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Research Note

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Gold as a Monetary Signal: Central Bank Accumulation, De-Dollarization, and the Impact on CTA Portfolios

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Executive Summary

Gold's passive store value shifted to an active geopolitical tool. Central Banks use it as a strategic monetary signal.¹ Reduces vulnerability against dollar and makes gold a leading indicator of:

Geopolitical risk premium. De-dollarization momentum. Monetary policy divergence between USD-aligned and non-aligned economies.

Central banks purchased an average of 473 tonnes of gold per year between 2010 and 2021. Since 2022, annual net purchases have averaged roughly 1,019 tonnes per year (2022–2025), more than double the pre-2022 pace, though the run rate has moderated from the 1,000t+ levels of 2022–2024 to 863 tonnes in 2025, before rebounding to 289 tonnes in the second quarter of 2026 alone.²

So, what happened? Major geopolitical risks. Sanctions and currency freezes have made gold a safer store of value and diversification.

Market dynamics and Behavior:

Continuous buying in large quantities by emerging markets central banks has been a recurring feature post-2022. When prices drop, large buyers step in, which reduces risk for major price crashes.

Central banks typically buy steadily over long periods. This allows smoother and longer-term upward trends with fewer sudden price drops.

Political or economic changes are a risk. If foreign policy is altered, relations are fixed, or immediate cash is crucial, then the commanding buying floor vanishes.

1. Structural Shift in Central Bank Demand: Pre-2022 vs. Post-2022

¹ GoldSilver.com, "Central Bank Gold Reserves," accessed September 2026.

² World Gold Council, "Gold Demand Trends: Full Year 2025" (29 Jan 2026); "Gold Demand Trends: Full Year 2023" (31 Jan 2024); and "Gold Demand Trends: Q2 2026" (30 Jul 2026).

Frequently cited catalyst determinant is the 2022 freeze of ~ \$300 billion of Bank of Russia foreign-exchange reserves.³ Roughly half of Russia's total international reserves at the time. Let's compare annual central bank gold purchases before and after 2022. Table 1 illustrates world gold council (WGC) data.

Table 1: Net Central Bank Gold Purchases, Pre- vs. Post-2022

Period	Net central bank purchases (tonnes)	Source / as of
2010–2021 annual average	473	WGC, Gold Demand Trends: Full Year 2025 (29 Jan 2026)
2022	1,082	WGC, GDT Full Year 2023 (31 Jan 2024), revised
2023	1,037	WGC, GDT Full Year 2023 (31 Jan 2024)
2024	1,092	WGC, GDT Full Year 2025 (29 Jan 2026), revised
2025	863	WGC, GDT Full Year 2025 (29 Jan 2026), data to 31 Dec 2025
2022–2025 average	~1,019	Author calculation from WGC annual data above
H1 2026	345	WGC, GDT Q2 2026 (30 Jul 2026), data to 30 Jun 2026
Q2 2026 (latest quarter)	289	WGC, GDT Q2 2026 (30 Jul 2026)

2. Drivers

Increased gold reserves by Central banks when U.S. interest rates and real Treasury yields are low, and when inflation or government debt is high.

Emerging market economies' share of gold grew over five years while the share of US-denominated reserves dropped to a record low of ~58%.⁴

3. Sovereign vs. Retail/Momentum Demand

Sovereign Buyers: Accumulated gold by emerging market central banks led by Poland (+82t) and China (+40t). **Sovereign sellers:** Will they buy turkey in Q1 and Russia in Q2 (-22t).

Dynamic shifts: Rapid shifts in behavior: 2023 sellers like Kazakhstan and Uzbekistan turned into 2026 buyers. **Demand divergence:** Retail demand stayed average (307t) while institutional sovereign buying surged.⁵

³ Reuters, "Factbox: What and Where Are Russia's \$300 Billion in Reserves Frozen in the West?" 2024.

⁴ Arslanalp, Serkan, Barry Eichengreen, and Chima Simpson-Bell, "Gold as International Reserves: A Barbarous Relic No More?" IMF Working Paper No. 2023/014, International Monetary Fund, 2023.

⁵ World Gold Council, "Central Bank Gold Reserves Survey 2026."

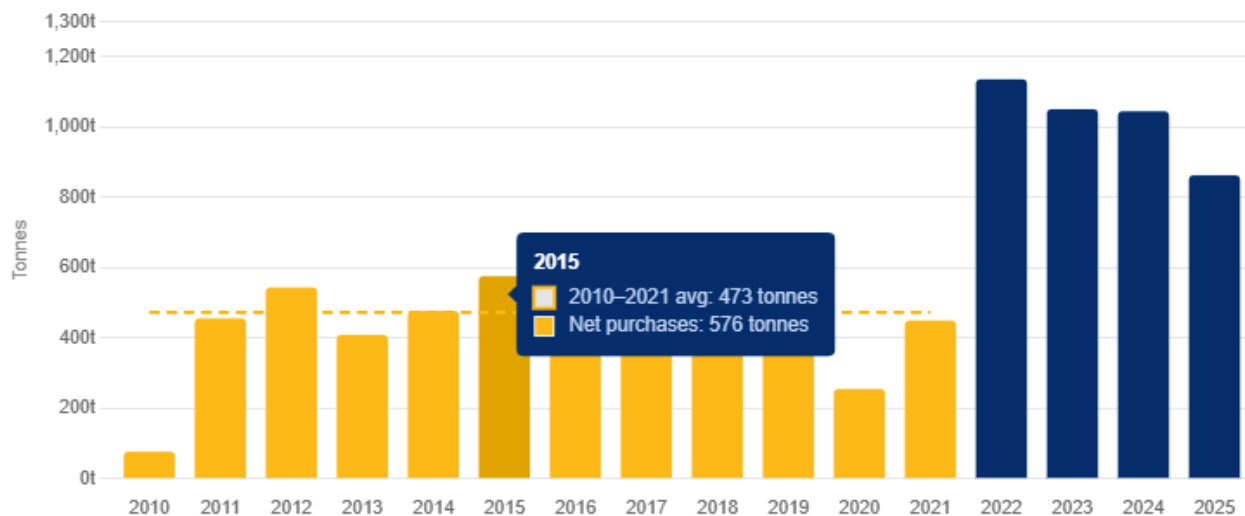
4. Sanctions risk:

Gold reserve, shares, and volume increase due to international sanctions.⁶ This reduces exposure to frozen assets.

When foreign exchange is blocked, sanctioned nations can sell gold to support their economies.⁷ Ex. The bank of Russia released domestic gold to fund its budget from 405.7t to 173.1t (2022-2025).⁸

5. Market Reaction:

Central Bank Net Gold Purchases, 2010–2025



Four consecutive years of massive central bank purchases kept the bull run spewing. Over 800 metric tons annually were purchased and absorbed ~25% of global annual mine output.

Record gold prices:

Average of \$4872.90/oz in Q1 '26 Coach and \$4506.29/oz in Q2'26 (+ 37% year-over-year). 53 new record highs in 2025.⁹

Partial decoupling between gold and real yields and the USD. Mining equities lagged due to cost inflation. Overall trend: allocation shifted from G7 fiat to domestic vaulted gold. More upside volatility spikes in short-term. Long-term trend shows increasing steady growth.

⁶ Business Insider Markets, "De-Dollarization: Central Banks Turn to Gold as a Reserve Asset Amid Concerns Over Dollar Dominance," 2023.

⁷ Reuters/Bloomberg, "Venezuela Sells \$400 Million / \$570 Million in Gold Amid Sanctions," 2019.

⁸ Komersant Ukraine (Foreign Intelligence Service of Ukraine), "Russia Is Selling Gold: How Moscow Is Eating Up Its Last Reserves," 27 November 2025.

⁹ World Gold Council, "Gold Demand Trends: Q2 2026" (30 Jul 2026).



Commodities served a dual role in tangibility and a non-fiat monetary anchor. Gold significantly outperformed, broader, industrial metals and energies when geopolitical fragmentation is evermore present.

6. Implications for CTA / Managed Futures Portfolios

Price support in Crises: Price floor established for gold by sovereign buying. This can decouple it from USD and yield trends during market deliberation, emphasizing the use of diversification.

Central bank buying is not price-sensitive: this smooths out price moves and influences momentum signals that systematic trend followers rely on.

CTA positioning and risk management can be influenced by gold serving as a leading indicator of geopolitical or monetary stress.

Gold accumulation signals: Dollar denominated assets pushed away with strategic diversification. Currency devaluation and counterparty risk are hedged against. Despite its limited role in the medium of exchange, it confidently serves as a long-term store of value.

Practical takeaways: Monitor central bank flows. Differentiate between real accumulation and valuation; accumulation trends can be mimicked. Gold price trends can serve to anticipate regime shifts and serve as a monetary signal to adjust asset allocation and hedge exposure.

7. Conclusion

Market conditions can quickly change during periods of geopolitical and macro-economic stress. The result of gold's structural demand and price appreciation emphasizes the importance of market liquidity and changing asset correlations within a portfolio. These environments highlight the importance of understanding asset dynamics and how to view its long-term benefits.

Data Sources

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