LBMA WEBINARS

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Gold's Place in a Portfolio post-COVID-19

Speakers:

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Summary:

History can teach us many things. What has happened in the past can give us a clear indication as to what might happen not only in the present but more importantly in the future. In our thirteenth webinar in the shadow of the COVID-19 lockdown, we take a peek at where gold ought to sit within an investment portfolio post-COVID-19. We consider whether gold's role in investor's portfolios will change? How has COVID-19 affected gold's performance in comparison to previous market disruptions? Aelred Connelly, PR Executive, asks the questions, and Fergal O'Connor, lecturer in Finance at Cork University Business School, provides the answers. Follow him on twitter @a_fergal.

Speaker 1:

Good afternoon and welcome to today's live LBMA webinar. We are delighted to welcome you to listen to Fergal O'Connor, Lecturer in Finance at Cork University Business School, and Aelred Connelly, PR Executive at LBMA, as they discuss gold's place in a portfolio post-COVID-19. But, for now, I shall hand over to Aelred to start us off.

Speaker 2:

Okay, thank you, Tayler. Yes, it's Thursday, it's 1:30, and welcome to LBMA's latest weekly webinar, bringing you all the latest news about how the world of precious metals is facing up to the challenges presented by COVID-19. My name is Aelred Connelly, LBMA's PR Executive. During lockdown, I'm glad to say that my moustache has grown out of control. Call me the Dick Strawbridge of the precious metals world, although, at the moment, I'm unable to get to the château. The weather here is balmy, and it feels as though I have. Anyway, I'm delighted to be joined today in a virtual capacity at least by one of the leading academics in the gold market. He's known to have studied under the guidance and tutelage of professor, Brian Lucey at Trinity College, University of Dublin. His research on precious metals began when he was awarded the 2011 LBMA Ph.D. Bursary, for the study of the London Gold Market, and he has gone on to publish a range of research on the topic. He is lecturing Finance at Cork University Business School and was previously a lecturer at the University of York. His current research focuses on the operation of the London Bullion market from its inception in 1919, as well as the daily price theories for gold and silver. He is, of course, Dr Fergal O'Connor and I'm delighted to welcome him, to join me for what is the 13th – unlucky for some – webinar in our series since lockdown began some three months ago. Recent webinars of ours have focused on the contemporary climate in the precious metals market. But today, we're going to take a walk back in history and talk about what gold, where gold often sits in an investment portfolio, post-COVID-19. We'll explore questions such as, will gold's role in investor's portfolios change? How has COVID-19 affected gold's performance in comparison to previous market disruptions? And has gold always behaved as it should, as a safe haven? Like Fergal, I'm a firm believer that history has a lot to teach us, not only about the present but also the future. And just before I hand over to Fergal, one thought, if you're feeling a bit out of sorts, not quite yourself as most of us are at the moment, there's a saying in Yorkshire, which goes like "I don't know whether I'm in Cork or York."

Speaker 3:
Hi Aelred, thanks for having me along.

Speaker 2:
I know that you used to teach in York Fergal, but now you're firmly ensconced in Cork, so I'm just delighted to give you a warm virtual welcome and introduce Fergal. Thank you.

Speaker 3:
Thank you, Aelred. Yeah, I was based in York there for around seven years, lecturing up North of England, moved two years ago, back to my Alma Mater. My research is all about gold and silver, primarily after working with yourselves and getting to meet people through the LBMA during my Ph.D. and publishing at the Alchemist – you may have come across my Alchemist articles before. And my current research then stems from just finding this old data. So, I found old gold data, old silver data, and also, you know, while I was looking, I came across copper data – bits like that – but I was still focused on the precious metals data. – Sorry, Aelred. I couldn't hear you there.

Speaker 2:
Sorry. What kind of sparked your interest in getting hold of this data in the first place Fergal?

Speaker 3:
Yeah, so it was a random email one day from Adrian Ash who was – he did a webinar with you a couple of weeks as well. He emailed asking if I knew where there was gold price data pre-1968. He was looking for I think it was on the sterling run in the sixties or something like that. He was looking for information and the only data around really was annual data and he wanted a little bit more frequent. I assumed that it was somewhere, and I just hadn't come across it yet. And I remember emailing you and you pointed me on to the Rothschild's archive. You thought maybe they would have it because they had been the custodians of the gold market when it was formed in 1919. I had some nice chats with them, but they – it had been lost. This data was just missing, there wasn't even a snippet on the Rothschild's archive website. It said the data has proved surprisingly elusive. So, it was just at some point it wasn't archived, you know, it wasn't put away and it was just all missing. So it became a little bit of a pet project looking around for it and because I was based in Yorkshire, I had British Library around the corner, it was only about 20 minutes away with their satellite offices up there. And I went there for a couple of days looking through old metal booklets and I managed to find basically all of the data over the space of a couple of weeks, so all that data popped up from there. And that's where all the research kind of came from then.

Speaker 2:
Yeah, it's remarkable really, the lengths you had to go through to get hold of that data. So, when you finally did get hold of the data what did you use the data for and what did it help tell us – what did the data tell us?

Speaker 3:
One of the things that I read about back at the beginning of the Ph.D. in 2011, so I didn't really have any knowledge of the gold market before that. I taught a master's in finance, all that, but it was in a market that you mostly get taught about equities and bonds, and things like that was even more esoteric. And one of the things I kept reading about was this idea that, the research on gold after, you know, 1968 – when the gold window closed – the results weren't going to be reliable forever because the gold market was rebalancing, the free-market, the gold price had been fixed for so long. And it was just kind of feeling that any results that you found in your research, that used data over

that whole period might be suspect because, you know, it took a long time for the gold market to settle down. So, what I wanted to use the data for was to try and see whether or not gold had consistent investment characteristics. So, not really in terms of predicting prices or anything like that, that wasn't my aim. It was more whether gold... So, gold has certain characteristics that are useful for investors. And they're pretty much accepted across the board. So, it's an inflation hedge for you in the long term, it diversifies your portfolio because it doesn't have much sensitivity to the, particularly to the stock market, but it also has a (inaudible) of correlation with fixed income as well, and it's a safe haven, right, so there are the big things that are kind of big characteristics and –

Speaker 2:
Yeah. Because that's the interesting thing is those kinds of – we'll come on to talk about this in more detail – but that's the interesting thing from my perspective is how we're kind of familiar with those characteristics of gold and it's whether or not those characteristics have been consistently visible over time. And we'll come onto that with some questions that we've got lined up for later on. One of the questions that I did want to just maybe start off with was: In the 20th century, and the early 21st century, we've had various crises that we've had to deal with and one of the ones that was perhaps most, one of the biggest ones was the Spanish flu pandemic in the spring of 1918. And I just wondered if you could maybe enlighten us as to how that might have impacted the market?

Speaker 3:
Yeah. So, this is the data we gathered, so we do have this period. Now – if you look at the first chart up here in the top corner – this starts in September 1919, so that's when the fix officially starts, the first official gold fixing. I think it looks like there was kind of more secret meetings once a week, pre that where they would buy and sell the gold that was coming in.

Speaker 2:
Yeah because Rachel Harvey did a lot of work on that didn't she? Looking into that and that was really interesting, and I know that you've worked with her on being involved in that research. Yeah. Sorry.

Speaker 3:
But the thing is, it's one of the things that I've looked at. So, once COVID started I went looking to see if there was anything COVID-19 related specifically to do with the Spanish Flu but because the gold market was effectively **shut,** up to September 19 – so, it was a fixed market where the government controlled, in the United States and in the United Kingdom – there's no bobbling around in the gold price at all. There was some bobbling on the silver price because that market was free, but it wasn't really to do with the Spanish flu. The other thing that I've gone and found as part of this project is to try and put some kind of context to the data, is I found the annual letters – Simon Montague's annual letters – to the bullion bank who would be writing to their investors every year. I found some of those and then also the LBMA were looking as well. So, now we have complete set – I think from 1913 – and they literally never mentioned the Spanish Flu. So, and even then, I found a few of their weekly letters that they would get published in the *Financial Times* or *Financial News,* whatever the competitor at the time. And it just doesn't get mentioned and I think probably the reason for that is the change in the gold market, so the gold market today is much more consumer-based, much more investment-based. You know jewellery, bar, coin – all that sort of stuff. ETFs where if you go back to 1918, gold really wasn't the investment product we think of it as now, and even another thing I've come across was people that bought gold were consistently referred to as hoarders, so it was discouraged. So, I don't think there would have been the same reaction because this was still very much a monetary metal.

Speaker 2:
Yeah. I mean, I think we've mentioned before that – it's quite interesting to find out that they didn't really have an impact, you know, sometimes, it might sound boring, but you know, at least, you know, if we just look at – I know we just sort of touched on it, in terms of gold as an investment for investors in previous periods – and we looked at this, we touched on it earlier as a safe haven, having those characteristics. And the kind of question I have is gold – are those characteristics of safe haven for investors, is that a modern phenomenon, or is that being played out in history as a characteristic of gold?

Speaker 3:
Yeah. So, it's, this is the thing. So, the research started – I gathered up the gold data with some funding from the Rothschild archive. They funded the – I just want to say a thank you to them – they funded the data transcription, but the problem next became how do you compare gold to any other asset because there is a real lack of daily data going back into that. And, so, once you go pre-1970, it's amazing how little data exists on any sort of assets. So, what I managed to find was equity and some fixed income data that I transcribed as well, covering this period here. So, the graph down in the bottom left side corner is the next free gold market from 1931 to 1939. And this is when gold became a real investment product or became more of an investment product. And you get official, kind of, Federal Reserve notes, talking about people are buying too much gold or hoarding too much gold, so –

Speaker 2:
Wasn't there a period there – I was looking at your kind of… in preparation for the webinar, I was looking at some of your – the great articles you did for the Alchemist last year to commemorate the 200th anniversary of the gold price. I was kind of like taken by 1929 into the 30s, the Bank of France were demanding higher prices for gold.

Speaker 3:
Yes, that's another thing I was kind of surprised by it, cause I'd never seen it written anywhere. If you look at this graph here for the 25 to 31 period, this is a fixed gold price market, it didn't operate that way all the time. So, it was almost like there was a price ceiling in the fixing, but you can see here, the price goes below the ceiling. Now, not by very much, we're talking, kind of, fractions of a penny. So, it's a very small deviation. And then you get here in the thirties where, because there's such a demand for high purity golds and London doesn't necessarily – the London market was still under the normal standard that they operated under for a long time. It became just a bottleneck. So, in the same way that prices diverged from New York prices during the World Wars because of simple transport problems like we've had, kind of, recently in the gold market. You know, a simple business traveller where they couldn't refine gold to a higher purity performance quickly enough, it creates this bottleneck where prices go up. So, there are a lot of these little nuggets in there, where even under a fixed gold price system, it did breakout occasionally, but it wasn't always contained within it. Again, so for these investors, these were their options. So, if they were looking to invest in the 30s, this equity index and fixed income index, they come from the *Financial News,* which merged with the *Financial Times* in 1945, and it was the first daily equity index going around. So, this had 30 shares in it. This has 20 fixed income items. So, I just wanted these to try and create some sort of comparison for gold. And you can see gold during the period is basically going up – the 1930s were a bull market for gold prices. In sterling, they were flat obviously in dollars, most of them, except for when they were revalued. And you can see it was quite an up and down market for the equity index post-1929, it did okay but towards the end of the period it reached a peak and there's a long bear market and the fixed income market was fairly flat, but I suppose from what I mean is the relationships between them – like I said, the characteristics. So, was gold the diversifier back in the 1930s like it is now? You know, does it reduce your portfolio risk if you put it in there because of low correlations? And it looks like it does.

So, these are the correlations between gold and other assets through this period in the 1930s. For equities, you've got a positive correlation, which is different than now – now it seems to be zero or slightly negative in developed markets. For fixed income, it is negative, which again is different than now. So now the correlations tend to be zero or kind of positive. But what's important, I suppose for me, is not exactly what the number is, but that these are all pretty close to zero. So, these are all very small correlations and that means that they are going to help you diversify your portfolio. And, also, on a general kind of day-to-day level over the whole 1930s, you would have benefited from having gold in your portfolio. I mean, I think your questions are – your questions more about safe havens, I suppose, but what I've done here is just looked at the ten worst days on the London Stock Market up here, so this big green bar. So, you can see here stocks fell four and a half percent on this day, you know, three and a half percent on this day and the yellow bars up here show what happened to gold on those days. And you can see the returns – the returns were small, but gold held its value, which is exactly what gold is supposed to do: a safe haven. So, I think sometimes there's a misconception that a safe haven is where gold prices rise when stocks fall but that's not the case. It can be flat or very slightly negative, you can see this one it's negative. And it has a similar relationship then with the Fixed Income Market in the 1930s. So, the safe haven definitely appears to be there, there is more research to do on that so I'm doing more, kind of, formal research with Professor Brian Lucey on this – we'll have a paper out at some point, looking at it more specifically. But even this gives a pretty good indication that on the worst days in the market, your portfolio will be protected by having some gold sitting within it, I think.

Speaker 2:
Yeah, but it's kind of like – it sort of leads on to this next question, which I've kind of framed a question, but we actually got one similar from Suki, and Suki's is actually more comprehensive to my question. So, I'm going to ask Suki's question. Suki from New York, Standard Chartered – thank you, Suki, for this. And Suki's question, 'Is there an optimal level of gold holdings in a portfolio that we should aim for? And how does this rationale, how does this ideal amount of, proportion of gold in the portfolio, how does that change when markets are not distressed?' Finally, Suki's follow-up question is, 'Is there a rational case to hold gold when economies are performing well?' So, we want to take those combination questions.

Speaker 3:
So, if you look around the internet, you'll find loads of the different estimates of what you should hold as your, kind of your optimal allocation to gold. So, what percentage of your wealth should you hold in gold? And it varies around a lot. I think the clearest paper I've found on it – because there is no kind of straightforward, simple answer to it because things change over time – there's a really good paper by Professor Frank McGroarty – who is down in Southampton, he is the professor down there and he looked at gold from 71 onwards and he finds that you should have somewhere between 5 and 10% of your wealth allocated to gold. Right, you should have that much there. Now, he made the point that there's a quote by Peter Bernstein – the academic investor, author of 'Against the Gods'. He says that 'If you're comfortable with everything you own in your portfolio, then you're not diversified.' And, so, one of the things you get, so between 2001 and I think the paper goes up to 2013. You will definitely benefit on average from having, if you have a fixed amount – or, if you have fixed proportions of wealth in different things – you should keep 5% in gold but there are periods then when gold does badly, you know, post the 80s and the 90s, and things like that. In those periods, holding gold will hurt your returns, right?

So, it does give you slightly lower returns and, in fact, it even gives you a slightly lower risk-return relationship, right, so which is what these papers are really trying to do is to try and see what allocations should you do so that your rewards per unit of risk you take is maximized. Modern research definitely I think lands somewhere in the 5-10%. I've looked at the 1930s, now it's a slightly unusual market because it's a short period of time, and you can see if you look on this graph, you know, you have this big bear and bull market but gold is basically positive all the way through. Technically, if you want to maximize your risk-return relationship in the 30s, you would put all your money in gold on the first day and left it there but that's because you have these two big re-evaluations, you know. And, also, when gold markets open up in the 30s, the price jumps from £4.50 to £5.50 quickly. And then right before World War II kicks off, you also have a big jump in gold prices from about £7.50 up to about £8 – sorry – £7.50 to £8.50. So, technically if you were just applying maths without any, kind of, judgment, you would have put all your money in gold in the 30s than it would please some people. I think if you were being a bit more realistic, you've got a range between 6 and 30%, which is quite wide, but it reflects kind of the short period – you only have 10 years of data, so you don't have an awful lot to work with there.

Speaker 2:
Yeah. That's really interesting because when you look at the last century, there were a lot of, kind of, pandemics. We had pandemics, we touched on the Spanish Flu – there were world wars, we had Wall Street Crash – so there were lots of kind of crises. One that's kind of forgotten is, I think anyway, and it was a colleague of mine reminded me, it was the Asian Flu pandemic of 1957/58, which was called H2N2. And I was just interested to know how you thought that impacted on the gold market.

Speaker 3:
Yeah, I think every time there's something like this, it turns out that gold prices is basically fixed during those periods. So, this is the daily price from 54 to 68 so this includes the Asian Flu there in this period, from 57-58 and you can see gold does nothing, right? Gold is just sideways all the way through. And it goes up and down a little bit, but that's purely movements in the dollar. So again, these are pound prices for gold. Gold does react sometimes to crisis. So, you can see this spike here, you know, this is the Cuban Missile Crisis. Yep, that's the Cuban Missile Crisis. So, even though gold prices were fixed you can see that the price broke out for a short period of time, and went up by about a pound, a pound of notes. So, it didn't react to the Asian Flu. I think the reason is again, because of changes in the gold market. So, we think of the gold market as now, you know, in terms of all the demand that comes from China, India and East Asia, and things like that, but you've got to remember the economic imbalance that would have been there in the fifties – you know, the relative wealth levels. And, also, this was – gold was still really a monetary asset. It was still, you know, we were still under Bretton Woods and, you know, people bought gold jewellery, but they weren't really buying, you know – there was no gold ETFs or, you know, these things weren't – it wasn't an investable product, in the same way in the 50's. Even though it (inaudible) but it wasn't tradeable as easily, so, you know, these type of crises all seem to have affected the price in the same way that COVID has obviously been, you know, a big push on prices going north in the last while.

Speaker 2:
Yeah. I mean, it was like what you were saying earlier. It doesn't necessarily – gold's strength doesn't necessarily have to be that it goes up in price, that it doesn't fall.

Speaker 3:
Yeah. Given it's an inflation hedge and all that, then it should be a savings product. It shouldn't be, you know, you had a webinar on bitcoin a few weeks ago and I watched and, you know, bitcoin to me jumps around too much to be any sort of a store value, like I know gold is volatile, it's not that volatile compared to some other assets, you know?

Speaker 2:
Absolutely yeah. I mean you wouldn't necessarily want your pension fund leaping all over the place, especially when you're about to retire. Mostly we were talking about, kind of like, comparing the current pandemic to previous ones. There was another one, there was the SARS outbreak in 2002/4 and of course, then not a pandemic, but a crisis led to that decade, the financial crisis. Could you say a little bit about what the data might reveal about those two?

Speaker 3:
Yep! So, 2002 & 2004 – again, we still haven't reached a period where the Asian market is as important as it is now. I mean, 2002 was when China really starts to open up the membership of the World Trade Organization, things like that. The opening also coincided with the invasion of Iraq. So, it's hard to separate the two. So, there was gold price volatility – prices jumped. I know they went up and down the range around that period – about 16% up and down – but the same level of precautionary demand in Asia probably wasn't there because you didn't have the same Chinese demand and because those economies hadn't grown to the same level as they have now. I don't remember the figures, but I mean, China was certainly a fraction the size of what it is now relative to let's say, countries like the US. I think 2008 even though there was no pandemic that year, might be more similar for us when we think about gold and what's happening with COVID because what matters for gold is uncertainty, right. So it's uncertainty that pushes people into gold, they sell equities – and equities seem to be holding up relatively well again – and there is uncertainty, selling of risky assets and putting your money into safe bonds, into gold, into treasuries and things like that. So it probably, I think it feels a little bit more, in 2008, the prices, you know, even when the market sold off for COVID a couple of months ago, gold sold off simultaneously for a little while and that's what happened in 2008, 2009 as well. I think hugely, I didn't know this, but there's that difference in settlement periods where gold settles more quickly.

Speaker 2:
And equities is T+3 isn't it? So you get that, kind of, you can use that cash, you can cash out of gold and then have a reposition in the equities for the (inaudible) you know.

Speaker 3:
Yeah, so, I mean that liquidity that gold gives you, you know, the price went down obviously with equities probably, to begin with, but once that initial selling happened, where people got the liquidity they needed to meet whatever demands were been made, gold since then has been, you know, it's been – I haven't checked the price for today, to be honest – and, you know, the price has been onwards and upwards. So, it looks really similar to 2008 for me. I don't see any reason for prices to go down in the short term with interest rates low and things like that. So, I mean, in terms of me and thinking about gold in your portfolio, post-COVID, everything that I have done now in terms of research seems to point to, no magic way to predict gold prices, but if you're building a portfolio, you should be putting gold into your portfolio. It gives you diversity, safe haven – in the long run – it gives you an inflation hedge, and that seems to be consistent. There's another little characteristic gold has, which is that its returns are positively skewed. So, you get an unusual number of big positive days in gold in modern gold markets. And I looked, so now I've looked back to 1919 for gold markets, when the gold market is free you get exactly the same feature, this positive skew. Equity returns are negatively skewed and that's one of the things that helps with diversification, the positive and the negative cancel each other out somewhat, and you get a distribution of returns in your portfolio.

So, everything that makes gold useful in a portfolio post-68, appears to have been there, you know, before that as well. And to me, that kind of points to the fact that how do you predict where gold prices will go and, you know, where will the source of demand be? Will it be Asia in jewellery and bar and coin or ETFs? Will ETFs continue to grow? All that I think is, you know, it's an unknowable in some ways, but in terms of how it will fit within your portfolio – so, if you're just building your diversified portfolio, gold needs to be in there. Pretty much all research that looks at whether gold should be included in the portfolio, says that it should be. The proportions differ, and I think, you know, part of Suki's question, as well, went to like – should you be varying the amount of gold in your portfolio? I don't know. I haven't found a way to predict, you know, when prices will move in a particular direction. So, to me, it's a good argument to have gold in your portfolio all the time and just be careful that your allocation is what you're comfortable with. So, the bigger your allocation, the more you will be hurt when the economy is doing really well. Yeah? But, equally, the more you're protected then when the economy, you know, takes a beating like it's been doing.

Speaker 2:
Yeah, and I suppose it's just that it's a classic case of spreading your risk and not having all your eggs in one basket and gold is part of your options there – to have in a portfolio. One of the questions that I wanted to ask on a more kind of a light-hearted ways is as it relates to Ireland's national drink: Guinness. And my question would be, how does the gold price relate to the pint of Guinness?

Speaker 3:
So, we're talking about inflation in the long run of things, and we thought it would be quite fun. So, I went off and I found – this was a special, just for this webinar treat. I went and found the time series of the price of Guinness and I compared it to the price of gold, so this is the Gold-to-Guinness Ratio. So back in 1900, the ratio was just under 0.2. so, you were able to buy, what's that, 500 pints of Guinness with one ounce of gold. So, your ounce of gold you could set up quite a good party and you can see that. So, when gold was really undervalued and really low price, in the early 2000s one ounce of gold wouldn't even buy you a hundred pints at that stage, right? So, you're the poor – but this, you know, the graph says – I mean, I actually think, Aelred, we'll have to keep doing this. This will be like our Big Mac index. You know, we'll have the Guinness/Gold Ratio – myself and yourself, and publish it monthly. But this isn't the worst chart in the world for sure in wonder of overvaluation. So, this is clear that late period there, that was clear undervaluation of gold and maybe back here it is overvalued then when you're buying 500, you know 600 pints with one ounce of gold, but you can see it somewhere here in the middle line. And, if you were to graph the real price of gold long-term, it'd look pretty similar to this when you correct it for inflation. All the research says that in the very long run gold does track inflation, right. I think the other thing this graph shows is it can spend long periods of time where inflation isn't affecting it right – where it shouldn't have gotten this high. It should have been held down.

Speaker 2:
The other interesting thing is that where we are now in terms of the ratio is almost where we were a hundred years ago.

Speaker 3:
Yeah, so, I mean it looks, according to our Gold/Guinness Ratio, gold is roughly fair valued at this point. You know, I think it could go a little bit higher. You know, you could see the line going down a little bit with gold prices rising but the one thing I've learned is the price of Guinness rises very consistently over time. So, if I graph that it's a much more predictable variable, the price of Guinness than the price of gold.

Speaker 2:
This could be another ratio that could simply say the Gold/Silver Ratio as the benchmark.

Speaker 3:
Whenever I take it – whenever pubs re-open – I promise to start tweeting out the Gold-to-Guinness Ratio for that evening.

Speaker 2:
So, we're sort of reaching that, kind of, close to the end of our allotted time. The one thing I did want to ask you is whether, you know, we've talked a lot about the data that you've put together, and the data that you've – the herculean task that you had in trying to find the data. Is there any particular sets of data sets, or areas where data was missing that you need to sort of research and plug?

Speaker 3:
Yeah, so, I mean you can see when we talked about the Asian Flu in 1957/ 58, there's no prices there, but there was gold market active at the time, right? So, London wasn't active, but I can't remember exactly when Zurich started trading trying to take London's gold chair and things like that at that stage. I know there were markets in Asia, and these – the data does exist. So, on my travels, I've found weird and wonderful bits of data that need to be transcribed. So, I found Indian gold prices from before World War II, with gold and silver; I know the Hong Kong prices for the sixties; and the funnest data I found so far is gold and silver price data from like 1698 up to 1900 in, you can call it, the course of the exchange. But the best thing – and I saw that data transcribed. If anyone out there has funding they'd like to provide for more transcription, like Rothschild's did, that'd be awesome. But the funnest data on that side is definitely the silver price data because it it's not – so you have columns of data with numbers and everyday a price and all that. So, you've got gold in one column, but the silver column isn't silver, the silver column is pieces of 8. So, silver that was traded in London in that period was the Spanish Silver's. It was called pieces of 8's – the 8-sided coin used by the pirates.

Speaker 2:
Yeah, that's really interesting, cause that's – the Spanish we associated with pirates, don't we? The silver coins – were they reels? Which I think where the pieces of 8 comes from. And I think it had eight stamped on it? And, also, I think they used to cut it up like a pie into slices of eight too so that they could break it up and use it in smaller amounts. It's really interesting.

Speaker 3:
So, I've got a little bit of information now on the 1930s and how an investor would have functioned, but you know, there's the South sea bubble in the 1700s. How did gold react to that? Gold markets were free from 1668 to 1728. So, you get other – there's other periods of time. There's also the short period of time where gold flowed freely in the U.S., and things like that. So, there's all these periods that can be looked at to see – are these characteristics consistent? Maybe they're just the 20th century. You know, we don't know, maybe they're a post-depression phenomenon. So, the more you can, kind of, confirm whether this is true – in equity research and things like that they've done all this, they have a long-run series of data – I mean, gold is unique that we can actually have the price of an asset from 1698 all the way through to today and it's exactly the same thing, right!

Equities change and bonds change and there are little contractual differences, but an ounce of gold is an ounce of gold in any millennium, so – and that's one of the things that is interesting. You get this long-run view.

Speaker 2:
Brilliant, yeah, that's great. So, I think we're kind of reaching that point where we're just over 35 minutes. I think we've reached that point where we sort of have to wrap up. And, so, I'd just like to say, thank you very much Fergal for some great insights into the history of the gold market and identifying some areas where more research is required. So that's gonna keep you occupied in future. So, all that leaves for me to say is to –

Speaker 3:
If anyone is interested in using the data for any reason. they can drop me an email. The data is all freely available; I'm not keeping it or selling it or anything like that. Anyone who wants price data or gold prices that I have, drop me an email.

Speaker 2:
Is that Rothschild's?

Speaker 3:
So, the gold prices are also available on the Rothschild's website – you need to register for that. Or drop me an email, whichever is – you know, if people are interested in doing work with it. I know Adrian Ash was using it.

Speaker 2:
And we get requests, so thank you for that and I'll pass on your details to those who come through to us. So, just – thank you very much everybody for listening. Thank you, Fergal and just to remind you to tune in next week, same time, same day – Thursday at 1:30 – to hear our latest webinar, keep a lookout for details on that. And in the meantime, keep safe. Thank you

Speaker 3:
Thanks for having me Aelred.

Speaker 2:
Thanks.

Interested in contributing?

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