



ELSEVIER

Contents lists available at SciVerse ScienceDirect

Journal of The Japanese and International Economies

journal homepage: www.elsevier.com/locate/jjie



Central banks and gold puzzles [☆]



Joshua Aizenman ^{a,*}, Kenta Inoue ^b

^a Dockson Chair in Economics and International Relations, VKC 314, USC, Los Angeles, CA 90089, USA

^b Economics Department, UCSC, 1156 High St., Santa Cruz, CA 95064, USA

ARTICLE INFO

Article history:

Received 5 March 2012

Revised 27 January 2013

Available online 18 March 2013

JEL classification:

E58

F31

F33

Keywords:

International reserves

Central banks

Gold

Exchange rate regimes

ABSTRACT

Aizenman, Joshua, and Inoue, Kenta—Central banks and gold puzzles

We study the curious patterns of gold holding and trading by central banks during 1979–2010. With the exception of several discrete step adjustments, central banks keep maintaining passive stocks of gold, independently of the patterns of the real price of gold. We also observe the synchronization of gold sales by central banks, as most reduced their positions in tandem, and their tendency to report international reserves valuation excluding gold positions. Our analysis suggests that the intensity of holding gold is correlated with ‘global power’ – by the history of being a past empire, or by the sheer size of a country, especially by countries that are or were the suppliers of key currencies. These results are consistent with the view that central bank’s gold position signals economic might, and that gold retains the stature of a ‘safe haven’ asset at times of global turbulence. The under-reporting of gold positions in the international reserve/GDP statistics is consistent with loss aversion, wishing to maintain a sizeable gold position, while minimizing the criticism that may occur at a time when the price of gold declines. *J. Japanese Int. Economies xxx (xx) (2013) xxx–xxx*. Dockson Chair in Economics and International Relations, VKC 314, USC, Los Angeles, CA 90089, USA; Economics Department, UCSC, 1156 High St., Santa Cruz, CA 95064, USA.

© 2013 Elsevier Inc. All rights reserved.

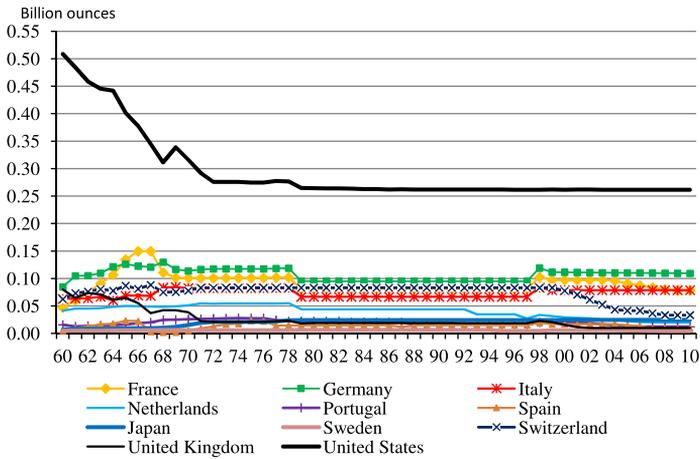
[☆] We are grateful for useful comments from an anonymous referee. The views expressed herein are those of the authors and do not necessarily reflect the views of the National Bureau of Economic Research.

* Corresponding author.

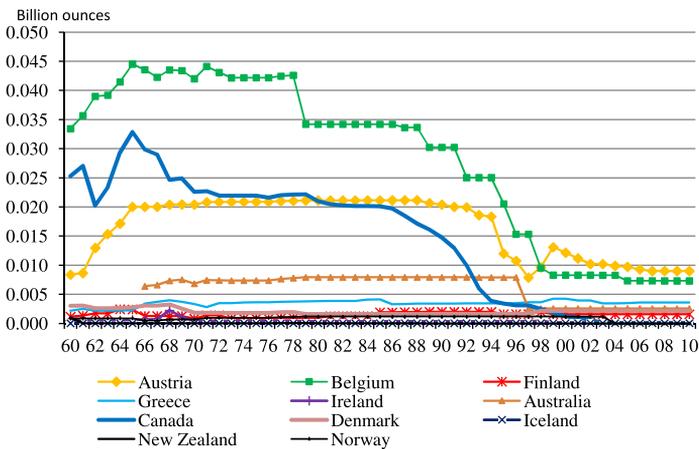
E-mail address: aizenman@usc.edu (J. Aizenman).

1. Introduction

The patterns of gold holding remain a debatable topic, especially at times when the relative price of gold has appreciated while the global economy has experienced the recessionary effects of the global 2008–2009 crisis. While most of the debate deals with the private holding and trading of gold, we focus on the curious patterns of gold holding and trading by central banks. Specifically, we study two puzzles: the passive holding of sizable gold quantities by OECD central banks during most of the last fifty years, and the tendency to report international reserve valuations excluding gold positions. While this omission is reasonable for central banks with negligible positions, it's more puzzling for OECD central banks that continue holding, mostly passively, large stocks of gold. Fig. 1 shows the remarkable persistence of gold positions (Billion ounces) for most OECD countries during past years. With the exception of several discrete step adjustments, central banks keep maintaining passive gold stocks, independently of the market price of gold. Another puzzle is the synchronization of gold sales by central banks, as most reduced their positions in tandem. As the central banks' adjustment of gold



(Source) IMF "International Financial Statistics"
 (Note) All data are at the end of year



(Source) IMF "International Financial Statistics"
 (Note) All data are at the end of year

Fig. 1. Gold holding in Billion ounces.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات