GOLD ECLIPSES THE EURO

TO BECOME 2ND BIGGEST RESERVE ASSET

www.vongreyerz.gold contact@vongreyerz.gold July 2025

According to the ECB, gold now accounts for 20% of the global reserves held by central banks. This compares to the euro at 16% and 2nd only to the dollar at 46%. The significance of this should not be underestimated as confidence in the $ diminishes.

2024 marked the 3rd year in a row when central banks bought > 1000 tonnes of gold, 20% of total production for 2024. Some **perspective** is needed.

In August 1971, when President Nixon appeared on Sunday night television to announce that the **US would no longer honour its commitment to redeem dollars for gold**, it signified the decline of the US from its dominant position at the end of WW2. From that moment in 1971, the $ was now a fiat currency that depended on the strength of the US state and its financial system. But that strength is now being seriously called into question.

The great privilege this new system gave the dollar was the ability to run up sky-high debts and deficits without the need to maintain a gold backing. The US could do this because there would always be international demand for $.

But this demand is now waning.

In **March 2022, the US cut off Russia from the SWIFT International Payments system and froze $300bn of Russian Central Bank assets**.

This is **possibly the most significant event since 1971, as it meant that if US dollars of a central bank could be seized, what constitutes a safe haven today?**

The ECB are clear about what this means - ***"Gold demand for monetary reserves surged sharply"*.**

Gold is back as the ultimate safe-haven asset; it's always been. It's simply doing what it has always done, retaining its purchasing power as Fiat currencies get debased. The fact that it has o/performed the S&P for 25 years is also important (and poorly understood) and looks odds on to do so again this year…

The **FT conducted a survey of 57 central banks** holding gold. Those surveyed revealed that they were concerned about sanctions, expected changes in the global monetary system and a desire to be less dependent on the $.

But other forces have intensified the need to own gold. Trump's economic war against the world and particularly China, post Liberation Day on April 2nd, has only increased the need to repatriate away from the $. The fact that yields spiked and the $ fell that day as market turbulence increased shattered the long-held relationship of treasuries rallying in times of market turbulence.

Throw in the $ 37 trillion of public debt, the total failure of DOGE to address this and of course, now the prospect of trillions more in debt because of the "big, beautiful budget", it's no surprise that price-insensitive central banks are buying gold like it's going out of fashion.

Financial markets are speaking loud and clear. As **Jamie Dimon** warns that the bond market would "crack at some point". This echoes what **David Einhorn** and **Jeffrey Gundlach** are warning about. **Debts don't matter… until they do.** The US treasury is not the safe haven it was, and Japan, China and the BRICS realise this.

Who knows where this ends? Default? Serious devaluation? Probably. Let's see.

But **it would take a very brave man to bet that the gap between the 20% central banks now hold in gold and the 46% they currently hold in $ won't narrow further**.

A penny for Gordon Brown's thoughts now, who sold half the Bank of England's gold in 1999 at circa $255 oz…

And it does beg the question **when Family office allocations start to follow the central banks?**

According to **UBS's latest data, Family Offices still only allocate 2% to gold…quite remarkable**.

Luckily, **VON GREYERZ can help**.

Best,

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IRAN SMOKING, DEBT RISING, DOLLAR FALLING & GOLD POSITIONING

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Regardless of one's views as to the wisdom or madness of direct US participation in a military conflict in Iran, the suspense is now over. What happens next is not for us to claim expertise or predict here.

Wars, of course, are many horrific things, but they are undeniably destabilizing, unpredictable and, alas: expensive. The U.S., led by an administration which ran on a platform of avoiding wars, now finds itself whistling past precarious cease-fires and rising international tensions as its **public debt approaches the $37 Trillion** level.

As military and fiscal expenses rise, debt levels and, of course, further dollar debasement follow. But this is **no ordinary debt or currency crisis.** Uncle Sam's historically **unprecedented bar tab** is colliding with objectively less and less international interest in (and demand for) his increasingly over-issued and **weaponized IOUs**.

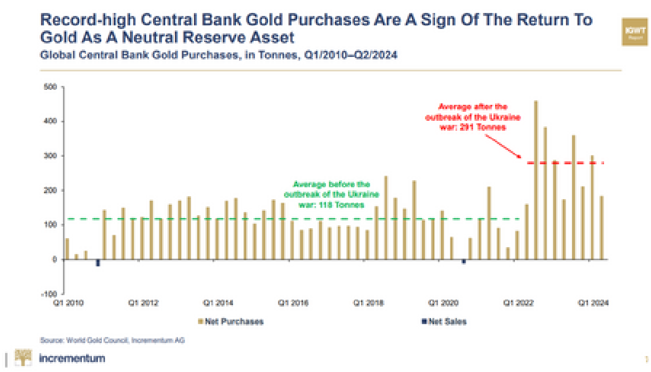
The net result is that the Fed (like other global central banks) will be forced to remain dovish on rates before making an eventual pivot toward mouse-clicking money (QE) to monetize otherwise unloved US debt obligations, which even before the conflict in Iran, were climbing at an unsustainable rate of $1T every 6 months.

Such national and global debt traps explain why the global money supply has risen another $300B in just 24 hours and why **the USD has lost more than 10% of its value in 2025**, its worst first-half in nearly 40 years.

Longer-term, we can expect further currency debasement and hence further secular climbs in gold. This is because gold is an objectively superior store of value and strategic reserve asset than the increasingly distrusted US 10-Year and the **increasingly debased fiat world reserve currency**.

Both gold and the USD are de-coupling from traditional correlations. April's Liberation Day market fiasco confirms this. As stocks fell, so too did bonds. This sent yields and rates up, yet the Dollar fell as rates rose. **Hmmm.**

In short, there is a reason global central banks have been stacking physical gold at record levels since the war in Ukraine (and the weaponization of the USD).



The case for ***"WHY gold"*** is thus clear, but as importantly, the case for ***"HOW to hold gold"*** is even more compelling. As geopolitical tensions and ideologies spin toward greater unpredictability, political centralization, emergency banking measures, digital ID's, centralized EU wealth registries and even weaker transparency, the case for holding fully-insured physical metals in neutral jurisdictions outside of an **increasingly centralized banking system** is now beyond debate.

Best,

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