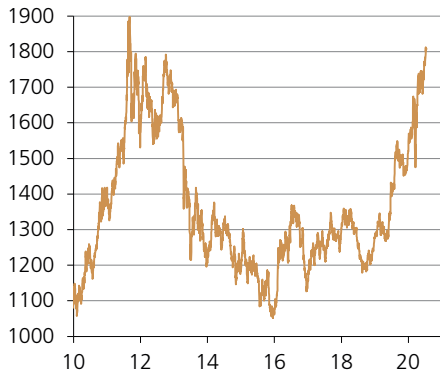


16 July 2020

Economics · Finance · Precious Metals

## USD per ounce of gold



## USD per ounce of silver



## EURUSD



Source: Refinitiv; graphs by Degussa.

### Precious metals prices

	Actual (spot)	Change against (in percent):		
		2 W	3 M	12 M
<b>I. In US-dollar</b>				
Gold	1.804.5	1.9	14.9	27.7
Silver	19.2	8.1	37.3	18.0
Platinum	827.6	4.6	14.6	-3.7
Palladium	1.978.9	6.4	-15.8	30.5
<b>II. In euro</b>				
Gold	1.581.9	0.3	11.1	24.0
Silver	16.8	6.1	33.1	14.5
Platinum	725.6	2.9	11.0	-6.8
Palladium	1.735.0	4.0	-18.6	26.6
<b>III. Gold price in other currencies</b>				
JPY	193.084.0	1.7	14.3	25.6
CNY	12.627.5	0.8	13.5	29.8
GBP	1.438.3	0.2	13.7	23.7
INR	135.662.5	1.9	14.6	39.4
RUB	128.572.2	4.3	4.3	42.9

Source: Refinitiv; calculations by Degussa.

## OUR TOP ISSUE

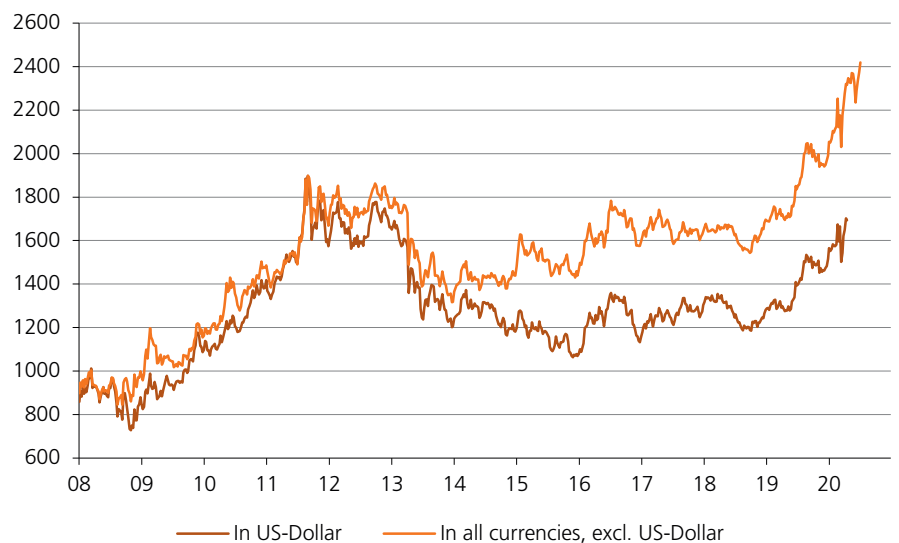
This is a short summary of our fortnightly **Degussa Marktreport**.

## “WORLD GOLD PRICE” HITS A NEW RECORD HIGH

The “world gold price” – that is (in our definition) the price of gold in basically all currencies excluding the US dollar – has hit a new record high (see graph below). It has now well exceeded its last record level seen in September 2011.

As can be seen, the price of gold in US dollar has increased much less. The “gap” between the world gold price and the US dollar gold price suggests that the Greenback is still the most preferred unbacked paper money in the world.

### 1 “World gold price” on the rise



Source: Refinitiv; calculations by Degussa. Indexed (September 2011 = 1.900).

Note in this context that a rising price of gold in terms of money units means that the official currencies are getting debased vis-à-vis gold – and the gold can be viewed as the world’s premier currency, its ‘ultimate means of payment’.

From our viewpoint three factors explain the latest surge in the gold price:

(1) Central banks around the world have pushed market interest rates to extremely low levels. This, in turn, has lowered the opportunity costs of holding gold, thereby increasing the demand for the yellow metal.

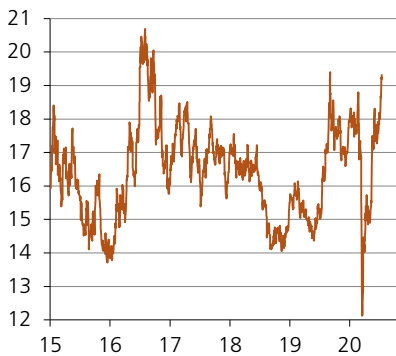
(2) As a reaction to the crises caused by the politically dictated lockdown, central banks strongly expand the quantity of money. As a result, investor have

### Precious metal prices (USD/oz) in the last 7 years

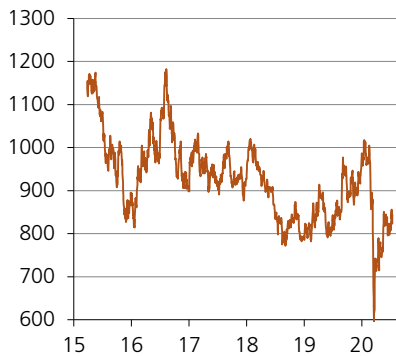
(a) Gold



(b) Silver



(c) Platinum



(d) Palladium



good reason to expect that the purchasing power of the unbacked paper monies will decline.

(3) The monetary policy of suppressing market interest rates and increasing the quantity of money causes malinvestment and price distortions ("speculative bubbles") in financial markets. As a result, investor risks increase.

Under these conditions it is likely that investors will show an increasing interest in holding gold. For gold serves two purposes:

First, gold is an insurance against the loss of the purchasing power of money: The value of gold cannot be debased by central banks running the printing presses.

Second, gold does not carry a credit, or default, risk – as bank deposits and short-term debt instruments do; gold does not have a counterparty risk.

In view of the ongoing monetary expansion worldwide, we think that markets will most likely push further up the price of gold in the coming months. In fact, *we wouldn't be surprised if and when the market will fairly soon test the last record high of the US dollar gold price of 1.900.*

Investors who expect the price of gold to go up further and do not mind high price volatility have reasons to also keep silver in their metal portfolio – as silver stands a fairly good chance to outperform vis-à-vis gold in the coming quarters.

## PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1807.3</b>		<b>19.2</b>		<b>814.3</b>		<b>1948.7</b>	
II. Gliding averages								
10 days	1796.5		18.6		831.4		1943.5	
20 days	1778.3		18.2		822.3		1919.5	
50 days	1744.4		17.5		816.5		1921.7	
100 days	1693.3		16.3		789.0		2011.4	
200 days	1606.2		16.9		863.8		2022.0	
<b>III. Estimates, end 2020</b>	<b>2040</b>		<b>25</b>		<b>1256</b>		<b>1536</b>	
<sup>(1)</sup>	13		29		54		-21	
<i>Band width</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
	1710	2230	19.8	28.8	1020	1492	1300	1772
<sup>(1)</sup>	-5	23	3	50	25	83	-33	-9
V. Annual averages								
2017	1253		17.1		947		857	
2018	1268		15.8		880		1019	
2019	1382		16.1		862		1511	

In Euro per ounce

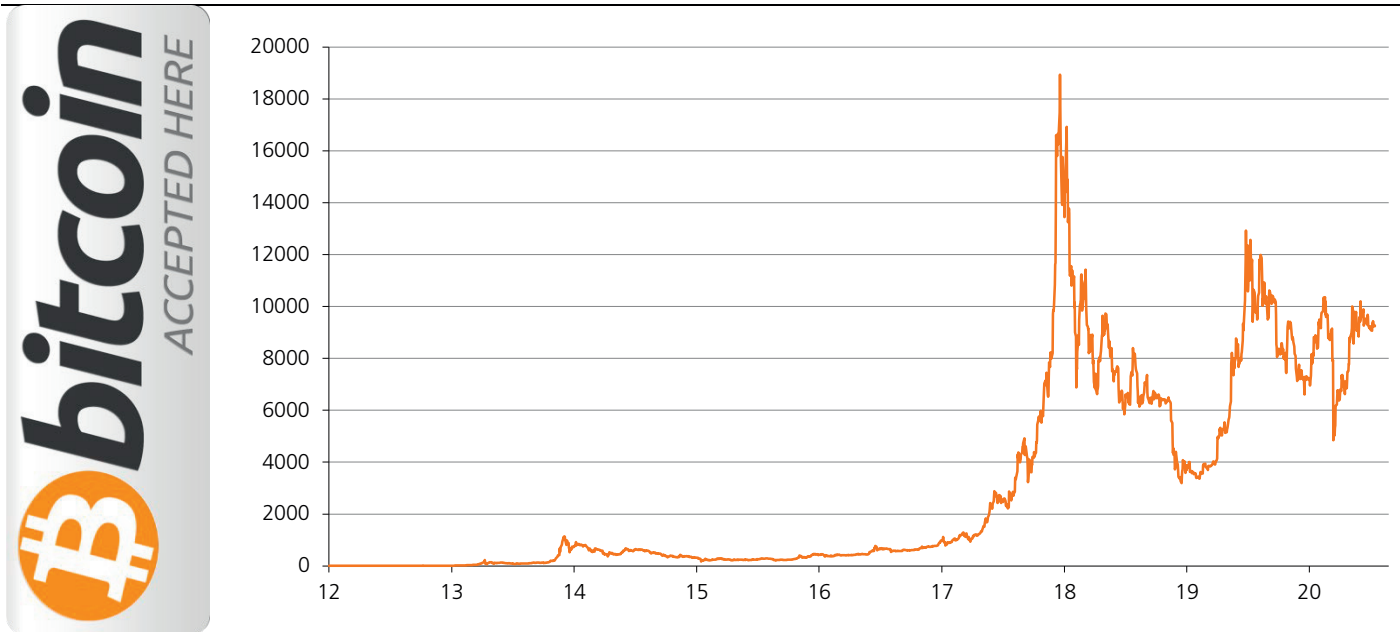
	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1584.7</b>		<b>16.9</b>		<b>714.0</b>		<b>1708.6</b>	
II. Gliding averages								
10 days	1587.1		16.5		734.5		1716.8	
20 days	1576.4		16.2		728.9		1701.4	
50 days	1564.2		15.7		732.1		1723.2	
100 days	1531.9		14.7		713.4		1819.7	
200 days	1453.2		15.3		781.3		1830.0	
<b>III. Estimates, end 2020</b>	<b>1910</b>		<b>23</b>		<b>1180</b>		<b>1440</b>	
<sup>(1)</sup>	21		39		65		-16	
<i>Band width</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
	1600	2090	18.6	27.1	950	1400	1220	1660
<sup>(1)</sup>	1	32	11	61	33	96	-29	-3
V. Annual averages								
2017	1116		15		844		760	
2018	1072		13		743		863	
2019	1235		14		770		1350	

Source: Thomson Financial; calculations and estimates Degussa. Numbers are rounded.

<sup>(1)</sup> On the basis of actual prices.

# BITCOIN, PERFORMANCE OF VARIOUS ASSET CLASSES

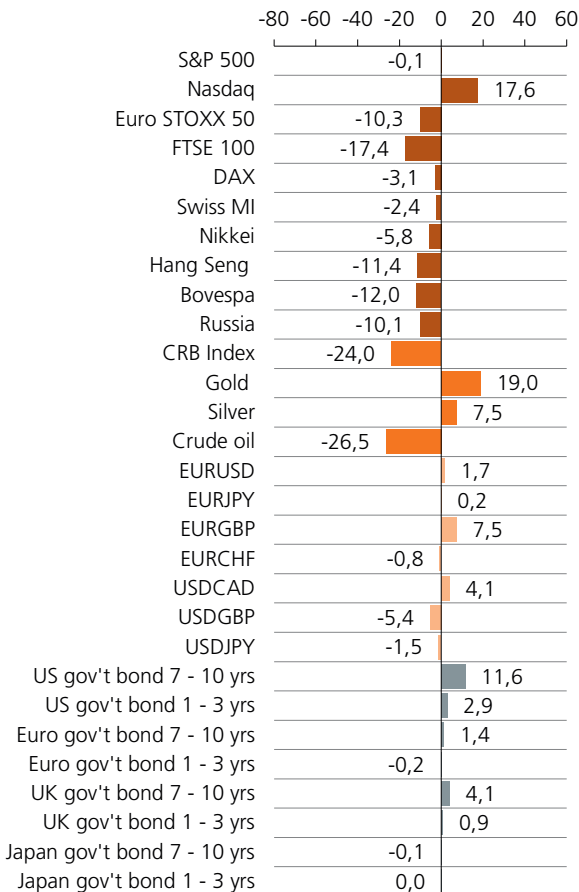
## Bitcoin in US dollars



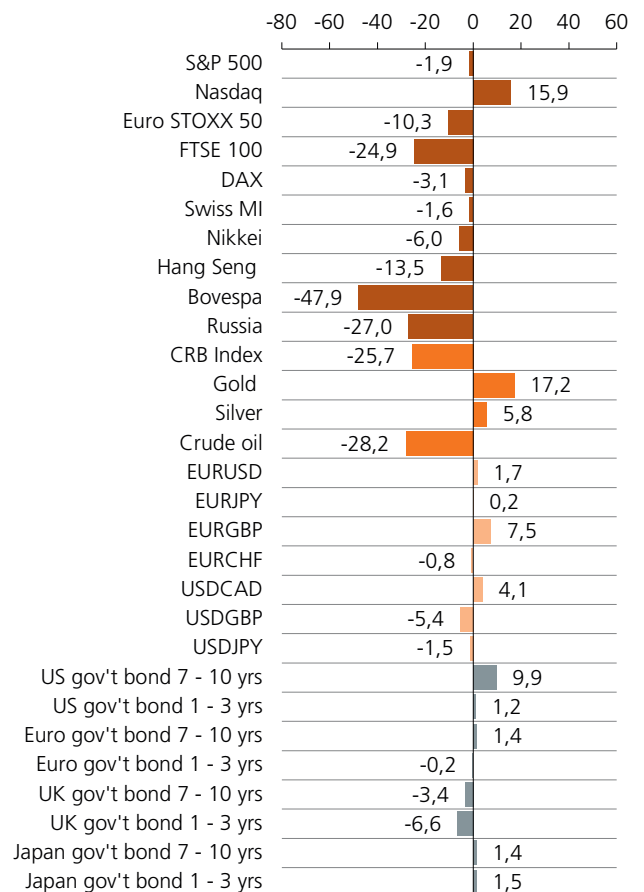
Source: Refinitiv; graph by Degussa.

## Performance of stocks, commodities, FX and bonds

(a) In national currencies



(b) In euro



Source: Refinitiv; calculations by Degussa.

**Articles in earlier issues of the *Degussa Market Report***

Issue	Content
16 July 2020	"World Gold Price" Hits A New Record
2 July 2020	Some Things You Need To Know About Money
4 June 2020	Gold in Times of Economic Crisis and Social Revolution
20 May 2020	First the Money Supply Shock, Then the Inflation Shock
7 May 2020	Be Aware of What Inflation Really Is
23 April 2020	The Undesirable Effects of the Corona-Virus Relief Package
9 April 2020	The Boom And Bust Theory That Does Not Crash
26 March 2020	With Mega Bail Outs, Governments Are The Big Winners
12 March 2020	The Truth About Money – Past, Present, Future
27 February 2020	Inflation Policy And Its Supporters
13 February 2020	Gold-ETFs Versus Physical Gold: Difference Matters
30 January 2020	Do Not Think The Era Of Boom And Bust Has Ended
23 January 2020	Bull Markets, No Bubble Markets: Gold And Silver In 2020
19 December 2019	The Inflation Sham
5 December 2019	Why the Feared Crash Keeps Us Waiting
21 November 2019	Asset Price Inflation and the Price of Gold
7 November 2019	ETFs Drive Gold Demand
24 October 2019	The Inflationary Supply Of Unbacked US Dollars And The Price Of Gold
10 October 2019	Let's Get Physical With Gold And Silver
26 September 2019	The US Dollar Beast
12 September 2019	The Inflationary Tide That Lifts all Boats but One
29 August 2019	The Disaster of Negative Interest Rate Policy
15 August 2019	The Gold Bull Market Is Back
1 August 2019	Gold And Silver Prices – Get Going!
19 July 2019	Facebook's Fake Money
4 July 2019	It Looks Like A Gold Bull Market, It Feels Like A Gold Bull Market – Maybe It Is A Gold Bull Market?
19 June 2019	Good Money, Bad Money—And How Bitcoin Fits In
6 June 2019	Gold Outshines The US Dollar
23 May 2019	The Boom That Will Have It Coming
9 May 2019	The Crusade Against Risk
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11 April 2019	Be Prepared For All Possibilities. The Case For Gold
28 March 2019	Sword of Damocles Over Asset Prices
14 March 2019	The Big Central Banks Increase the Case for Gold
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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

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**[www.degussa-goldhandel.de/marktreport](http://www.degussa-goldhandel.de/marktreport)**

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GOLD UND SILBER.

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