

# Leave Your Valuables on the Way Out

written by Christopher Ecclestone | March 27, 2026

Early last decade we worked a lot in Turkey, and, as in many countries, there was the official story, and then there was the real story. The official story much repeated by gold bulls everywhere, was that Turks loved gold. Who doesn't but the vast bulk of the Turkish population had little gold and not much interest in accumulating it, unlike the Indian middle classes. The real story was that Turkey was energy poor (except for some frenzied building of dams) and that the country was importing enormous amounts of oil and gas from Iran and paying for it with physical gold. Then the Iranians were moving the gold across the Persian Gulf to the gold bazaar that is the UAE. Ergo sanctions fed the idea that Turkey was a big gold buyer/hoarder when it was only a conduit.

To that then in 2022 was added the extra layer of sanctions against Russia (and friends) for the role in instigating the Ukraine invasion. The *en masse* relocation of a mass of Russians to Dubai was not just because they loved the warmer climes. Russians actually like the cold. What they also liked was Dubai's role as the biggest laundromat on the planet. In comes gold, out go crisp, new dollars.

Much has been made of the role of the Gulf states as "captive" buyers for the tsunami of dollars issued by the US to fund its ever-larger deficits. The gold bugs have latched onto this as one of their prime pillars of gold resurgence without scratching beneath the surface. The old pillars of inflation protection and safe haven in unsafe times became mere backseat drivers.

Few asked themselves what might happen should the wash-cycle be

run in reverse, with the added spin cycle of the Gulf States themselves being ravaged not only ongoing daily pulverisation but also the prospect that post-war the glean will have gone off the dreaming spires and the tax haven status.

Now they are finding out with a vengeance. This though might be only the start of the process. The US, in a bizarre move, started loosening sanctions on Russia and approving oil trades for India (and eventually others). Iran, looking like they currently have a strong hand, despite being outgunned (but smarter) are looking for not only sanctions to be lifted but for massive compensation. As the US will not be putting its hand in its pockets to pay this reparation amount (by some estimates \$500 billion) it will be the Gulf States that will be shaken down. Thus, the Great Liquidation Sale begins. Few recall that at the end of the First Gulf War, the US presented Kuwait with an eye-watering bill for rescuing them from Saddam Hussein. The country had to liquidate many, indeed most, of their international portfolio assets to meet the obligation.

Ironically, in light of how we started off this article, it was [reported](#) by Reuters this week that the Turkish Central Bank's gold reserves, fell by almost 50 tonnes to 772 tonnes in the preceding week, marking the largest weekly drop since August of 2018 amid fallout from the Iran war.

**The central bank sold about \$3 billion worth of gold last week for the first time, adding to the \$26 billion in foreign currency sales it has carried out since the Iran war began nearly a month ago, reflecting steps by authorities to stabilise markets. Net reserves have fallen \$35 billion since the Iran war started.** Turkey is the canary in the coal mine (to mix a few metaphors). They won't be the only ones seeking liquidity in this time of stress.

Thus, our argument is that the gold weakness is not just for the duration of the war but rather with sanctions in tatters and rebuilding/reparations on the must-do list, gold could be in for an extended period of liquidation.

But how long will the war itself last. The long derided "it'll be over by Christmas" that was trotted out in 1914, 1939 and with the start of the Ukraine war has been replaced in the annals of idiotic over-weaning confidence with "it'll be over by Monday" (i.e. a *Weekend War*). That has already been proven to be a fallacy.

Many in the precious metals' spaces have been girding their loins for months if not years, and hey, we just thought they were self-pleasuring themselves. But, lo and behold, their moment of being right has come to fruition, but scarcely has it been the push to \$10,000 gold that we had been promised. Gold has behaved like a souffle taken out of the oven too early, while Silver, far from the peak of over \$100, reached quite a while before the first missile flew. Maybe the enthusiasts would dismiss this as "buy on the rumour and sell on the news". This is indeed what seems to have taken place.

Our litmus test of what is a good asset to hold in such a situation is to imagine oneself as a resident of Warsaw in 1939. What serves you best when Panzers start rolling your way? Gold in an ingot, silver in coins, Swiss francs or American dollars? Maybe the answer is German marks. As we have noted, the Gulf States are the home of excess cash or at least moving around the excess cash of others and pretending that it's yours.

The old adage, though, that "nothing focuses the mind like hanging," could be tweaked to "nothing focuses the mind like bombing," and even worse, there are few ways out when the airports are all shut down. What to take when you've bought gold

but it's in the vault of your Swiss or London banker? The issue is not how much you have, but can you get your hands on it when what you really need is to snaffle yourself a private jet ride out of the influencers' favorite hellhole.

So, what does one hold as a safe haven investment at this juncture (putting aside appreciation for the moment)? Explorers would seem to have little attraction. Producers have still not fallen back enough, and their epically slack managements have shown the usual bull market tendency to allow massive overruns in OpEx and CapEx. Most producers do not have dividends to underpin their stock prices when the grim reaper comes calling.

The ongoing rationalisation of the royalty company space has been accelerated by the arrival of Tether Investments S.A. de C.V., whose vast balance sheet is beginning to reshape the sector. This stablecoin affiliate has appeared in relatively short order as the Godzilla stamping across the precious metals space. Knocking **Elemental Royalty Corporation (NASDAQ: ELE | TSXV: ELE)** together with **Gold Royalty Corp. (NYSE American: GROY)** makes sense. Instead of just merging them, Tether has enough cash in its till to take them both out. One might also see it chomping upon fallen majors. As the company becomes more au fait with the mysteries and management of mining—rather than just the mechanics of passive vehicles in the royalty space—we might see it going forth and conquering. Frankly, there are not that many other fish in the waters these days.