



**Secure the Gold Gains:
Depositors Come First**

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Between 29 January and 2 February 2026, Lebanon lost around USD 11 billion in the book value of its gold reserves after the price per ounce fell from USD 5,600 to USD 4,400. Therefore, calls grew louder arguing that these foregone gains could have helped repay part of deposits. The legitimate question is straightforward: What if a bigger correction occurs?

Lebanon has an exceptional opportunity to manage a valuable sovereign asset in a way that protects its value and improves the use of its financial impact for the benefit of depositors and the economy. This matter because markets move in cycles:

An upward move, a correction, a period of consolidation, then another upward move ...

If gold is to be included in any solution framework, it must be approached with a clear mindset: protect its gains and make the best use of them.

Parliament acted wisely in the past by prohibiting the selling of gold during particularly sensitive periods in Lebanon's history. Yet turning gold into a fully "untouchable" asset, outside any professional financial management, may cause Lebanon to miss the right moment to preserve the value of this wealth. Recklessness is not the answer – nor is rigidity.

1) The Numbers: Gold Rises... Then it Corrects

Gold should not be assessed only by the peaks it reaches, but also by what often follows those peaks: corrections that can be both deep and prolonged. This is not a matter of opinion; it is a recurring pattern across gold's historical cycles.

Key historical milestones after major peaks

December 1974

- Peak: USD 195/oz
- Subsequent bottom: USD 100
- Decline: 48.72%
- Time to regain the prior peak: 3 years and 3 months (March 1978)

January 1980

- Peak: USD 875/oz
- Subsequent bottom: USD 252 (August 1999)
- Decline: 71.2%
- Time to regain the prior peak: 28 years (January 2008)

September 2011

- Peak: USD 1,920/oz
- Subsequent bottom: USD 1,046 (December 2015)
- Decline: 45.5%

- Time to regain the prior peak: 9 years and 2 months (July 2020)

These facts alone are enough to clarify the core idea: gold can rise strongly, but its history includes severe and extended corrections.

Therefore, discussing the possibility of a correction is not alarmism, but rather a realistic reading of a market that moves in multi-year waves.

2) Gold and Unrealized Gains: Where the Real Risk Lies

In Lebanon, the debate is not only about gold as a sovereign reserve, but also about its value as a backstop within any approach aimed at addressing the current crisis.

One key clarification is necessary:

- Some may view a decline in gold price as mere book losses, but in reality, it is foregone gains.
- If figures are built on a high gold valuation, and gold then undergoes a sharp correction, the credibility of those same figures can be undermined.

For that reason, placing hopes on gold's valuation without protecting its gains or realizing part of them properly, becomes in effect, a bet on a volatile asset.

3) The Scenario Every Citizen Should Understand

As an illustrative example, if gold is valued at USD 5,600 per ounce (the peak recorded in January 2026) and then enters a correction consistent with historical patterns, the picture becomes as follows:

- A 30% correction would take the price to around USD 3,900/oz, bringing the Lebanon gold reserve value to about USD 36 billion.
- What if a deeper correction occurs: 45.5% or 71.2%, as seen in the past?

These are not hypothetical figures. They are scenarios that must be incorporated into any calculations for future plans.

4) The Goal is not to Sell off the Gold ... But to Protect it

The objective is not to sell the asset itself, but to protect its gains, using financial tools and disciplined buy/sell operations, within a clear and transparent governance framework, including:

- Pre-emptive hedging policies through appropriate financial instruments (such as options or futures).
- Active management of the gold position to preserve value and benefit from volatility without compromising the core asset.

- Realizing a measured portion of gains and converting it into liquidity or returns through a fair mechanism that serves depositors.

5) International Practice

International practice in managing gold reserves at central banks is not limited to buying. It also includes tactical selling, rebalancing, and risk management within clear professional frameworks. Even during years of strong net global buying, World Gold Council data indicate that some central banks conducted limited tactical sales as part of active reserve management, not as liquidation or abandonment.

Recent examples include:

- The Central Bank of the Philippines, which confirmed that its sales between March and August 2024 (around 30 tonnes) were part of an active management strategy to benefit from higher prices.
- The National Bank of Kazakhstan, which carried out monthly sales during 2024 amid improving prices.
- The Central Bank of Russia, which sold part of its reserves in January 2026 while gold was at record levels.

Accordingly, the debate in Lebanon should not be framed as a choice between “selling” and “absolute prohibition.” The real choice is between freezing a volatile sovereign asset and managing it professionally within strict legal ceilings, full transparency, and robust hedging and governance mechanisms that protect the national interest and depositors’ rights.

6) Professional Management of Gold Reserves

In every upward cycle, expectations rise quickly: today the narrative is USD 6,000 per ounce, tomorrow USD 7,000. At the first decline, the same narrative turns into excessive fear. These “greed and fear” reactions are typical, but they are not a sound foundation for national policy.

Is Lebanon’s gold protected, or is it simply exposed to market volatility?

It is useful to consider an approach that distinguishes between two clear components:

- A fully protected reserve portion, preserved as a sovereign cornerstone.
- A limited and carefully managed portion, operated under a strict professional framework to protect value and generate gradual benefit for depositors and the economy.

This is the right formula: no random selling and no complete paralysis, only responsible professional management.

7) Gold and its Role in Solutions

If gold is to be included in any solution, a realistic approach requires clear steps from the outset:

1. Consider correction scenarios based on gold's historical volatility (30%, 40%, 50%) before finalizing the figures—not after a correction occurs.
2. Protect gains through clear hedging tools within transparent governance.
3. Allocate part of realized gains or returns, when achieved, to a mechanism that benefits depositors in a practical and implementable way.
4. Engage international specialists in hedging and repositioning, under clear supervision and professional standards.

Conclusion

Gold is a national wealth that must be managed, and history is clear:

- Gold rises,
- then corrects,
- and regaining previous peaks can take a long time.

For this reason, securing gold gains is not optional. It is necessary so that we do not add yet another missed opportunity to Lebanon's history.

Note: This editorial is part of a series written by the Secretary General of the Association of Banks in Lebanon as part of his introductory articles to a number of periodicals published by ABL. It reflects his personal opinion and analysis of the developments, without binding ABL to its content, which remains the sole responsibility of the Secretary General.
