

USD per ounce of gold



USD per ounce of silver



EURUSD



Source: Thomson Financial.

Precious metals prices

	Actual (spot)	Change against (in percent):		
		2 W	3 M	12 M
I. In US-dollar				
Gold	1.306.6	-1.6	6.9	-2.6
Silver	15.5	-2.7	9.2	-6.8
Platinum	837.8	-0.3	5.0	-9.9
Palladium	1.542.3	3.0	30.9	65.0
II. In euro				
Gold	1.156.5	-1.2	7.1	6.1
Silver	13.7	-2.3	9.4	1.5
Platinum	741.5	0.1	5.2	-1.9
Palladium	1.365.0	3.4	31.1	79.4
III. Gold price in other currencies				
JPY	145.486.0	-1.0	4.9	2.5
CNY	8.766.4	-1.6	3.1	4.1
GBP	994.0	-2.3	3.8	4.1
INR	90.838.7	1.9	6.8	4.0
RUB	85.629.4	-1.3	4.5	11.1

Source: Thomson Financial; own calculations.

OUR TOP ISSUES

This is a short summary of our fortnightly **Degussa Marktreport**.

The Big Central Banks Increase the Case for Gold

Monetary policy is an important impact factor for price action in the precious metals market, as it determines monetary conditions in particular: the supply of money and credit, market interest rates, liquidity conditions, credit risk, etc. By doing so, central banks' monetary policies have a significant influence determining gold's competitive position compared to the world's unbacked paper – or: *fiat* – currencies: *Gold money competes with US dollar, euro, renminbi, Swiss Franc and so on.*

As things stand, the US Federal Reserve (Fed) seems to have ended the interest rate hiking cycle it started in December 2015. Investors have even started whispering about the possibility that the Fed might sooner or later return to a more expansionary stance to support the economy and financial markets. The US central bank has already announced that it will not be shrinking its bloated bond portfolio further, thus leaving plenty of excess reserves in the interbank market.

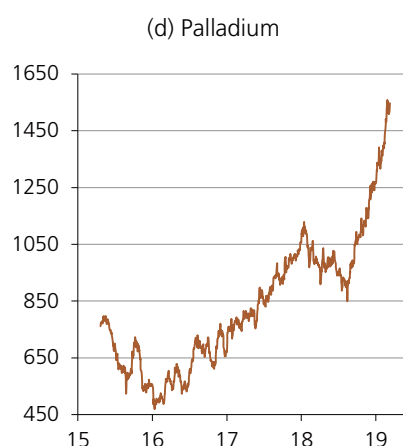
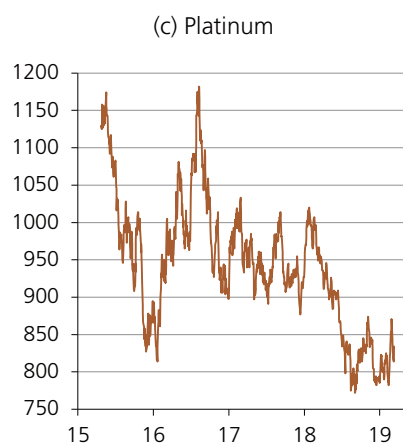
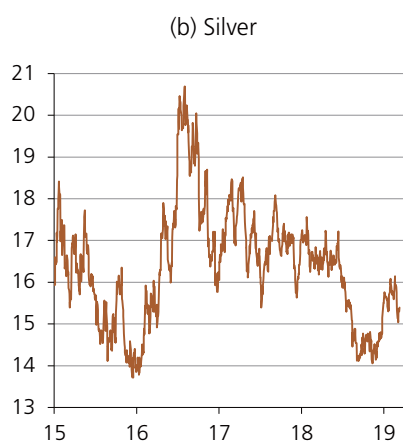
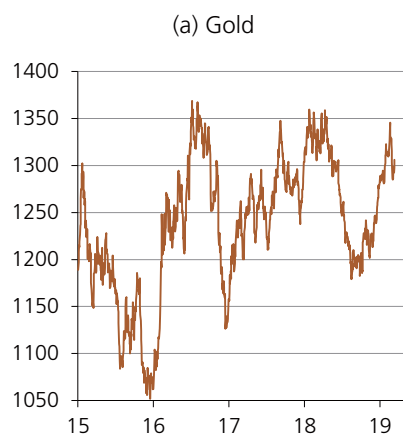
The Peoples' Bank of China (PBOC) announced that it would take action in light of China's slowing economy and lower bank lending. To this end, it may cut interest rates and/or reduce banks' reserve requirements. (Note that the PBOC has cut reserves five times in the past year to encourage bank lending to small businesses. The reserve requirement for big banks is now at 13.5 per cent, the ratio for small- to medium-size banks at 11.5 per cent.)

On 7 March 2019, the council of the European Central Bank (ECB) has made a rather momentous decision: It not only decided to keep borrowing costs at zero, but it also agreed to provide euro area banks with a new series of longer-term credits as from September 2019 until March 2021. While details have yet to be announced, it is very likely that the new euro bank refinancing operations will come with most favourable conditions.

In fact, the new funding can be expected to be unlimited, and it will presumably carry an interest rate of between zero and minus one per cent – corresponding to the ECB's main refinancing rate and deposit facility rate, respectively. If this is the case, it will have a far-reaching effect on euro area credit market conditions: It will bring down interest rates in the euro area and, given the size of the euro area banking industry, exert downward pressure on interest rates in other markets as well.

The Bank of Japan keeps pursuing a monetary policy that effectively controls the yield curve: It has set short-term rates at minus 0.1 per cent, and through bond purchases, it has put the 10-year government bond yield to zero. No end

Precious metal prices (USD/oz) in the last 4 years



of this monetary policy is in sight.

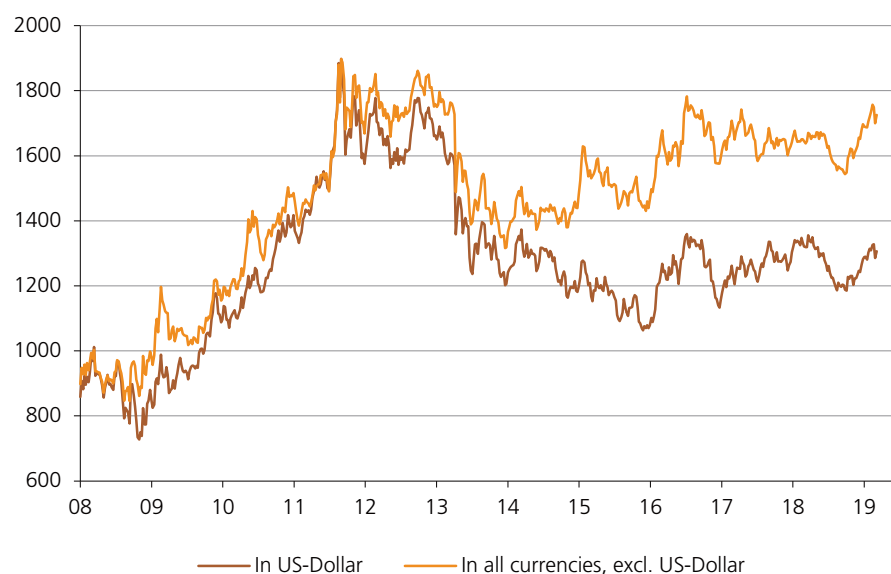
Considering the world's major central banks' monetary policies, there must be growing concern on the part of the investors about the wider consequences these central banks' actions might entail. For instance, with interest rates heading toward or even below zero in many credit market segments, enormous price distortions in financial assets can be expected. What is more, the attempt to ramp up credit and money supply must raise concerns about the future purchasing power of the currencies.

Sound economic reasoning suggests that current monetary policies will not end well. Of course, it is impossible (at least for us) to predict when things are going to turn sour, and what might trigger an extensive correction of all the misallocations heaped up in the course of many years of extremely expansionary monetary policies. From an investor's view, this is where gold comes into play. As in the current monetary environment, gold stands out for several reasons.

The purchasing power of gold – in sharp contrast to bank deposits and short-term debt papers – cannot be debased by central banks' monetary policies. What is more, gold does not carry a credit default- or counterparty-risk. Against this backdrop, gold recommends itself not only as an attractive substitute for bank liabilities in the form of time- and savings deposits, it can also be viewed as portfolio insurance against the potential loss of purchasing power through inflation and/or payment defaults.

The critical question is: What about the current price of gold? Is it cheap enough to justify a purchase recommendation? Yes, we think so, especially for long-term-oriented investors who wish to hold onto liquid means in the years to come. If central banks keep exaggerating their money printing schemes, it is hard to imagine that gold will not become increasingly competitive in the universe of liquid assets.

Gold price per ounce in US dollars and all world currencies (excl. the US dollar)*



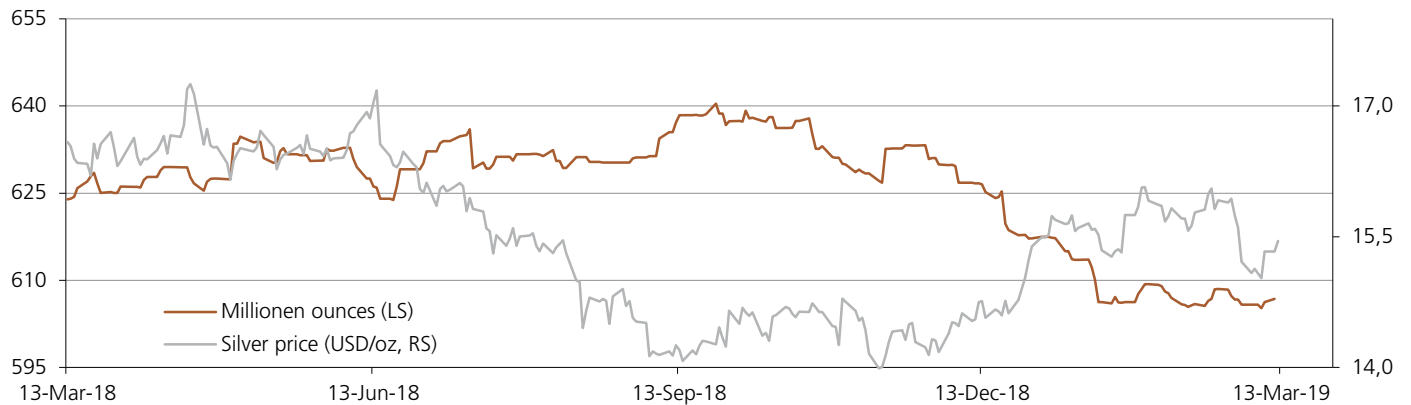
Source: Bloomberg; own calculations. *Calculated from the gold price (USD/oz) and the nominal trade weighted exchange rate of the US dollar. The timeline was indexed at 5 September 2011 with a value of 1.900.

Precious metals prices and ETF holdings

Gold ETFs (million ounces) and gold price (USD/oz)



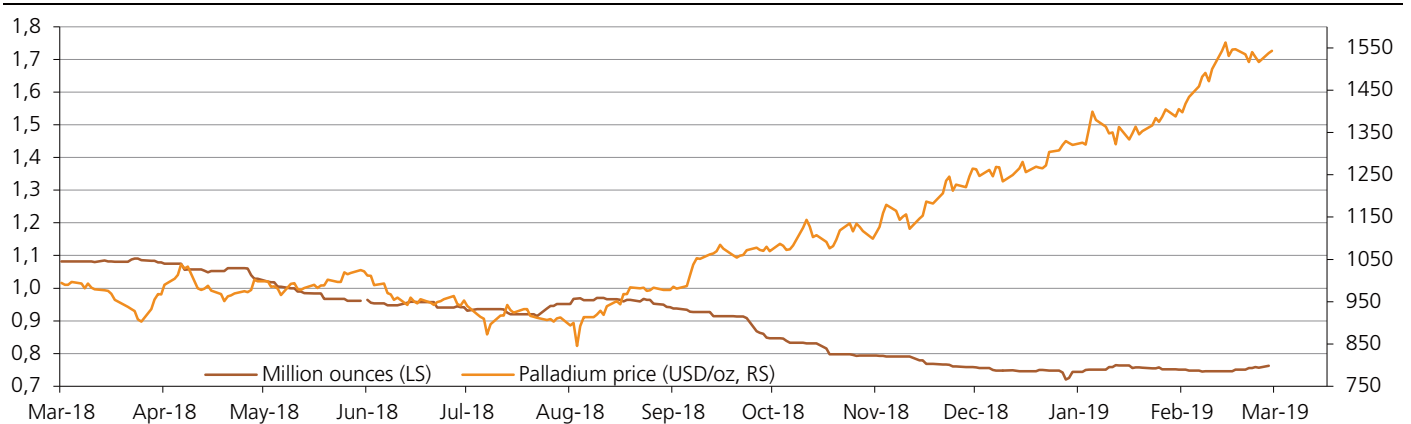
Silver ETFs (million ounces) and silver price (USD/oz)



Platinum ETFs (million ounces) and platinum price (USD/oz)



Palladium ETFs (million ounces) and palladium price (USD/oz)



Source: Thomson Financial.

Precious metals prices

In US-dollar

	Gold		Silver		Platinum		Palladium	
I. Actual	1306.5		15.5		838.0		1541.0	
II. Gliding averages								
5 days	1292.2		15.2		823.6		1523.8	
10 days	1297.4		15.3		840.4		1534.1	
20 days	1312.0		15.6		828.3		1501.9	
50 days	1303.3		15.6		815.5		1407.8	
100 days	1269.9		15.1		817.9		1295.5	
200 days	1247.3		15.2		823.3		1137.2	
III. Bandwidths for 2019	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
	1223	1480	14.4	19.1	785	903	1204	1368
(1)	-6	13	-7	23	-6	8	-22	-11
IV. Annual averages								
2015	1260		19.1		1382		800	
2016	1163		15.7		1065		706	
2017	1242		17.0		985		617	
2018	1253		17.1		947		857	

In Euro

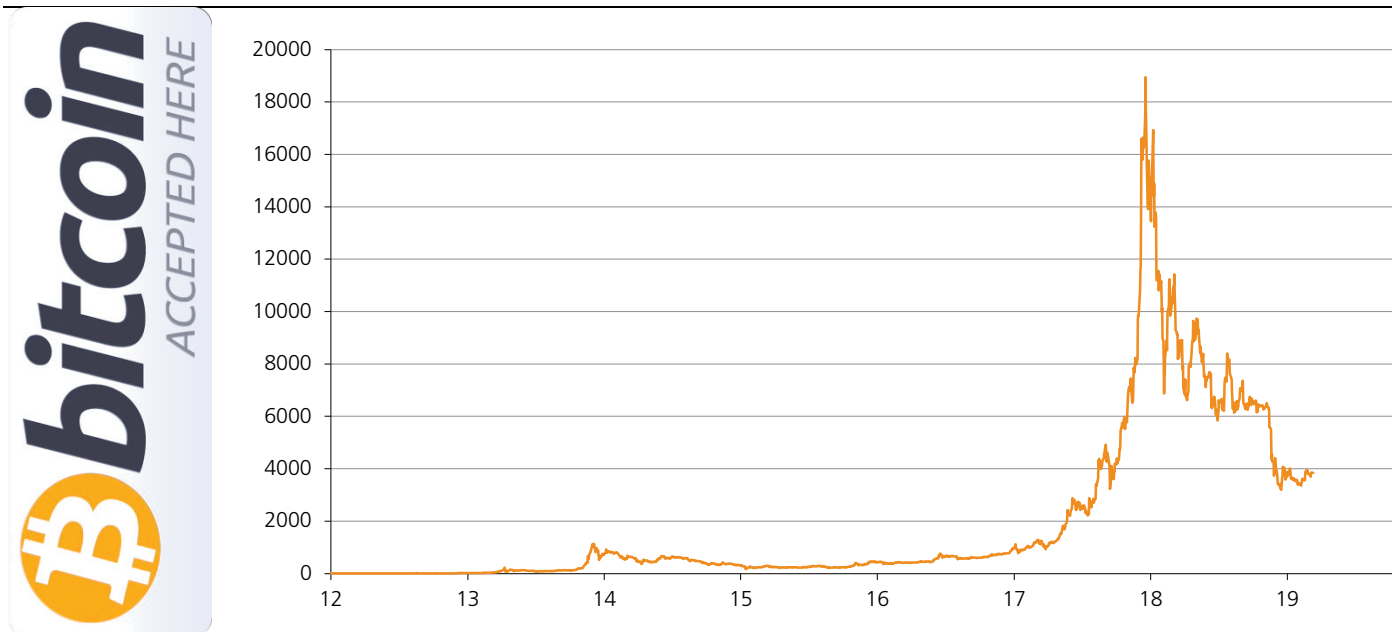
	Gold		Silver		Platinum		Palladium	
I. Actual	1156.8		13.7		741.9		1364.4	
II. Gliding averages								
5 days	1148.0		13.5		731.7		1353.7	
10 days	1147.4		13.5		743.2		1356.8	
20 days	1159.7		13.8		732.0		1327.4	
50 days	1146.5		13.8		717.4		1238.7	
100 days	1116.8		13.3		719.3		1139.5	
200 days	1085.2		13.2		716.1		990.9	
III. Bandwidths for 2019	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
	1067.5	1292.2	12.6	16.7	685.4	788.2	1050.9	1194.7
(1)	-8	12	-8	22	-8	6	-23	-12
IV. Annual averages								
2015	945		14		1035		601	
2016	1044		14		955		633	
2017	1120		15		888		557	
2018	1116		15		844		760	

Source: Thomson Financial; own calculations and estimates.

(1) Estimated return against actual price in percent.

Bitcoin, performance of various asset classes

Bitcoin in US dollars

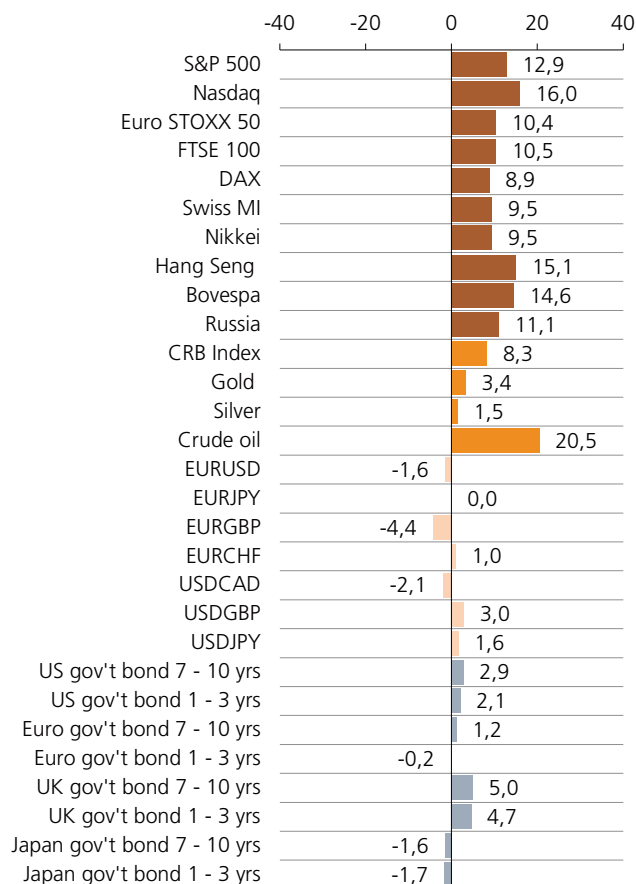
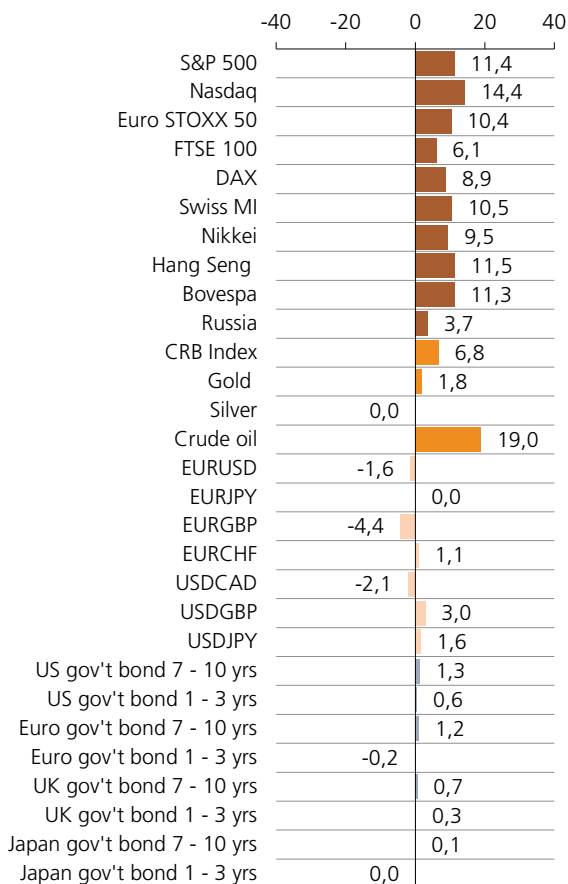


Source: Thomson Financial.

Performance of stocks, commodities, FX and bonds

(a) In national currencies

(b) In euro



Source: Thomson Financial; own calculations

Articles in earlier issues of the *Degussa Market Report*

Issue	Content
14 March 2019	The Big Central Banks Increase the Case for Gold
28 February 2019	The Fed Takes Full Control of the Bond Market – And Raises The Value of Gold
14 February 2019	Everything You Always Wanted to Know About Karl Marx and Central Banking (*But Were Afraid To Ask)
1 February 2019	Pay Attention, Gold Investor: 'This Time is not Different'
17 January 2019	US Interest Rate Down, Price of Gold up
20 December 2018	Gold Money in a Digitalised World Economy
10 December 2018	The Fed Supports Gold
23 November 2018	The Fed Is Not Our Saviour
9 November 2018	The Missing Fear – And The Case For Gold
26 October 2018	President Trump is right: The Fed Is A Big Problem
12 October 2018	Here Goes The Punch Bowl
28 September 2018	The Fed's Blind Flight
14 September 2018	How Fed Policy Relates to the Price of Gold
31 August 2018	Central Banks Enrich a Select Few at the Expense of Many
17 August 2018	The US dollar And Gold – Is this Time Different?
20 July 2018	Not All Is Well In Financial Markets
22 June 2018	Euro-Banks In Trouble. A Case for Gold
8 June 2018	Demand for Gold ETFs up Despite Higher Interest Rates
25 May 2018	Mind The Interest Rate
11 May 2018	Mr Buffett on Gold – Viewed Differently
27 April 2018	Moving Towards Higher Gold Prices
13 April 2018	The Risk of a Currency Crisis
29 March 2018	Walking the Tightrope
16 March 2018	Gold, Interest Rates, And Money
2 March 2018	Gold in Times of Boom and Bust
16 February 2018	The Fed Makes The Stock Market A Risky Place
2 February 2018	Central Banks Put a Safety Net Under Financial Markets
19 January 2018	Chances And Risks For Investors in 2018
21 December 2017	New Competition: Gold and Crypto Currencies Against Fiat-Monies
8 December 2017	It Is Just Another Inflationary Boom
24 November 2017	There Is, And Will Be More, Inflation
10 November 2017	Calm Markets: The Great Mystery
27 October 2017	The Interest Rate Becomes A "Crash Factor"
13 October 2017	The Great Complacency
29 September 2017	The German Election Outcome Might Turn Up The Heat On The Euro
15 September 2017	A Case for Gold in the Investment Portfolio
1 September 2017	On the Intrinsic Price of Gold
18 August 2017	Gold in Times of Boom and Bust
4 August 2017	The Underpriced Risk
21 July 2017	The Fed Remains on Course – to Trouble

The Degussa Marktreport (German) and the Degussa Market Report (English) are available at:

www.degussa-goldhandel.de/de/marktreport.aspx.

Disclaimer

Degussa Goldhandel GmbH, Frankfurt am Main, is responsible for creating this document. The authors of this document certify that the views expressed in it accurately reflect their personal views and that their compensation was not, is not, nor will be directly or indirectly related to the recommendations or views contained in this document. The analyst(s) named in this document are not registered / qualified as research analysts with FINRA and are therefore not subject to NASD Rule 2711.

This document serves for information purposes only and does not take into account the recipient's particular circumstances. Its contents are not intended to be and should not be construed as an offer or solicitation to acquire or dispose of precious metals or securities mentioned in this document and shall not serve as the basis or a part of any contract.

The information contained in this document was obtained from sources that Degussa Goldhandel GmbH holds to be reliable and accurate. Degussa Goldhandel GmbH makes no guarantee or warranty with regard to correctness, accuracy, completeness or fitness for a particular purpose.

All opinions and views reflect the current view of the author or authors on the date of publication and are subject to change without notice. The opinions expressed herein do not necessarily reflect the opinions of Degussa Goldhandel GmbH. Degussa Goldhandel GmbH is under no obligation to update, modify or amend this document or to otherwise notify its recipients in the event that any circumstance mentioned or statement, estimate or forecast set forth in this document changes or is subsequently rendered inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any views described herein would yield favorable returns on investments. There is the possibility that said forecasts in this document may not come to pass owing to various risk factors. These include, without limitation, market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the circumstance that underlying assumptions made by Degussa Goldhandel GmbH or by other sources relied upon in the document should prove inaccurate.

Neither Degussa Goldhandel GmbH nor any of its directors, officers or employees shall be liable for any damages arising out of or in any way connected with the use of this document and its content.

Any inclusion of hyperlinks to the websites of organizations in this document in no way implies that Degussa Goldhandel GmbH endorses, recommends or approves of any material on or accessible from the linked page. Degussa Goldhandel GmbH assumes no responsibility for the content of and information accessible from these websites, nor for any consequences arising from the use of such content or information.

This document is intended only for use by the recipient. It may not be modified, reproduced, distributed, published or passed on to any other person, in whole or in part, without the prior, written consent of Degussa Goldhandel GmbH. The manner in which this document is distributed may be further restricted by law in certain countries, including the USA. It is incumbent upon every person who comes to possess this document to inform themselves about and observe such restrictions. By accepting this document, the recipient agrees to the foregoing provisions.

Imprint

Marktreport is published every 14 days on Thursdays and is a free service provided by Degussa Goldhandel GmbH.

Deadline for this edition: 14 March 2019

Publisher: Degussa Goldhandel GmbH, Kettenhofweg 29, 60325 Frankfurt, Tel.: (069) 860068-0, Fax: (069) 860068-222

E-Mail: info@degussa-goldhandel.de, Internet: www.degussa-goldhandel.de

Editor in chief: Dr. Thorsten Polleit

Degussa Market Report is available on the Internet at: <http://www.degussa-goldhandel.de/infoteh/marktreport/>



Frankfurt Headquarters

Kettenhofweg 29 · 60325 Frankfurt
Phone: 069-860 068 – 0 · info@degussa-goldhandel.de

Retail buying and selling outlets in Germany:

Augsburg (shop & showroom): Maximiliansstraße 53 · 86150 Augsburg
Phone: 0821-508667 – 0 · augsburg@degussa-goldhandel.de

Berlin (shop & showroom): Fasanenstraße 70 · 10719 Berlin
Phone: 030-8872838 – 0 · berlin@degussa-goldhandel.de

Frankfurt (shop & showroom): Kettenhofweg 25 · 60325 Frankfurt
Phone: 069-860 068 – 100 · frankfurt@degussa-goldhandel.de

Hamburg (shop & showroom): Ballindamm 5 · 20095 Hamburg
Phone: 040-329 0872 – 0 · hamburg@degussa-goldhandel.de

Hanover (shop & showroom): Theaterstraße 7 · 30159 Hanover
Phone: 0511-897338 – 0 · hannover@degussa-goldhandel.de

Cologne (shop & showroom): Gereonstraße 18-32 · 50670 Cologne
Phone: 0221-120 620 – 0 · koeln@degussa-goldhandel.de

Munich (shop & showroom): Promenadeplatz 12 · 80333 Munich
Phone: 089-13 92613 – 18 · muenchen@degussa-goldhandel.de

Munich (Old Gold Centre): Promenadeplatz 10 · 80333 Munich
Phone: 089-1392613 – 10 · muenchen-altgold@degussa-goldhandel.de

Nuremberg (shop & showroom): Prinzregentenauer 7 · 90489 Nuremberg
Phone: 0911-669 488 – 0 · nuernberg@degussa-goldhandel.de

Pforzheim (refinery): Freiburger Straße 12 · 75179 Pforzheim
Phone: 07231-58795 – 0 · pforzheim@degussa-goldhandel.de

Stuttgart (shop & showroom): Kronprinzstraße 6 · 70173 Stuttgart
Phone: 0711-305893 – 6 · stuttgart@degussa-goldhandel.de

Retail buying and selling outlets around the world:

Zurich (shop & showroom): Bleicherweg 41 · 8002 Zurich
Phone: 0041-44-40341 10 · zuerich@degussa-goldhandel.ch

Geneva (shop & showroom): Quai du Mont-Blanc 5 · 1201 Genève
Phone: 0041-22 908 14 00 · geneve@degussa-goldhandel.ch

Madrid (shop & showroom): Calle de Velázquez 2 · 28001 Madrid
Phone: 0034-911 982 900 · info@degussa-mp.es

London Sharps Pixley Ltd. (member of the Degussa Group)
Phone: 0044-207 871 0532 · info@sharpspixley.com