

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	1.944.6	-4.4	15.7	27.1
Silver	27.3	-3.4	82.0	48.2
Platinum	933.8	-2.9	20.9	0.4
Palladium	2.183.9	0.3	11.4	42.6
II. In euro				
Gold	1.642.5	-4.8	6.8	17.7
Silver	23.1	-3.8	69.2	37.3
Platinum	788.8	-3.3	11.9	-6.9
Palladium	1.845.0	-0.1	3.1	32.2
III. Gold price in other currencies				
JPY	206.108.0	-4.4	14.1	26.8
CNY	13.378.3	-5.6	12.4	21.9
GBP	1.470.5	-5.6	9.9	16.0
INR	143.589.4	1.9	13.4	30.4
RUB	145.879.2	-2.6	16.5	42.8

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

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

WE NEED SOUND MONEY TO REGAIN AND DEFEND OUR LIBERTIES

1.

The title of my talk is: "We need sound money to regain and defend our liberties".¹ It epitomises what the Austrian economist Ludwig von Mises called the "sound money principle". As Mises put it:

"The sound-money principle has two aspects. It is affirmative in approving the market's choice of a commonly used medium of exchange. It is negative in obstructing the government's propensity to meddle with the currency system."²

"It is impossible to grasp the meaning of the idea of sound money if one does not realise that it was devised as an instrument for the protection of civil liberties against despotic inroads on the part of governments. Ideologically it belongs in the same class with political constitutions and bills of right."

Mises tells us that sound money is an indispensable line of defence of peoples' liberties against the encroachment on the part of the state, and that sound money is a kind of money that must not be dictated by the state but is chosen by the people in the free market place.

The world we find ourselves in is a rather different place. Our monies – be it the US dollar, the euro, the Chinese renminbi or the Swiss franc – represent fiat currencies, monopolised by the state.

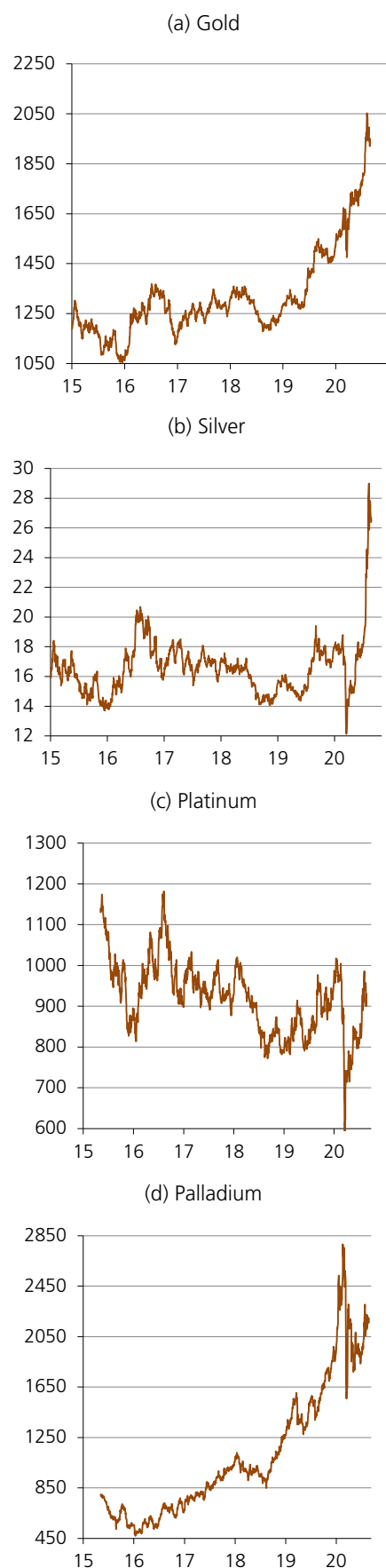
Fiat money is economically and socially destructive — with far-reaching and seriously harmful economic and societal consequences, effects that extend beyond what most people would imagine.

Fiat money is inflationary; it benefits a few at the expense of many others; it causes boom-and-bust cycles; it leads to over-indebtedness; it corrupts society's morals; and it paves the way towards the almighty, the all-powerful state, towards tyranny.

¹ This talk will be held at the Unchain Bitcoin & Blockchain convention in Frankfurt, 29 August 2020.

² Mises, L. von (1983), *The Theory of Money and Credit*, Liberty Fund, Indianapolis, p. 454 and p. 455.

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



Source: Refinitiv; graphs by Degussa.

2.

It is certainly no coincidence that “the state” has been expanding ever since the world has adopted an unfettered fiat money regime back in the early 1970s;

And, as a result, that individual liberties and freedoms have been under pressure ever since.

The state feeds itself on fiat money. It simply issues new debt, which is then monetised by the state’s central bank, which is at the heart of the fiat money regime.

Perhaps it is surprising to you if I say that the concept of central banking is truly a Marxist concept.

(I am not saying that central banking is only favoured by Marxists. Not at all! There are also other ideologies which approve of central banking.)

In their Communist Manifesto dating back to 1848, Karl Marx and Friedrich Engels compiled a list of measures necessary to establish communism. Measure number 5 reads as follows:

“Centralisation of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly.”

There should be no doubt that once the state has become the absolute ruler over fiat money, the door is open for it to grow bigger and bigger, eventually turning into the dreaded deep state.

And the tyranny of the deep state, as we know well from history, has little regard for individual freedoms and liberties.

3.

What needs to be done? Well, the challenge at hand is “Making Money Great Again”!

This requires, first and foremost, ending the state’s money production monopoly and opening up a free market in money.

A free market in money means that people have the freedom to choose the kind of money they wish to use;

and that people have the freedom to provide their fellow men with an (alternative) good that may serve them well as money.

No offence intended, dear cryptocurrency enthusiasts, but I do not think a final solution has arrived yet –, even considering the emergence of the cryptocurrency space.

For the *financial intermediation problem* is still unsolved in the cryptocurrency ecosystem; I will come back to this issue in a moment.

But first let us address the question: What can be done for getting from here (a state-controlled fiat money regime) to there (a free market in money)?

The first strategy is education – monetary enlightenment. Informing the widest possible audience about the evils of fiat money, how it affects their personal lives, families, and communities.

This also includes informing people that there is a superior and practicable alternative to a fiat money regime, namely a free market in money.

The second strategy is making progress in the field of alternative currencies and payment systems, especially in terms of technological disruptions and their economic profitability.

This is the activity space for those amongst us who are propelled by entrepreneurial spirit.

The cryptocurrency community, the bitcoin community in particular, and also precious-metal-based payment system providers have been making some headway in recent years.

But unfortunately, victory has not yet been achieved.

For instance, bitcoin still has some scalability and performance issues.

Currently, the Bitcoin network settles a peak of around 350,000 transactions worldwide every day and given its present configuration, it is presumably running at almost full capacity. The German fiat money payment system alone processes more than 75 million transactions on average every business day.³ From the payment processing viewpoint, bitcoin cannot outshine fiat currencies yet.

What is more, a currency in a modern economy must provide for the possibility of *financial intermediation* (I mentioned this issue earlier already).⁴

People typically demand payment or storage services for their money, or they want to lend and borrow money – irrespective of the kind of money they actually use; often peer-to-peer is not enough, a third party is required.

Providing intermediation services outside existing state regulation is difficult. In fact, it would put an upper limit on the financial sophistication of any cryptocurrency, thereby being a heavy drag on its competitiveness compared to fiat currencies.

And if the cryptocurrency comes out into the open (market) space, it will have the state breathing down its neck, drowning it in business-destroying regulations and restrictions.

Because the financial intermediation problem is still unsolved, I have remained sceptical that – given the current circumstances – any cryptocurrency will succeed in pushing aside the state and replace its fiat currency just like that.

Precious metals suffer from similar problems. In many countries, the state subjects gold and silver to value-added taxes and/or capital gains taxes. This makes them uncompetitive versus fiat currencies in terms of using them in daily transactions.

³ See Deutsche Bundesbank (2017), Distributed ledger technologies in payments and securities settlement: potential and risks, Monthly Bulletin, p. 42.

⁴ See, for instance, Harwick, C. (2016), Cryptocurrency and the Problem of Intermediation, in: The Independent Review, v. 20, n. 4, Spring, pp. 569–588.

4.

In fact, I think it is highly unlikely that a free market in money can ever emerge as long as there is the kind of state we know today.

The state is, as most of you probably know, the territorial monopolist of ultimate decision making with the right to tax its citizens.

We can rightfully expect that this kind of state will do its best to crush any competitor to its fiat money and prevent a free market in money from emerging.

So if we want a free market in money, the sobering logical conclusion is this: We need to reform, to deconstruct, the state (as we know it today).

Now the uncomfortable truth is out because the state is possibly the fiercest adversary you could choose.

How can we hope to achieve victory? Well, I guess there is no magic spell.

To me, one possible and straightforward strategy is appealing to peoples' inner self, and that is their right to self-determination.

The right to self-determination is an indisputable truth, and it is inalienable.

Each and every individual is the owner of his or her body and the owner of goods acquired in non-aggressive ways (that is without violating the physical integrity of someone else's property).

The right to self-determination implies that the citizens of a state have the right (1) to make it known, by a freely conducted plebiscite, that they no longer wish to be a member of the state to which they belong, and (2) to form an independent state or to attach themselves to some other state.

In other words: The right to self-determination includes the right of secession, that is the right to break up the big state, to deconstruct it into smaller units.

Smaller political units are less powerful, more peaceful and free-market-oriented, they keep taxation low, or may even go without it and become wealthier. Just think of, e.g., Shanghai, Hong Kong, Switzerland, Liechtenstein, or Monaco.

For small political units must compete for capital and talents with other small political units. They must behave themselves nicely. Otherwise, people and capital will leave their territory.

Given a great number of small political units, there is a good chance that some of them will allow for, even encourage, a free market in money, setting an example that creates emulators.

5.

I do not know which route is best to take for "Making Money Great Again", which would be the most effective.

Maybe I am wrong, and the cryptocurrency community will succeed in ending the state (as we know it today), pushing through a truly free market in money in its wake.

In the meantime, however, I think it would not hurt if we (1) kept educating the wider audience about what good money is and what bad money is;

and also (2) kept unmasking the state (as we know it today), that it is incompatible with, is a violation of, the inalienable right to self-determination of each and every human being.

It is of the utmost importance to wrest the money monopoly out of the hands of the state. Otherwise, there is little hope that the free society (or what little is left of it) can survive.

To underline the importance of what I just said I would like to mention my new book "Mit Geld zur Weltherrschaft" (the English edition will be available soon).

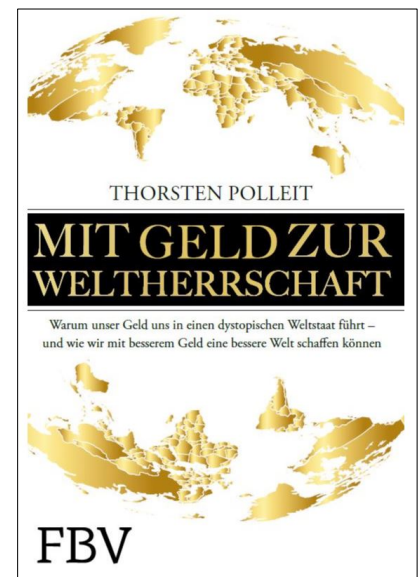
In this book, I try to explain why and how a single world fiat currency is in the making; and that it would lead to the dystopia of a world state – if we do not put a stop to it.

Today's convention is a great and invaluable contribution to zeroing in on one of our biggest challenges of your time, namely "Making Money Great Again".

A great thank you to the organisers for their outstanding work and to the audience for listening to my talk.

I would be delighted if we were to stay in touch. So please follow me on Twitter, Facebook, LinkedIn, and SoundCloud.

God bless you all!



Click [here](#).

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1944.8		27.3		934.0		2184.7	
II. Gliding averages								
10 days	1951.7		26.9		936.9		2177.1	
20 days	1974.0		26.4		938.7		2160.5	
50 days	1872.1		22.1		879.9		2054.8	
100 days	1792.3		19.2		835.2		2009.3	
200 days	1672.4		18.0		866.6		2079.9	
III. Estimates, mid 2020	2550		48		1059		2066	
⁽¹⁾	31		76		13		-5	
<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⁾	19	43	57	94	-12	39	-13	5
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

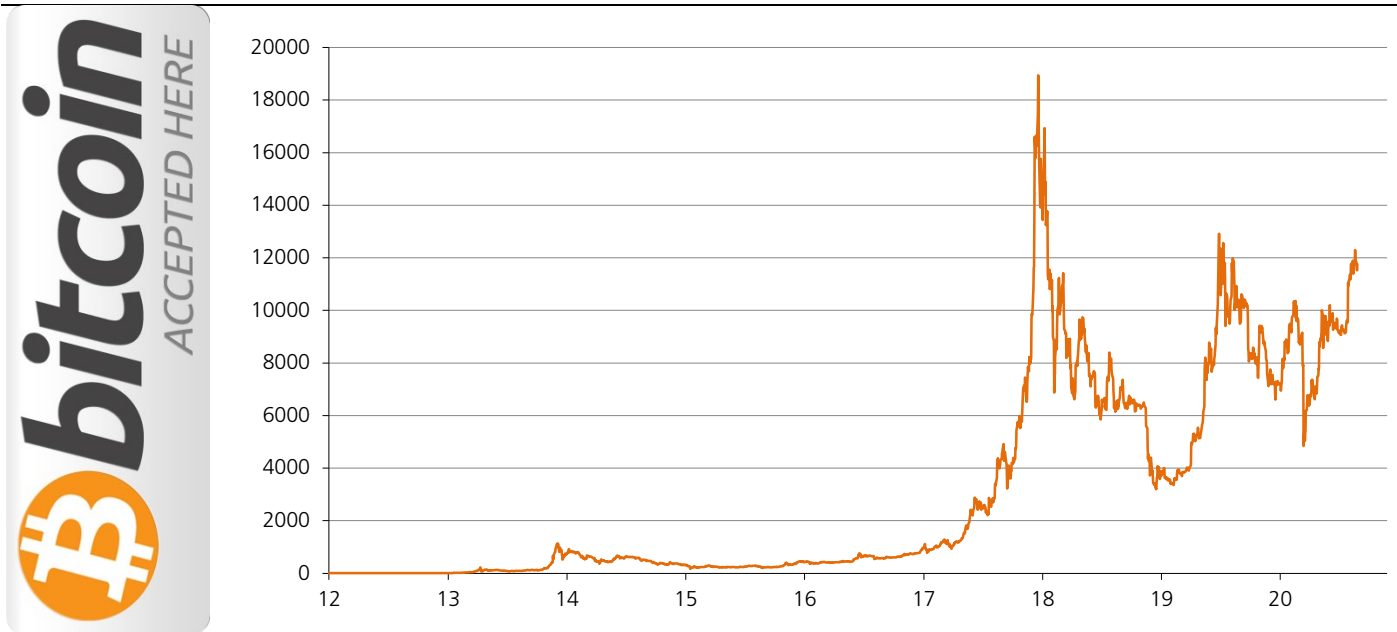
	Gold		Silver		Platinum		Palladium	
I. Actual	1643.2		23.1		789.2		1845.9	
II. Gliding averages								
10 days	1648.1		22.7		791.2		1838.5	
20 days	1670.4		22.4		794.3		1828.2	
50 days	1620.5		19.1		761.4		1778.3	
100 days	1589.8		17.0		740.4		1783.1	
200 days	1498.6		16.1		777.0		1866.4	
III. Estimates, mid 2020	2300		43		950		1860	
⁽¹⁾	40		88		20		1	
<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	53	30	107	-6	48	-7	12
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

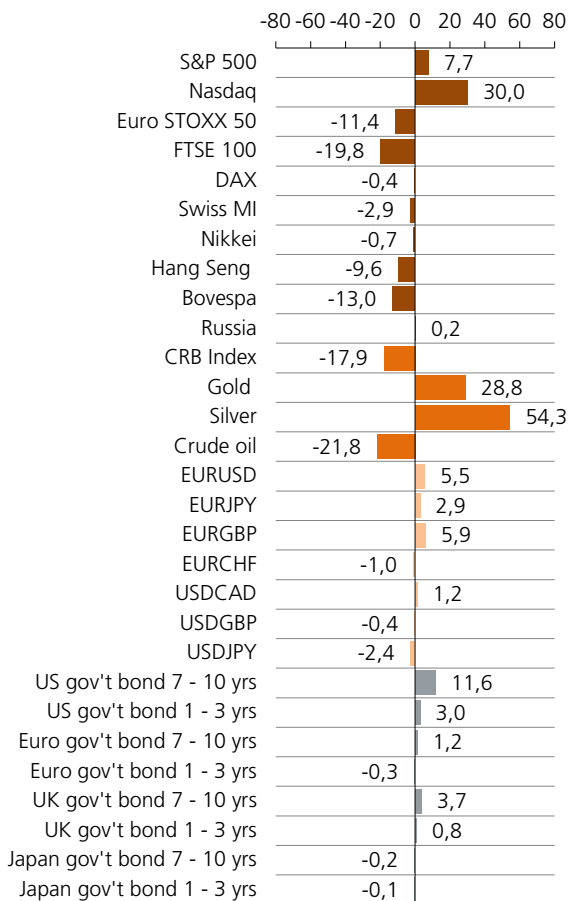
Bitcoin in US dollars



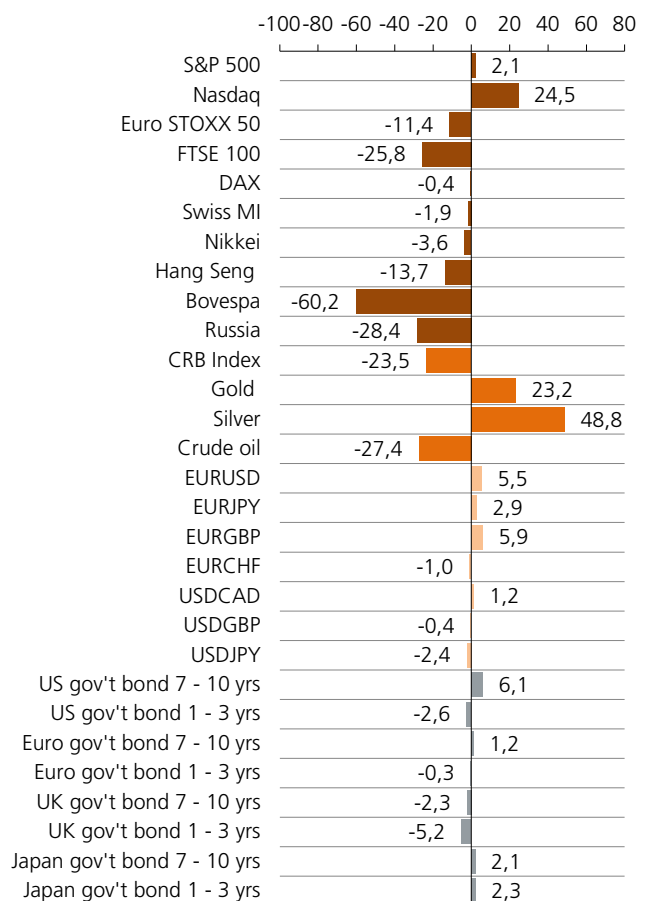
Source: Refinitiv; graph by Degussa.

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
27 August 2020	We Need Sound Money To Regain and Defend Our Liberties
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)

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 Thursday and is a free service provided by Degussa Goldhandel GmbH.

Deadline for this edition: 27 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: <https://www.degussa-goldhandel.de/marktreport/>

Degussa 
GOLD UND SILBER.

Frankfurt Headquarters

Kettenhofweg 29 · 60325 Frankfurt
Phone: +49-69-860 068 – 0 · info@degussa-goldhandel.de

Retail buying and selling outlets in Germany:

Frankfurt (shop & showroom): Kettenhofweg 29 · 60325 Frankfurt
Phone: +49-69-860 068 – 100 · frankfurt@degussa-goldhandel.de

Berlin (shop & showroom): Fasanenstraße 70 · 10719 Berlin
Phone: +49-30-8872838 – 0 · berlin@degussa-goldhandel.de

Hamburg (shop & showroom): Ballindamm 5 · 20095 Hamburg
Phone: +49-40-329 0872 – 0 · hamburg@degussa-goldhandel.de

Hannover (shop & showroom): Theaterstraße 7 · 30159 Hannover
Phone: +49-511-897338 – 0 · hannover@degussa-goldhandel.de

Cologne (shop & showroom): Gereonstraße 18-32 · 50670 Cologne
Phone: +49-221-120 620 – 0 · koeln@degussa-goldhandel.de

Munich (shop & showroom): Promenadeplatz 12 · 80333 Munich
Phone: +49-89-13 shop & showroom 92613 – 18 · muenchen@degussa-goldhandel.de

Munich (Old Gold Centre): Promenadeplatz 10 · 80333 Munich
Phone +49-89-1392613 – 10 · muenchen-altgold@degussa-goldhandel.de

Nuremberg (shop & showroom): Prinzregentenufer 7 · 90489 Nuremberg
Phone: +49-911-669 488 – 0 · nuernberg@degussa-goldhandel.de

Pforzheim (refinery): Freiburger Straße 12 · 75179 Pforzheim
Phone: +49-7231-58795 – 0 · pforzheim@degussa-goldhandel.de

Stuttgart (shop & showroom): Kronprinzstraße 6 · 70173 Stuttgart
Phone: +49-711-305893 – 6 · stuttgart@degussa-goldhandel.de

Retail buying and selling outlets around the world:

Zurich (shop & showroom): Bleicherweg 41 · 8002 Zurich
Phone: +41-44-40341 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

London Sharps Pixley Ltd (member of the Degussa Group)
Phone +44-207 871 0532 · www.sharpspixley.com

Madrid (shop & showroom): Calle de Velázquez 2 · 28001 Madrid
Phone: +34-911 982 900 · info@degussa-mp.es