Of all the precious metals, gold is the most popular as an investment. Investors generally buy gold as a way of diversifying risk, especially through the use of futures contracts and derivatives. The gold market is subject to speculation and volatility as are other markets. Compared to other precious metals used for investment, gold has been the most effective safe haven across a number of countries.[1]

Gold price

Gold prices (US$ per troy ounce), in nominal US$ and inflation adjusted US$ from 1914 onward.

Price of gold 1915–2022

Gold price history in 1960–2014

Gold price per gram between Jan 1971 and Jan 2012. The graph shows nominal price in US dollars, the price in 1971 and 2011 US dollars. The notable peak in 1980 followed the Soviet military involvement in Afghanistan, after a decade of inflation, oil shocks, and American military failures.

Gold has been used throughout history as money and has been a relative standard for currency equivalents specific to economic regions or countries, until recent times. Many European countries implemented gold standards in the latter part of the 19th century until these were temporarily suspended in the financial crises involving World War I.[2] After World War II, the Bretton Woods system pegged the United States dollar to gold at a rate of US$35 per troy ounce. The system existed until the 1971 Nixon Shock, when the US unilaterally suspended the direct convertibility of the United States dollar to gold and made the transition to a fiat currency system. The last major currency to be divorced from gold was the Swiss Franc in 2000.[3]

Since 1919 the most common benchmark for the price of gold has been the London gold fixing, a twice-daily telephone meeting of representatives from five bullion-trading firms of the London bullion market. Furthermore, gold is traded continuously throughout the world based on the intra-day spot price, derived from over-the-counter gold-trading markets around the world (code "XAU").