



ECONOMIC LENS

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ECONOMIC LENS is meant to provide weekly, focused, and in-depth analysis on issues of high relevance to Egypt's economic landscape. Our coverage will span trade, financial markets, the business environment, the job market, and other critical economic dimensions.

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Gold Shines as Safe-Haven in Uncertain Times



Background: Why Gold Always Comes Back

For centuries, gold has held a unique position in the global financial system. It is not just a commodity – it is a symbol of stability. During wars, crises, and economic turmoil, gold consistently re-emerges as the ultimate safe haven.

Historically, central banks relied on the **Gold Standard**, where currencies were backed by physical gold reserves. Until the early 1970s, under the framework established by the Bretton Woods Agreement, gold was effectively the anchor of the international monetary system.

Even after the world moved away from the gold-backed system, central banks continued to hold significant gold reserves. Today, countries still accumulate gold as part of their strategic reserves to hedge against currency depreciation, geopolitical risk, and financial instability.

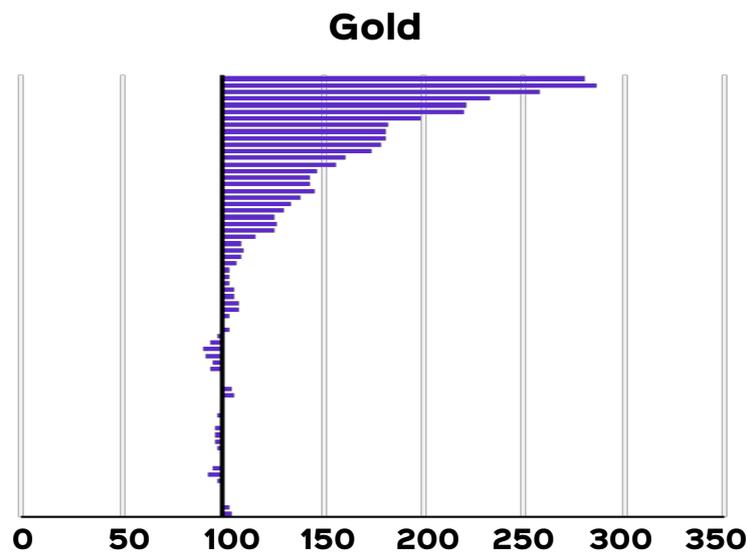
What Is Happening Now?

Gold has witnessed a remarkable surge over the past year and a half. When Donald Trump assumed office, gold was hovering near **\$2,000**. Since then, amid shifting global policies and rising geopolitical uncertainty, the metal has continued its upward trajectory, eventually surpassing **\$5,500** during its latest surge.

More recently, escalating tensions surrounding Iran and broader Middle East instability pushed gold past **\$5,270**, reinforcing its safe-haven appeal.

However, volatility remains part of the story. Today, gold experienced a sharp pullback, reflecting a technical correction after its strong rally. These corrections are natural in any sustained upward trend – particularly after rapid price acceleration.

The broader picture, however, remains clear: gold's overall trajectory has been upward, driven by geopolitical fears, shifting global alliances, inflation concerns, and uncertainty around international policies



What Does It Mean?

The recent surge in gold prices reflects a global shift in investor psychology. Capital is moving toward safety.

As long as international policies remain unpredictable, regional conflicts continue to emerge, and global power dynamics shift, gold is likely to retain its appeal. Investors – both institutional and retail – view gold as protection against systemic risk.

In the short to medium term, prices may continue to fluctuate, with periodic corrections driven by profit-taking or temporary easing of tensions. But the underlying demand remains strong.

In simple terms:

The more uncertain the world becomes, the stronger gold tends to perform.

If geopolitical risks persist and economic volatility remains elevated, gold could maintain its elevated levels – and potentially push higher – even if short-term pullbacks occur along the way.