

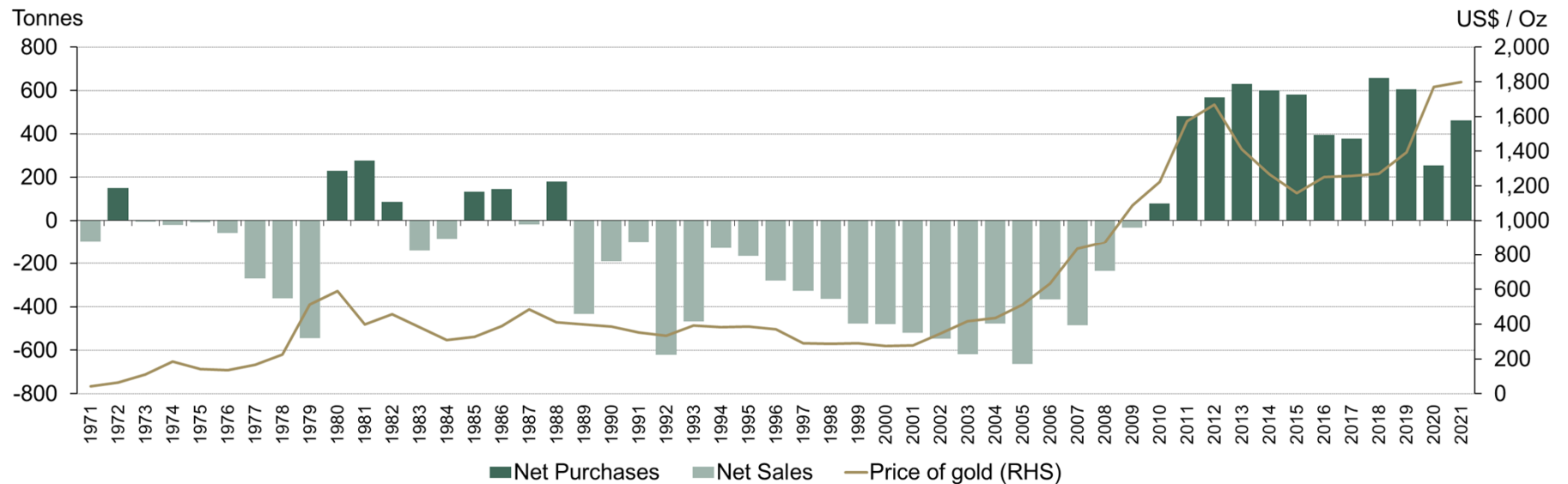


Update on official gold reserves

ADB Reserve Management Forum
October 2022

Central banks on track to be net purchasers for twelve consecutive years

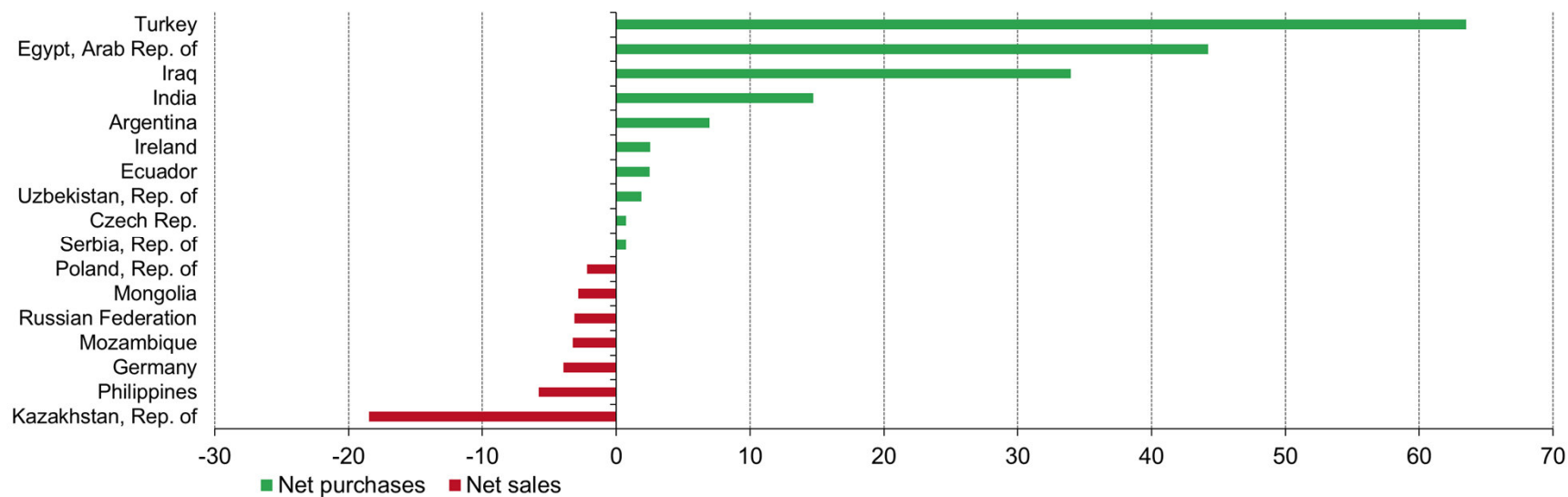
Central bank net purchases in 2018 and 2019 were the highest and second highest respectively in nearly 50 years



Sources: Metals Focus, Refinitiv GFMS, World Gold Council

Turkey, Egypt and Iraq led official sector buying in H1

Year-to-date central bank net purchases and sales, tonnes



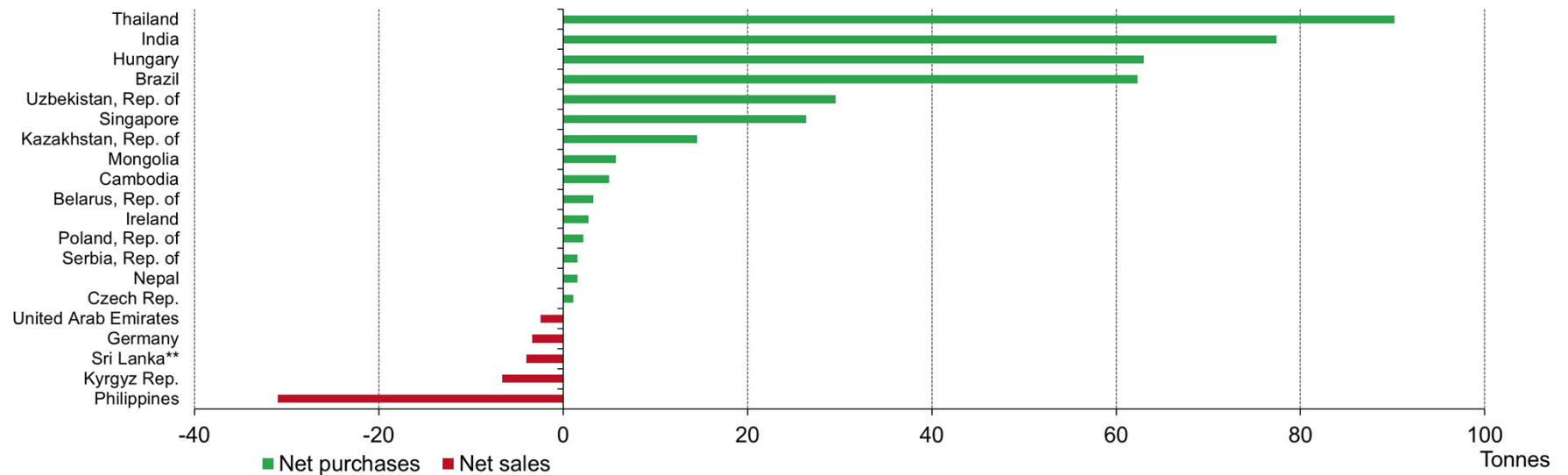
Note: Data as of 30 June 2022 where available. For an explanation of central bank demand, please see the Notes and definitions download: <http://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q2-2022/notes-and-definitions>

Source: IMF IFS, respective central banks, World Gold Council

See [Gold Demand Trends: Q2 2022](#) for more details.

2021 saw a broad range of central bank buyers, including developed market banks

Central bank net purchases, tonnes



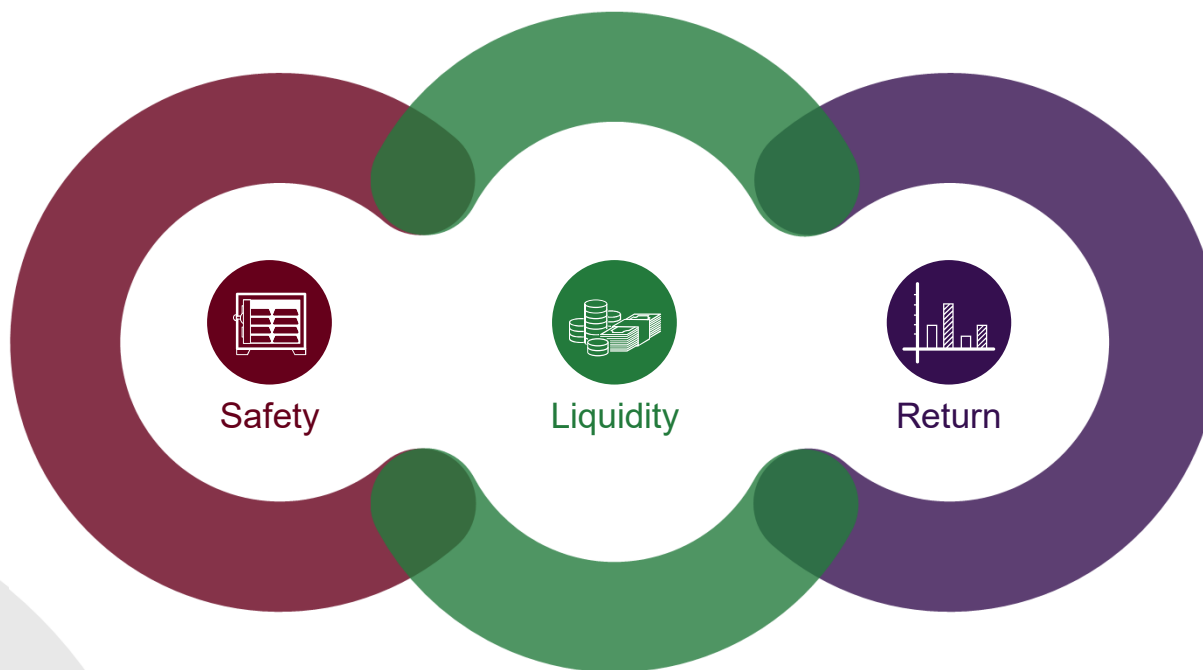
Note: Data to 31 December 2021 where available. **Estimated. Note: Japan's reported 81t increase in its gold reserves in March 2021 has been excluded as this was the culmination of an off-market transaction between two different divisions within the Ministry of Finance. For an explanation of central bank demand, please see the Notes and definitions download: <http://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q4-2021/notes-and-definitions>

Source: IMF IFS, respective central banks, World Gold Council

See [Gold Demand Trends: Q4 & FY 2021](#) for more details.

Foreign exchange reserves management

Capital preservation
Risk mitigation
Portfolio diversification
Valuable collateral



Safety

Liquidity

Return

Large market
Strong volumes
Universal acceptance

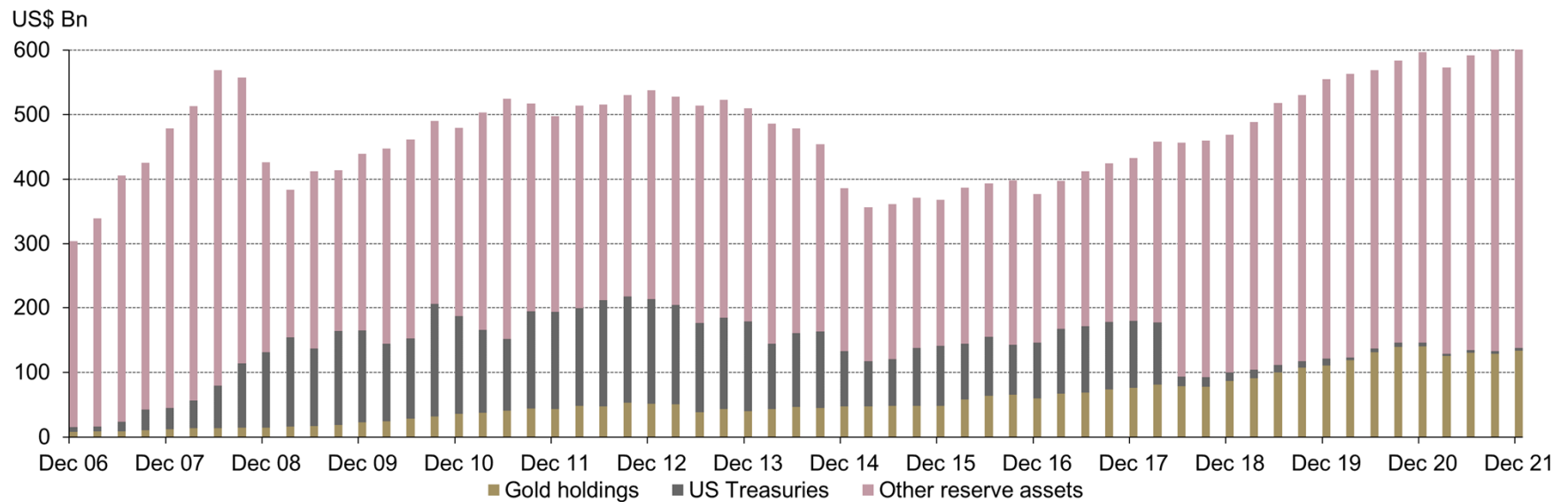
Steady, non-volatile
Strong performance
Portfolio enhancement

Central bank gold behaviour categories

- **Legacy holders** – examples: United States, Germany
- **Strategic accumulators** – examples: Thailand, Iraq
- **Regular accumulators** – examples: India, Serbia
- **Domestic gold buyers** – examples: Mongolia, Ecuador

Russia: long-term de-dollarisation of reserves

Russia's US treasuries vs gold holdings



Sources: IMF IFS, Bloomberg, World Gold Council

Central bank sanctions

A new front in financial warfare

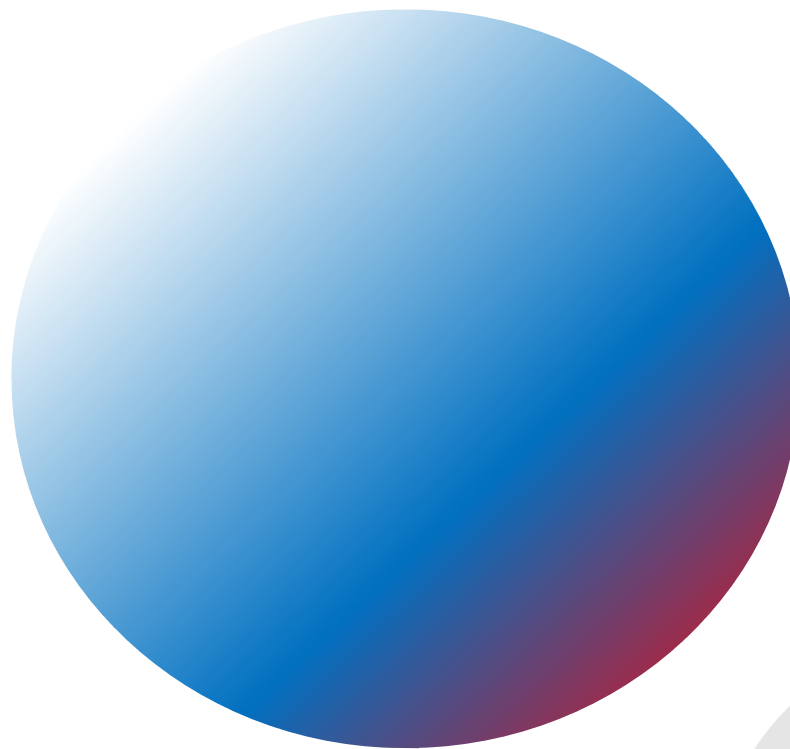
- Venezuela's gold at the Bank of England is under dispute
- Afghanistan's foreign reserves have been frozen since the Taliban took control in 2021
- Russia's foreign reserves have been frozen since February 2022



CB of Venezuela:
USD11.3 bn



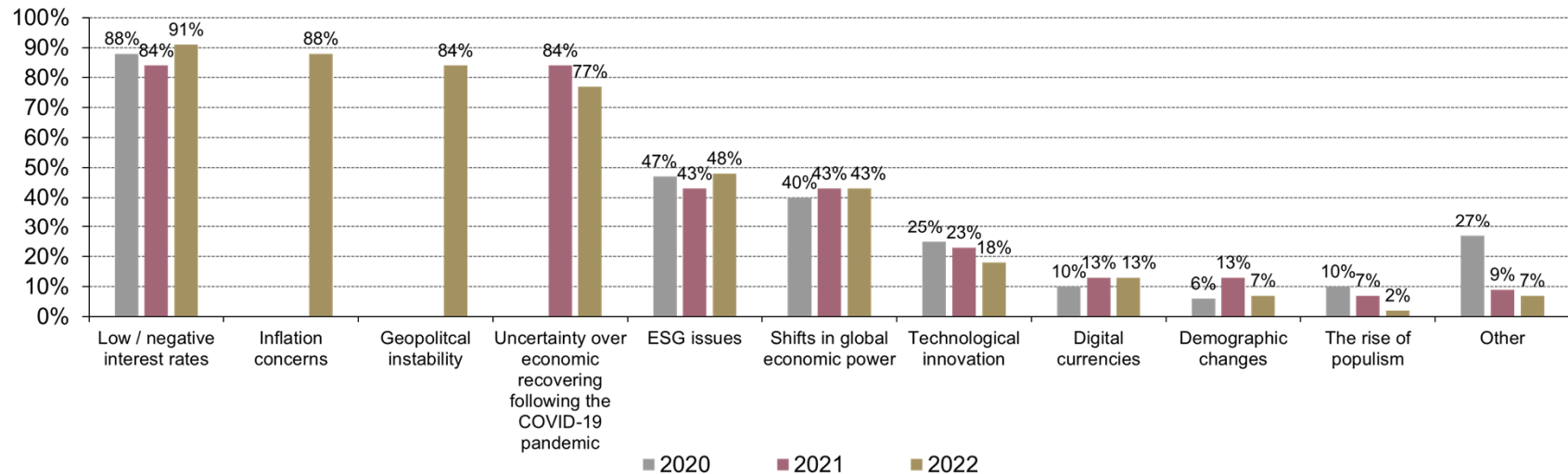
CB of Afghanistan:
USD9.6 bn



CB of Russia: USD632 bn

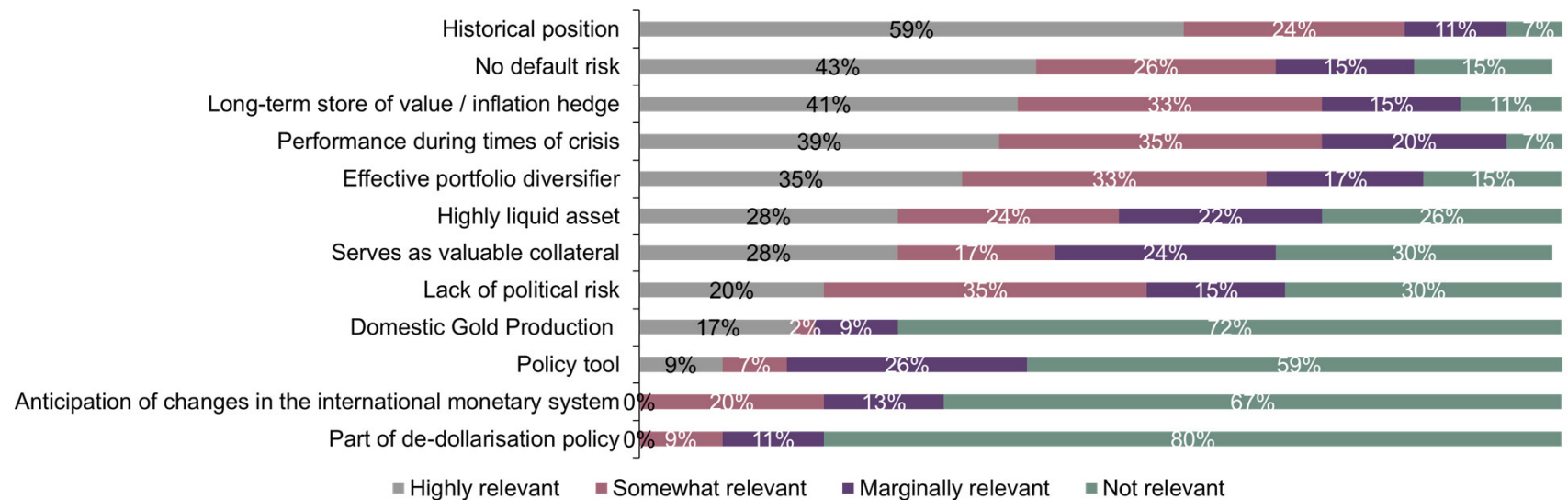
What topics are relevant for your reserve management decisions? Select all that apply.

“Low and negative interest rates,” “inflation concerns” and “geopolitical instability” are the most relevant topics for central banks’ reserve management decisions. “Inflation concerns” and “geopolitical instability” are new questions added to this year’s survey and capture sentiments pertaining to current economic and geopolitical developments.



Base: All central banks (56); Advanced economies (13); Developing economies (43)

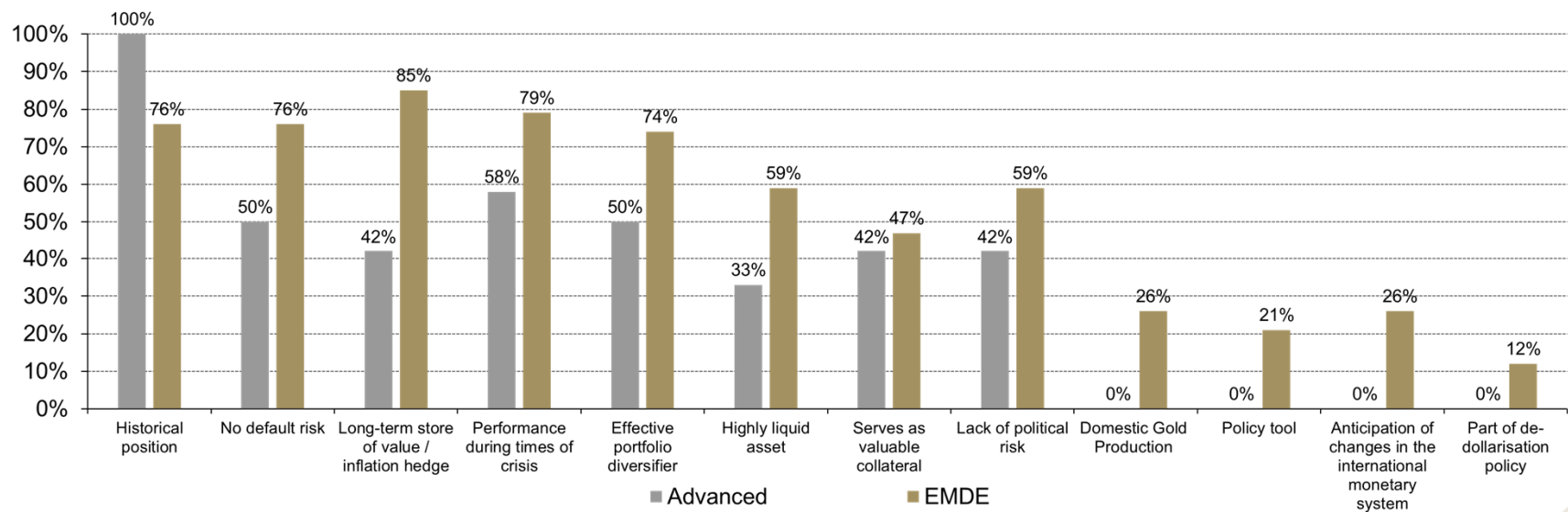
How relevant are the following factors in your organization's decision to hold gold?



Base: All central banks that currently hold gold (46); Advanced (12); Developing (34)

How relevant are the following factors in your organization’s decision to hold gold?

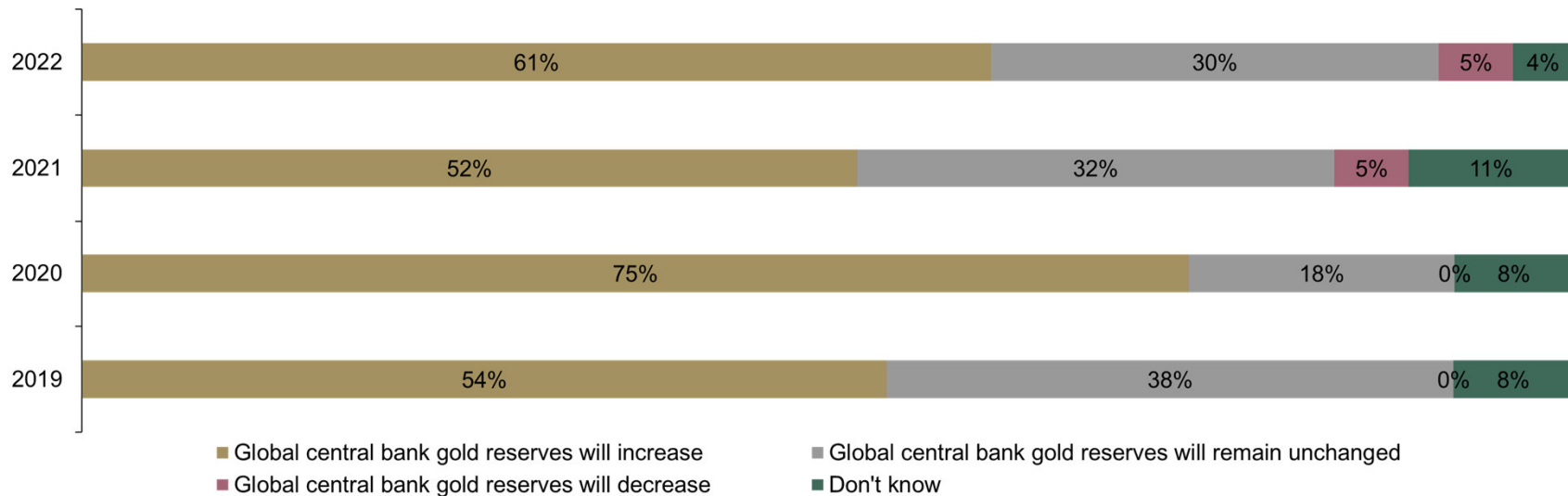
There is a significant divergence between advanced and EMDE central banks on their rationale for holding gold. Virtually all investment-related reasons for holding gold show a strong divergence, including “performance during times of crisis”, “no default risk” and “effective portfolio diversifier”.



Base: All central banks that currently hold gold (46); Advanced (12); Developing (34)

How do you expect global central bank gold reserves to change over the next 12 months?

Central banks are more optimistic on gold as a reserve asset in 2022, with 61% of respondents stating they expect global gold reserves to increase over the next 12 months.



Base: All central banks (56); Advanced economies (13); Developing economies (43)

How do you expect your institution's gold reserves to change over the next 12 months?

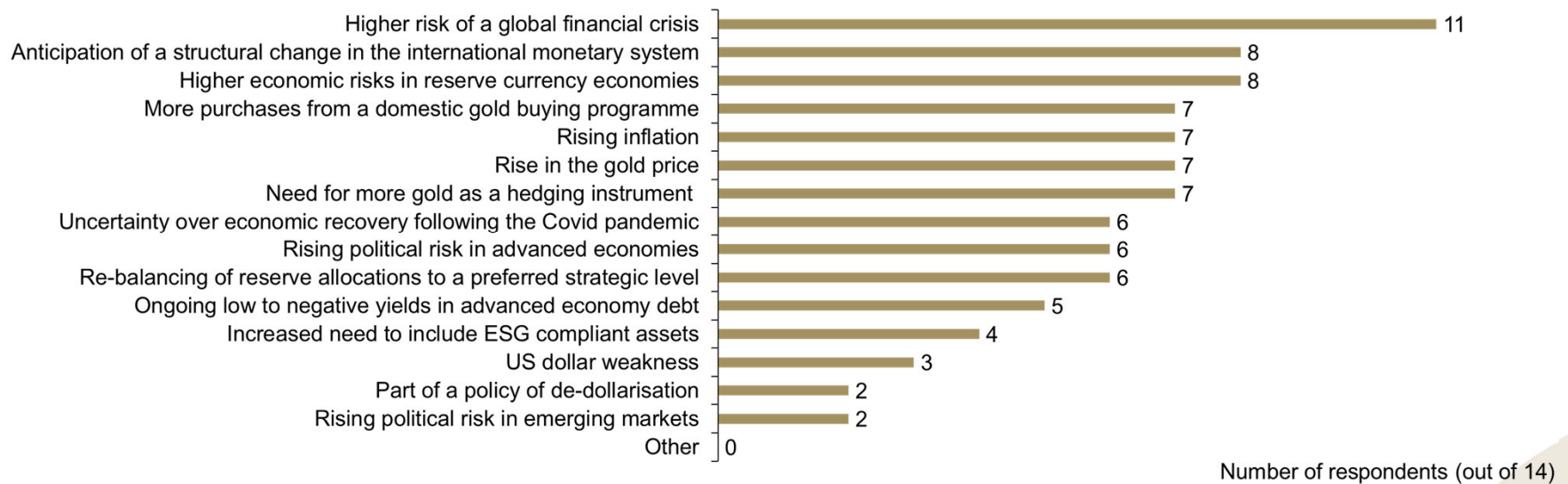
The proportion of central bank respondents that intend to increase their gold reserves has increased every year. No respondents also intend to decrease their gold reserves for the second consecutive year.



Base: All central banks (56); Advanced economies (13); Developing economies (43)

What factors are driving your institution's plan to increase gold reserves in the next 12 months? Please select all that apply.

A higher risk of global financial crisis is the main reason for planning to increase gold reserves. Structural changes in the international monetary system and economic risks in reserve currency economies are also major factors.



Base: All central banks that do not currently hold gold (14)