



## Gold coming home

Source: iStock/tiero

One by one, quietly and without announcement, the world's central banks are pulling their gold home. From New Delhi to Belgrade, from Frankfurt to Paris, the same strategic decision is being reached independently. The trust that underpinned the postwar reserve system for decades is showing its first serious fractures.

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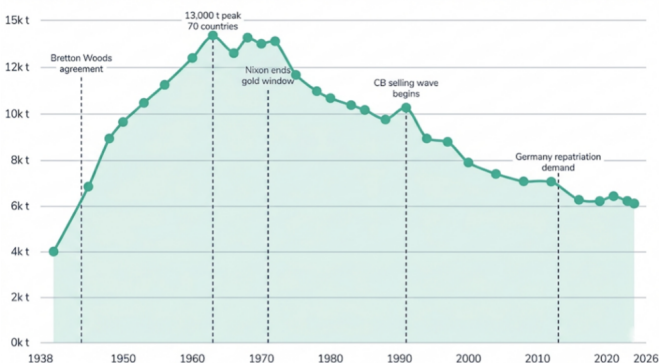
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The last time France moved its gold out of American vaults was in 1965. Charles de Gaulle, convinced that the Bretton Woods system gave the United States an “exorbitant privilege,” sent a warship to New York to retrieve gold in exchange for dollars—a direct challenge to US monetary dominance. Six years later, Richard Nixon closed the gold window, ending the dollar’s link to gold. Sixty years on, France has once again quietly withdrawn gold from the New York Fed. The warship has been replaced by discreet financial transactions, and ideology by a €12.8bn arbitrage. Yet the underlying motive remains familiar: a lingering distrust of dollar-based systems and a renewed push for monetary sovereignty. History may not repeat, but in gold markets, it often rhymes with striking precision.

### The silent return

For most of the postwar era, the location of gold reserves was rarely questioned. Central banks across Europe and the developing world deposited their gold at the Federal Reserve in New York or the Bank of England, treating these vaults as neutral, liquid, and politically secure. That consensus is beginning to unravel. The data is clear: according to the World Gold Council’s Central Bank Gold Reserves Survey 2025, based on 73 institutional responses, 59% of central banks now store at least part of their gold domestically, up from 41% in 2024 and 50% in 2020. Since 1972, central banks have brought about 6,900 tonnes of gold back to their own countries. This represents an 18-point shift over five years, with the entire jump occurring in the last 12 months. The survey also found that 95% of respondents expect global central bank gold reserves to rise over the next year, reflecting a near-unanimous bullish outlook among monetary authorities.

THE GLOBAL EVOLUTION OF FOREIGN GOLD HELD AT THE U.S. FEDERAL RESERVE

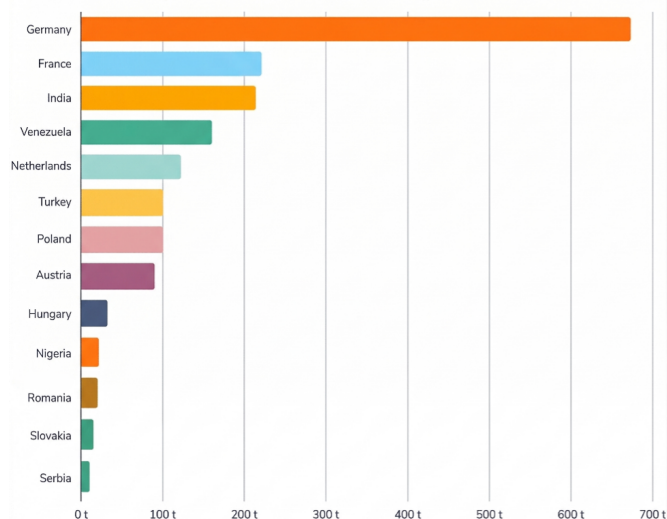


Source: Federal Reserve Board

The catalyst for this shift is clear. The freezing of roughly \$300bn in Russian foreign currency reserves in 2022 sent a strong signal: assets held in another country’s jurisdiction may no longer be fully sovereign under certain political conditions. An Invesco survey of central banks, updated in 2025, found that the share storing gold domestically had risen 18 percentage points since that event a near-perfect correlation. Gold has long been seen as the ultimate safe-haven asset, but the events of 2022 exposed a structural blind spot: physical counterparty risk had replaced jurisdictional risk, and that distinction had not been properly priced.

The response has been both geographically broad and substantial in tonnage. According to Bloomberg, India repatriated approximately 280 tonnes over four years, including a significant tranche from the Bank of England in 2024. In July 2025, Bloomberg also reported that Serbia returned its entire gold stock, valued at roughly \$6bn, to domestic vaults, explicitly avoiding traditional global custody hubs. Poland, Turkey, and Nigeria have made similar moves, reflecting a structural shift that, while concentrated in emerging markets, is now spreading into Western Europe.

Repatriate gold by foreign country



Source: World Gold Council, Wikipedia gold repatriation

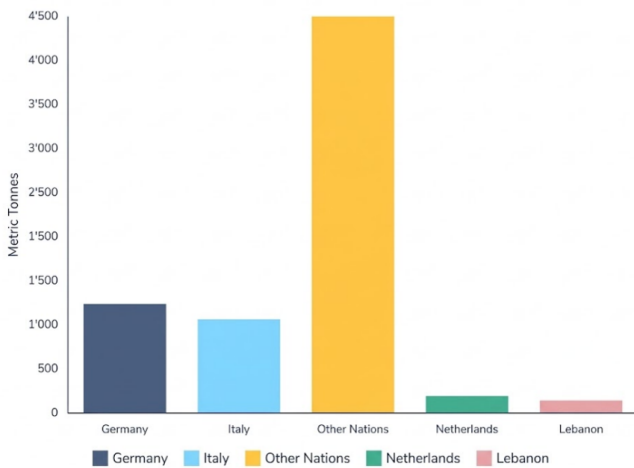
The pace of net accumulation reinforces the picture. According to WGC data, central bank gold purchases exceeded 1,000 tonnes per year in each of 2022, 2023, and 2024—a sustained pace with no modern precedent. The figure moderated to 863 tonnes in 2025 but remained historically elevated. Total gold held by central banks globally was valued at approximately \$4tr at the start of 2026, surpassing, for the first time, the roughly \$3.9tr in US Treasuries held by the same institutions. This marked a reordering of reserve asset preferences with significant long-term implications (WGC and Visual Capitalist, early 2026).

France’s Banque de France provides the most instructive example. Between July 2025 and January 2026, it completed a discreet operation involving 129 tonnes of gold at the New York Fed—about 5% of its 2,437-tonne reserve—executed across 26 separate transactions. Importantly, this was not a conventional repatriation. Instead of physically shipping old ingots across the Atlantic, the Banque de France sold its older-format gold in New York and repurchased modern London Good Delivery bars in Paris. The accounting outcome, reported by La Tribune, was remarkable. A combined gain of €12.8bn, €11bn booked in 2025 and €1.8bn in 2026, achieved without moving a single bar physically. While the financial press called it repatriation, it was technically a quality arbitrage that happened to relocate the gold home.

## The end of the American vault illusion

Germany's situation highlights the strategic stakes in a way that France's discreet operation did not. The Bundesbank still holds 1,236 tonnes at the Federal Reserve Bank of New York, representing 36.6% of its total 3,378-tonne reserve and the largest single foreign holding at the NY Fed. From 2013 to 2017, Germany repatriated 674 tonnes from the NY Fed and the Banque de France, making it the largest gold repatriation operation to date. For context, the NY Fed stores about 6,331 tonnes of foreign gold, so Germany alone accounts for nearly 20% of all foreign sovereign gold in lower Manhattan. Between 2013 and 2021, Germany repatriated 300 tonnes from New York and 283 tonnes from Paris, completing what was then considered routine modernisation. The 1,236 tonnes remaining were explicitly judged at the time to be securely placed.

### CENTRAL BANK GOLD HOLDINGS IN US DEPOSITORIES



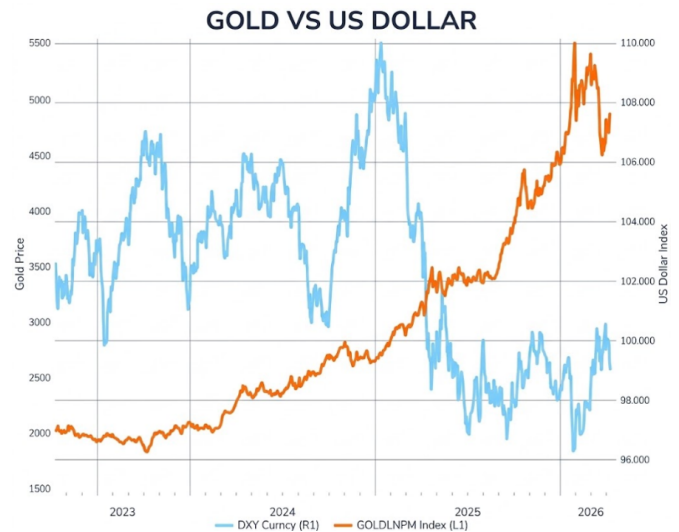
Source: Federal Reserve Bank of New York

That judgment is now politically contested. In January 2026, Emanuel Mönch, a former senior Bundesbank official, stated that, given current geopolitical risks, storing so much gold in the United States was dangerous. He suggested the Bundesbank consider further repatriation to strengthen strategic independence. His view reflects a growing sentiment across the German political spectrum, from the AfD to members of the Greens and FDP. The Bundesbank's official stance remains unchanged, New York is still seen as a secure and reliable storage location, and no new repatriation plan is underway. Yet the gap between institutional inertia and political pressure is increasingly evident.

The deeper issue is structural. For decades, holding gold in New York relied on three main pillars: liquidity (the ability to sell or pledge gold quickly in the world's largest market), network effects (the LBMA and NY Fed markets handle gold trading at scale), and political trust (it was considered unlikely that Washington would ever leverage custody arrangements). Each of these pillars has been partially affected. The 2022 sanctions showed that the US and its allies are willing to use financial infrastructure as a geopolitical tool. A more transactional foreign policy in Washington has reinforced this concern. Meanwhile, improvements in LBMA access and European gold infrastructure mean that storing gold domestically no longer comes with a major liquidity penalty.

## The gold the market hasn't priced in yet

Investment banks broadly agree on rising gold prices, with differing targets reflecting confidence in a structural shift in central bank behaviour. Goldman Sachs raised its 2026-27 forecast to \$4,000-\$5,400, driven by emerging-market central bank demand. J.P. Morgan Private Bank projects \$6,000-\$6,300, linking gains to diversification away from US dollars. UBS targets \$4,200, citing reduced dollar exposure globally. The \$3,100-\$6,300 range reflects uncertainty over the pace of gold repatriation and reserve diversification, not disagreement on the upward trend, showing consensus on long-term bullishness amid changing central bank strategies. January's trend confirms the growing enthusiasm for gold.



Source: Bloomberg

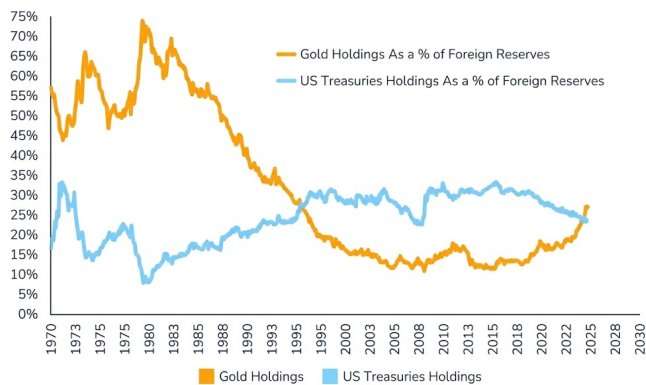
Gold repatriation doesn't increase global supply but shifts its distribution and accessibility. For instance, when the Banque de France replaced New York ingots with London Good Delivery bars in Paris, global central bank holdings stayed the same, only reclassified. The LBMA, handling \$30bn daily, assumes institutional gold remains accessible. As available supply declines, borrowing costs rise, prices tighten, and immediate physical gold trades at a premium over paper gold. This creates a shortage of readily accessible gold, unseen in standard flow data and largely overlooked in market models, highlighting the impact of distribution over total stock.

If Germany were to implement a similar program for its 1,236 tonnes at the NY Fed, the impact on the physical market would be much greater. That gold would need to be sourced, refined to current standards, and delivered, creating real demand pressure in the LBMA system without any rise in total central bank holdings. The market has not priced this scenario. The German repatriation debate remains largely political, and Bundesbank guidance gives no sign of imminent action. However, the same factors that led France to act—differences in bar quality, the presence of European counterparties, and a geopolitical environment that favours holding gold domestically—also apply to Germany.

### Understanding the de-dollarisation trend

Gold repatriation is often seen as a symbolic geopolitical move, but the reality is more concrete. When central banks bring gold home, they also reduce their reliance on the dollar system its clearing networks, custodians, and settlement infrastructure. Each tonne repatriated is one less tonne tied to dollar-based channels or exposed to US sanctions risk. The impact is already visible. In early 2026, the value of gold held by central banks surpassed US Treasuries about \$4tr versus \$3.9tr. This marks a slow but steady shift away from the dollar as the dominant reserve asset. Unlike currency diversification, this trend is hard to track in official data. But it is real, accelerating, and still largely unpriced.

### CENTRAL BANKS: GOLD AND US TREASURIES HOLDINGS



Source: Bloomberg, Tavi costa

Historically, gold tended to fall when the dollar strengthened and real interest rates rose. That relationship has weakened since 2022 because central banks have become major buyers driven by geopolitical concerns, not market signals like yields or currencies. This creates a price-insensitive source of demand. As a result, traditional gold pricing models no longer fully apply and tend to underestimate prices. This shift helps explain why Goldman Sachs, J.P. Morgan, and UBS are forecasting much higher gold prices than would have seemed reasonable before 2022. The way gold prices are set has changed, but most models haven't caught up yet.

### Conclusion

The structural case for gold repatriation is strong but not without contradictions. Recent Middle East conflicts have further complicated matters, sometimes weakening both gold and the dollar, breaking traditional correlations. Central banks are not a unified bloc—some accumulate, some repatriate, some sell under pressure. While WGC data, price targets, and repatriation flows confirm the trend, the pace is uneven and motivations differ. Gold remains a monetary insurance, but its terms and dynamics are more complex than the narrative suggests.

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