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THE PRECIOUS METALS EXCHANGE

Canadian PMX media backgrounder

Precious metals economic timeline

As concerns over national debt and fiscal imbalances in the world's major economies persist, gold and silver are likely to remain in demand as an insurance policy and store of wealth for investors. Making informed and effective investment decisions requires an understanding of how precious metals behave at different economic and historical junctures. The timeline below highlights some of the key milestones in the economic history of precious metals.

Prehistory	Gold becomes the first metal discovered. Small, shiny nuggets were found in streams around the world.
c. 3600 BC	Gold is smelted for the first time in ancient Egypt as it becomes sought by Pharaohs.
c. 3000 BC	Gold jewelry is created in ancient Mesopotamia.
Ancient civilizations	Gold and silver as commodities are used for barter in exchange for other goods and services.
700 BC - 600 BC	Coins begin circulating in the ancient Greek Empire with standardized weights and markings.
c. 1566	Spanish treasure fleets established to bring gold and silver safely back from the Americas.
1717	Gold standard begins in Britain, linking the country's currency to the value of gold.
1848	The California Gold Rush begins.
1896	The Klondike Gold Rush begins after prospectors return to the U.S. with gold. 100,000 people set out for the Klondike but only 40,000 arrive, and of those, only 4,000 actually find any gold.
1850-1900	Paper money backed by gold and silver becomes the most common circulating medium throughout Canada and most of the Western world.
1912-1914	Canada produces $5 and $10 gold coins.
1914-1918	During World War I, many nations suspended convertibility of paper to gold.
1917	After the Bolshevik Revolution in 1917, Russian gold and silver coins retain their value while bank notes become virtually worthless. Many Russians who stored their wealth in banks or paper currency lose everything.
1921-1924	The best-known instance of hyperinflation takes place in Germany. Germany prints money to pay the country's enormous debt following World War I without gold or silver backing. This type of rapid expansion of the money supply quickly results in the public losing confidence in the currency, and the evaporation of wealth stored in cash. In November 1923, monthly inflation in Germany averages more than 300 per cent. Prior to Germany's hyperinflation in 1921, 60 marks had been equal to one U.S. dollar. By January 1924, it takes 4.5 billion marks to equal one U.S.

dollar. If kept in cash, 60 million marks would now be worth about one U.S. cent, with virtually no purchasing power at all.

1933	United States suspends private ownership of gold, stops producing gold coins.
1965	United States introduces coinage made of base metal instead of silver.
1968	Coins made of base metal begin to circulate in Canada.
1969	Canada introduces its first fiat banknotes stating “This note is legal tender” instead of “Will pay to the bearer on demand,” making Canada’s banknotes no longer redeemable in gold or silver.
1971	Fiat money is established in the United States under the Nixon administration, removing the ability of the U.S. dollar to be converted into gold.
1970 – 1980	Cash and bank balances lose nearly all their value in Argentina, Bolivia, Brazil, Chile, Peru and Uruguay as a result of hyperinflation.
1990	Former Eastern Bloc currencies experience a near-complete loss of value. For ordinary citizens of these countries, extreme economic hardships follow. For the few that converted their savings to gold or silver, their wealth was preserved.
1980 – 2000	The Mexican government devalues the peso by increasing the supply of money. In 2000, it takes more than 700 pesos to purchase the same amount of goods as one peso did in 1980.
2000-2011	In a climate of economic uncertainty and instability, investors around the world turn to gold, pushing the value of the metal to new record highs.

Source: **Canadian PMX**
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