London Gold Market: 1660-2004

1660 Gold price: £4.05 per t.oz fine.

1661 The East India Company secured exclusive trading rights to the east. In next 45 years they shipped almost 500,000 t.oz/15.5 m.t from London to India.

1663 The *guinea*, named after Guinea on Africa's 'gold coast', was first struck.

1671 Moses Mocatta set up in London, founding the firm that later became Mocatta & Goldsmid, the oldest members of the market. Nine generations of the family worked in the bullion market. Mocatta first sent gold to India via the East India Company in 1676.

1674 Bank of England founded.

1696/7 The Great Recoinage in England shifted the balance of coins in circulation from silver to gold, by over-valuing gold, thus paving the way to an informal gold standard.

1700 Gold price: £4.35 per t.oz fine.

1702 Gold rush in Brazil led to opening of mint in Rio de Janeiro making '*moedas de ouro*', most of which came to London over next sixty years for reminting into guineas.

1717 Sir Isaac Newton, as Master of the Mint, set the historic gold price of £4.25 per troy ounce fine (£3.89 per standard ounce of 916 fine in which guinea was minted). The price effectively lasted two hundred years, placing Britain on an unofficial gold standard.

1731 Mocatta appointed official broker in gold and silver to the Bank of England.

1732 The Bank opened its own Bullion Warehouse, which became the crossroads for precious metal for over a century.

1740 Bank of England's gold stock stood at 900,000 t.oz/28 m.t – the first central bank gold reserve.

1760 Brazil's gold output peaked at 550,000 t.oz/17 m.t. Most of this came to London via Lisbon.

1774/7 Major recoinage of guineas involving 5 million t.oz/155.5 m.t. Mocatta bought 550,000 t.oz/17.1 m.t for the Bank's account in 1774 alone – three-quarters of world output. The rest came from old coin.

1779 Abraham Mocatta took Asher Goldsmid as his partner. Lowndes London Directory recorded: Mocatta & Goldsmid (Brokers), Grigsby's Coffee House in 1783.

1785 Bank of England's Warehouse changed its name to The Bullion Office.

1789 Bank of England opened an account for *Louise d'Or* coins brought by French refugees escaping the Revolution.

1797 Bank of England's gold reserve, drained by costs of the Napoleonic wars, was down to 235,000 t.oz (£1 million) against note issue liabilities of £15.5 million. Cash payment in gold against bank notes was suspended on 20 February, and did not resume for twenty-four years.

1805 Nathan Mayer Rothschild opened his banking house in London and became closely involved in secret shipments of gold and silver to the Duke of Wellington's army in Europe against Napoleon. Mocatta & Goldsmid rounded up the gold, often bidding over the market price.

1810 The House of Commons Select Committee on the High Price of Bullion, which had risen from the normal £3.89 for 916 gold to £4.50. The evidence provided a unique insight into the London market, as Aaron Asher Goldsmid, Nathan Mayer Rothschild (incognito as a 'continental merchant') and gold refiner William Merle explained the trade. The Committee concluded the Bank of England had been printing too many notes as they were no longer redeemable in gold.

1811 Sharp & Kirkup, auctioneers since 1796, started brokerage in gold and silver, but refused Bank of England accreditation.

1815 The gold price jumped to £5.35 for standard gold after Napoleon escaped from Elba, but after his defeat at Waterloo fell back under £4.00.

1816 The Coinage Act made the gold standard official, with the guinea replaced by the sovereign, worth £1.00, weighing 0.25 t.oz/7.77 g at 916 fine. The first sovereigns were issued in 1817.

1821 Full resumption of cash payments in gold against notes by the Bank of England.

1840 Bank of England's Bullion Office opened to 'any sworn broker', because of the increase in gold from Russia entering the Port of London, thus ending Mocatta's exclusive arrangement.

1848 California gold rush brought a new dimension to the gold market, with tripling of mine output by 1850.

1851 Australian gold discoveries in New South Wales and Victoria pushed world output to 6.5 million t.oz/203 m.t by 1855. Most Australian gold came to London, transforming the market.

1852 Stewart Pixley set up as a bullion broker, the first of four generations in the market, with William Haggard as partner. The firm later became Pixley & Abell.

1853 Samuel Montagu founded his bullion and exchange business (today part of HSBC).

1855 London market comprised: Brokers: Mocatta & Goldsmid, Sharps & Wilkins, Pixley & Haggard (shortly Abell), Samuel Montagu & Co. Approved refiners: Johnson & Matthey, Browne & Wingrove, Rothschild's Royal Mint Refinery, H. L. Raphael's Refinery (1856). 'Good delivery' bars were of 200 t.oz, and the Bank required a triple assay of each bar. After 1871, 400 t.oz bars were also accepted.

1871 Germany went on the gold standard; most other European nations followed suit.

1876 House of Commons Select Committee on Depreciation of Silver took expert advice from Mocatta, Pixley and Sharps on gold output coin fabrication and central bank stocks.

1886 Royal Commission on Gold & Silver investigated changed relationship between the metals. Samuel Montagu sat on the Commission, Stewart Pixley and Sir Hector Hay of Mocatta gave statistical briefings. The Commission came out in favour of the gold standard, as opposed to bimetallism.

1886 Gold discoveries in the Witwatersrand in South Africa. Output reached 3.8 million t.oz/118.2 m.t by 1898. It came to London for refining and sale.

1893 Gold rush in Western Australia after discoveries at Kalgoorlie.

1896 US presidential election had bimetallism as the key issue, supported by William Jennings Bryan. He was defeated and the US went on the gold standard in 1900.

1897/9 Peak years of gold rush to the Yukon in Canada, yielding 3.7 million t.oz/115 m.t.

1900 Gold price: £4.25 t.oz fine/US $20.67.

1914 At outbreak of World War I governments limited gold flows and called in much domestic coin, especially in Britain and France. The gold standard was never officially suspended, although in practical terms it was.

1919 The Bank of England, determined to restore London as the main gold market, reached an agreement with the seven South African mining houses to ship their gold to London for refining, after which it would be sold through N. M. Rothschild 'at the best price obtainable, giving the London market and the Bullion Brokers a chance to bid'. Thus, on 12 September 1919, the first gold fixing took place; the price was fixed at £4.94 (US $20.67) per t.oz fine – a change from the previous price for standard 916 gold. The bids were made by telephone for the first few days and it was then decided to hold a formal meeting at Rothschild's offices in New Court, St Swithins Lane.

1922 The Rand Refinery was opened in South Africa, but the gold continued to be sold through London.

1925 Britain went onto a gold bullion standard at the old fixed rate of £4.25 t.oz fine, but with minimum purchase of 400 ounces.

1931 Britain and many other nations came off the gold standard, with the onset of the depression. Sterling was devalued creating price between £5.50 and £6.34.

1933 The US came off the gold standard. President Roosevelt stopped the convertibility of dollars into gold and ordered US citizens to hand in coin.

1934 On 31 January Roosevelt set a new fixed price of $35 per t.oz. The US bought all gold offered at that price.

1939 London gold market closed on 3 September on outbreak of World War II. Final fix £8.05.

1944 — Bretton Woods Agreement established new international framework of fixed exchange rates with gold exchanged for currencies among central banks at $35.

1949 — US gold reserves peaked at 707 million t.oz/21,990 m.t; equal to 75% of world stocks.

1954 — London Gold Fixing resumed; opening price £12.42. Aim was to keep price equivalent to $35.

1961 — Gold Pool of US and main European central banks set up to defend $35 price, by selling at fixing to contain it.

1965 — Private buying exceeded mine supply, making Gold Pool net sellers.

1968 — Collapse of Gold Pool and defence of $35 price, after devaluation of sterling and pressure on dollar over Vietnam setbacks sent speculators into gold. The pool lost almost 64 million t.oz/2,000 m.t. London market closed for two weeks; when it reopened the fix was in dollars, not sterling, and an afternoon fix was added for New York's benefit. Gold price floated freely, but central banks still exchanged at $35.

1971 — Federal Reserve in New York closed its 'gold window' at which central banks had still been able to trade dollars for gold at $35, ending the gold exchange standard.

1974 — Hong Kong gold market liberalised. London market members soon opened trading rooms.

1975 — American citizens again permitted to own gold after 42 years. Comex 1 kilo contract launched. US Treasury began five years of gold sales.

1976 — IMF began four-year series of gold auctions.

1980 — Record London fixing at $850 on 21 January ended an inflationary decade of oil price shocks, the freezing of Iran's assets and the Soviet invasion of Afghanistan, which sent investors into gold. Average price for the year was $614.63.

1987 — The London Bullion Market Association founded to represent the interests of the members of the wholesale bullion market.

1990 — The longest fixing, 2 hours 26 minutes, took place on 23 March, when a Middle East bank came into the fix offering at least 450,000 t.oz/14 m.t. The price dropped over $20 during the fix.

1999 — The Euro was launched, with the European Central Bank holding 15% of its reserves in gold. The Bank of England announced the sale of half of the UK's gold stock. The Washington Agreement on Gold (The Central Bank Gold Agreement) set a five-year term of limited gold sales by central banks to stabilise the market.

2004 — N. M. Rothschild & Sons gave up their seat at the fixing, which was taken by Barclays. Bank of Nova Scotia (Scotia Mocatta) became the new chair, with the fixing itself becoming a telephone process.