purchased nearly 100 tonnes of gold and Bank of Thailand adds over 50 tonnes to its reserves.

Banco Central do Brasil buys 33.6 tonnes of gold.

2012

2013 The Central Bank of Russia has increased the amount of gold in its reserves from 458 tonnes in 1998 to 996.4 tonnes in August: mainly from buying domestic gold production. The Central Bank of Turkey has increased the amount of gold in its reserves from 117 tonnes in 1998 to 441.5 tonnes in August: mainly due to their policy of allowing gold from commercial banks to be used as part of their posting of reserve requirements. The website for The London Gold Market Fixing Limited is revamped and launched.

Deutsche Bank resigns as a member.

2014