

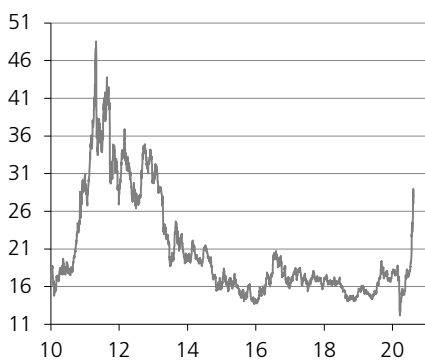
13 August 2020

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
I. In US-dollar				
Gold	1.932.1	1.6	15.0	26.3
Silver	25.9	13.9	72.5	40.4
Platinum	940.6	2.9	21.8	1.2
Palladium	2.140.2	-3.6	9.2	39.8
II. In euro				
Gold	1.632.3	0.1	6.1	17.0
Silver	21.9	12.2	60.4	30.2
Platinum	794.6	1.3	12.7	-6.2
Palladium	1.808.0	-5.0	1.1	29.5
III. Gold price in other currencies				
JPY	206.256.0	2.3	14.2	26.9
CNY	13.413.9	0.6	12.7	22.2
GBP	1.476.1	-0.6	10.3	16.4
INR	144.580.3	1.9	14.2	31.3
RUB	142.126.5	4.5	13.5	39.1

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

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

GOLD AND SILVER PRICES SET TO TREND EVEN HIGHER

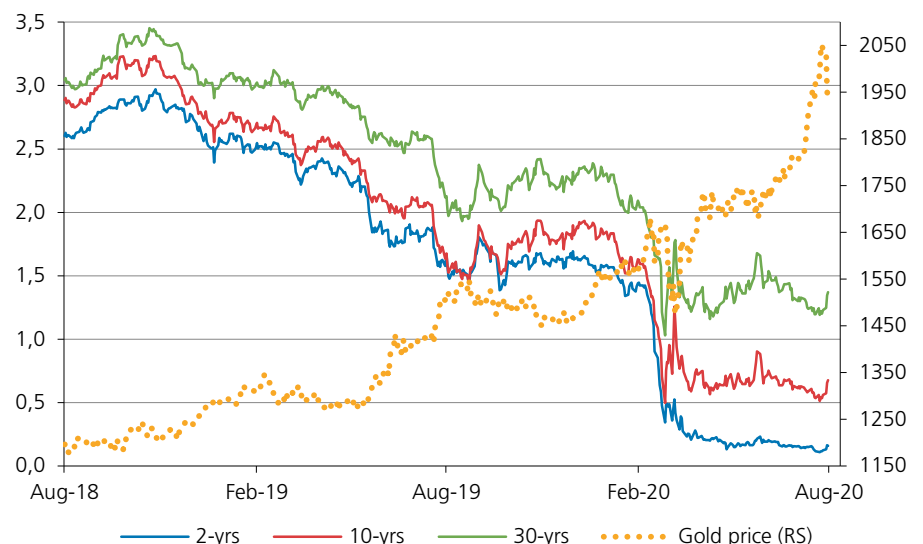
Year-to-date the price of gold is up around 28%, the price of silver 46%. No doubt, these are fulminant price gains realised in a relatively short period of time.

However, from our viewpoint, it seems quite likely that this is not the end of the value appreciation of gold and silver against the world's major fiat currencies, especially for two interrelated reasons.

First, central banks around the world can be expected to keep expanding the quantity of money. It is widely considered to be "good policy" to print up ever greater amounts of new money as a reaction to the economic collapse caused by the politically dictated lockdown. The rising money supply is very likely to push up prices – be it consumer prices or asset prices or a combination of both.

1 Decline in interest rates fuels gold price rise

US interest rates in per cent and gold price (USD/oz)



Source: Refinitiv; graph Degussa.

Second, monetary policymakers push market interest rates to ever lower levels – as this is, in addition to ramping up the money stock, though to support the economy, to revive production and employment growth. While it may help overstretched borrowers, the side effects of artificially lowered interest rates are blood-curdling.

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

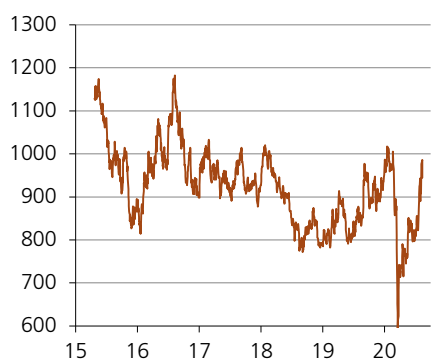
(a) Gold



(b) Silver



(c) Platinum



(d) Palladium



It makes saving impossible. Without a positive real interest rate, there is no way to protect money holders against the loss of purchasing power of money. What is more, artificially suppressed interest rates cause price distortions in financial markets, fuelling speculative bubbles and malinvestment, which make the already crippled economies even more vulnerable to adverse shocks.

In this context it should be noted that the interest rate policy of the US Federal Reserves (Fed) is of the utmost importance, as the Fed is producing the world's reserve currency, the Greenback, and it is fair to say that US interest rates serve as the world's 'key interest rates'. If the Fed decides to bring interest rates down to zero, or even below zero, the impact will be tantamount to a seismic shock.

With the disappearance of US interest rates, global financial markets would lose their most important 'compass'. Trying to assess the fundamental value of, say, stocks, bonds, derivatives, and real estate would turn into fishing in murky waters, or engaging in blind guesswork. In such a scenario, chaotic consequences can be expected for financial markets and real economies.

Under these conditions, the relative attractiveness of holding gold and silver increases from an investor's viewpoint. The purchasing power of gold and silver cannot be debased by central banks running the printing presses. Moreover, gold and silver – in contrast to bank deposits and short-term debt – do not carry a credit default risk.

Furthermore, gold and silver provide a hedge against the downfall of the fiat money system – which may not be around the next corner (as the possibility of survival of the fiat money system is greater than most people might think), but which is an event that certainly carries more than a probability of zero.

Against this backdrop, we have edged up our price estimates for precious metals. The price of gold may reach the level of around 2.550 USD/oz by mid-2021 (with an upper band of around 2.780 USD/oz and a lower band of around 2.310 USD/oz). As far as the price of silver is concerned, a move toward 48 USD/oz in the coming 12 months appears plausible to us.

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1929.2		25.9		935.8		2129.2	
II. Gliding averages								
10 days	1996.4		26.0		940.5		2143.9	
20 days	1929.0		23.8		909.8		2131.8	
50 days	1824.6		20.3		857.6		2007.8	
100 days	1759.3		18.0		814.4		2010.6	
200 days	1648.2		17.5		864.3		2058.1	
III. Estimates, mid 2020	2550		48		1059		2066	
⁽¹⁾	32		85		13		-3	
<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>
	2310	2780	43.0	53.0	823	1295	1899	2299
⁽¹⁾	20	44	66	105	-12	38	-11	8
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

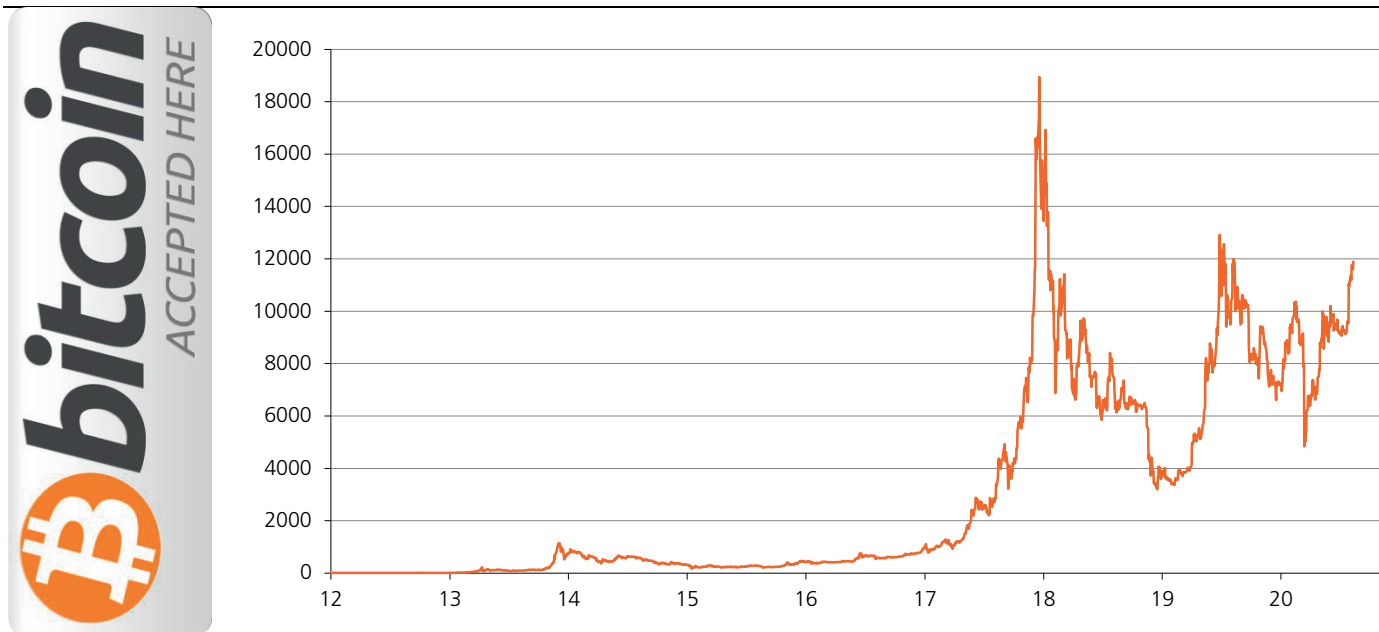
	Gold		Silver		Platinum		Palladium	
I. Actual	1632.2		21.9		791.8		1801.3	
II. Gliding averages								
10 days	1692.8		22.0		797.5		1817.9	
20 days	1652.0		20.3		779.1		1826.0	
50 days	1594.2		17.7		749.2		1754.3	
100 days	1573.6		16.0		728.0		1799.8	
200 days	1482.6		15.7		777.8		1853.2	
III. Estimates, mid 2020	2300		43		950		1860	
⁽¹⁾	41		98		20		3	
<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>
	2080	2510	30.0	47.9	740	1170	1710	2070
⁽¹⁾	27	54	37	119	-7	48	-5	15
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.

⁽¹⁾ On the basis of actual prices.

BITCOIN, PERFORMANCE OF VARIOUS ASSET CLASSES

Bitcoin in US dollars

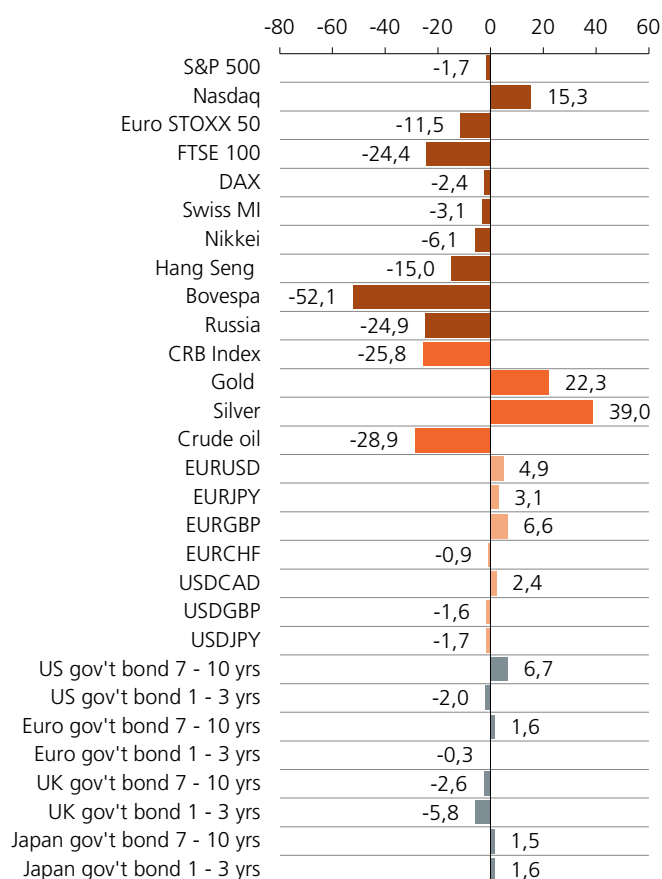
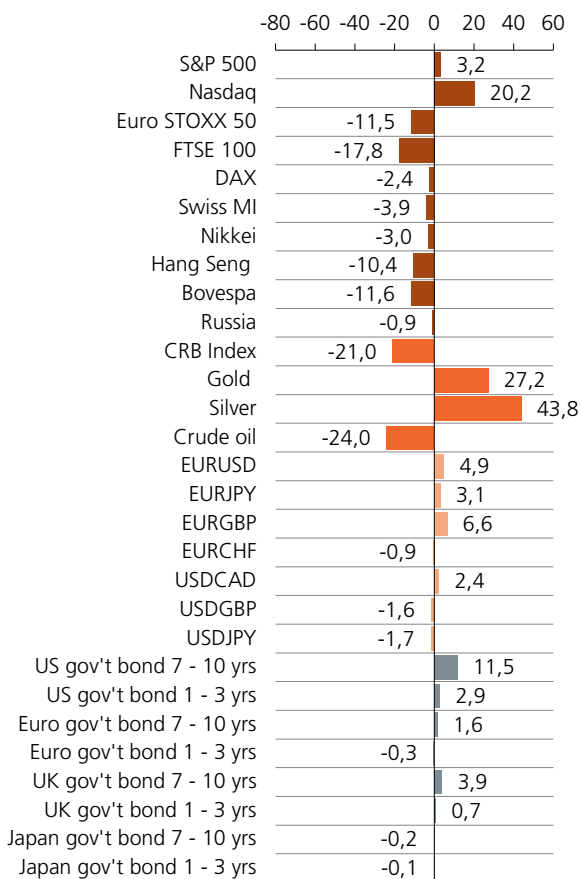


Source: Refinitiv; graph by Degussa.

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
13 August 2020	Gold And Silver Prices Are Set To Trend Even Higher
30 July 2020	The Big Short In Official Currencies
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
25 April 2019	A Sound Investment Rationale for Gold
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
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'

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

www.degussa-goldhandel.de/marktreport

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:** 13 August 2020

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/marktreport/>

Degussa 
GOLD UND SILBER.

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

Dusseldorf (Old Gold Centre): In der KÖ Galerie
Königsallee 60 / Eingang Steinstraße · 40212 Dusseldorf
Phone: 0211-13 06 858 – 0 · duesseldorf@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): Prinzregentenufer 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