

## **THE U.S. - Key Characteristics of a Reserve Currency**

**A currency becomes a global reserve currency when:**

1. Widely accepted in international trade (e.g., oil, commodities priced in it)
2. Issued by a large and stable economy
3. Deep, liquid financial markets (especially government bonds)
4. Trusted political and legal system
5. Predictable value over time

**A reserve currency is the world's *go-to money*—used for trade, savings, and stability across countries.**

**The dominant reserve currency issuer (currently the U.S.) enjoys major advantages:**

- Cheaper borrowing costs
- Strong demand for government bonds
- Ability to influence global finance and geopolitics
- But....

## **Could the Dollar Lose Its Dominance? Yes — it's already happening**

**Structural Risks for the U.S.**

High U.S. debt, fiscal deficits, political uncertainty, and questions about long-term economic growth make some reserve managers wary of overexposure to the dollar.

- Rival nations want less dependence on USD
- Sanctions show the U.S. controls the system (**others trying to escape that power**)

**As global economic power becomes more distributed — with growth in Europe, Asia, emerging markets — there's pressure to diversify beyond a single dominant currency.**

## **Global Shift: “De-dollarization” and Gold Accumulation.....**

**Countries reducing USD exposure are increasing gold reserves:**

- China  (**Currently the world's biggest gold buyer**)
- Russia
- Turkey
- Middle East oil exporters
- BRICS expansion (Saudi Arabia, Iran, UAE, Egypt joining)

***Overwhelming Demand for Neutral Collateral***

## **.....Gold's Return to Reserve Status**

Even though currencies are no longer gold-backed, global central banks are buying more gold than at any time in the last 60 years....WHY?

### **Diversification of Reserves**

Central banks are gradually holding smaller shares of USD, shifting some reserves to other currencies (or assets) to mitigate risk.

For 50 years, global reserves have relied almost exclusively on the U.S. dollar. But rising geopolitical tensions, trade realignments, and record government debt have triggered the largest diversification shift in modern monetary history.

## **The World is Re-Collateralizing**

**Gold is the world's only neutral, universally trusted reserve asset:**

- Cannot be printed, devalued or frozen
- Immune to sanctions or counterparty default
- Holds value through inflation and currency instability
- Store of value since the beginning of time
- Not tied to a specific government
- Trust is intrinsic
- **Gold is no one's liability**

→ This is especially important for countries wary of U.S. control over the Global System.

## **Gold is the Ultimate Reserve Diversification**

- verifiable, divisible, transferable global collateral
- As countries reduce reliance on the USD (“de-dollarization”), gold’s role expands as a neutral, real-asset anchor. The transition to digital settlement systems accelerates this movement — but digital money requires physical collateral to maintain trust.

**The world is moving away from a single reserve regime toward a multi-polar monetary order. The emerging question is:**

**What collateral anchors trust when reserve power fragments?**

Gold is the only asset that every nation — regardless of politics — agrees has enduring, borderless value. Yet gold alone lacks velocity in a world of instant digital settlement. Gold provides stability. Digital networks provide speed.

**The next evolution of money requires both**

**De-Dollarization + Digitization + Hard-Asset Collateralization**

