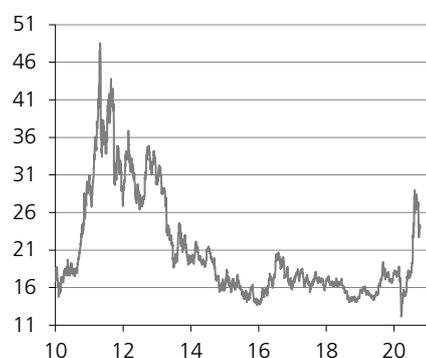


USD per ounce of gold



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	1.888.6	-3.1	6.1	24.8
Silver	23.6	-11.8	30.1	30.2
Platinum	861.5	-7.1	5.5	-7.6
Palladium	2.347.1	-0.4	21.6	30.8
II. In euro				
Gold	1.605.9	-2.5	1.4	18.4
Silver	20.1	-11.2	23.9	23.7
Platinum	732.6	-6.5	0.4	-12.4
Palladium	1.996.0	0.3	16.2	24.0
III. Gold price in other currencies				
JPY	200.282.0	-1.7	4.3	22.6
CNY	12.821.8	-2.8	1.9	20.4
GBP	1.464.7	-3.0	2.1	25.3
INR	138.409.1	1.9	2.9	28.9
RUB	147.728.3	0.1	16.8	52.2

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

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

PRESIDENT TRUMP IS GOOD FOR GOLD, OR ISN'T HE?

Since US President Donald J. Trump was voted into office on 3 November 2016, the price of gold has increased by 52 per cent, the S&P 500 stock market index by 66 per cent, while the US dollar exchange rate fell by around 6 per cent. But the question is: Does it make sense at all to suggest that President Trump is directly responsible for financial market developments and commodity prices? Is this a reasonable question at all?

Well, in a sense it is – as any US President certainly has had an impact on the economic and financial conditions of his country and thus asset prices. In the case of President Trump, he was voted into office to make a real difference. A majority of US voters went for Trump because he promised them to change their economic and social affairs for the better – as epitomised by President Trump's campaign slogan "Make America great again".

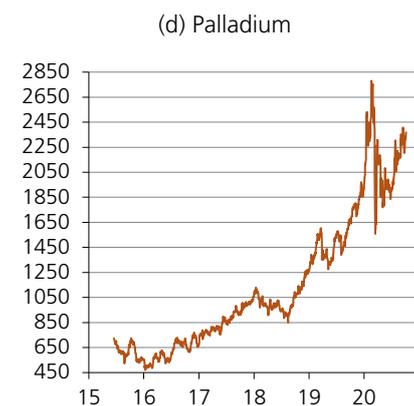
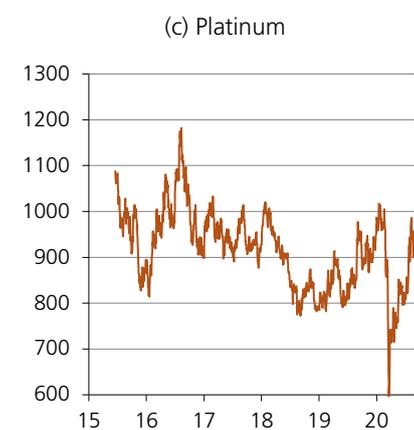
President Trump promised big changes indeed: to "drain the swamp", to push back "the deep state", to bring troops home, and to put an end to the actions of the 'globalist political elite' that had other plans in mind than the well-being of the average American citizen. At the same time, however, the inhibiting factors President Trump's political agenda is confronted with remain colossal. No doubt about that.

Not only comes fierce resistance from political opponents. There is also, first and foremost, an unbacked paper money system in place that effectively and severely limits the room for manoeuvring in a republican system. The decade long issue of new US dollars, created out of thin air, has facilitated an out-of-proportion growth of the state, with the state expanding towards a "maximum state".

Potent special interest groups such as big business and big banking have developed a vital economic and financial interest in keeping the unbacked paper money system going, and in particular in building an all-powerful state. For it is the state that allows them to influence politics (taxation, regulation, etc.) in their favour; this phenomenon is well known in economics, it is called 'rent-seeking'.

What is more, the economic and financial system has become addicted to ever-greater injections of unbacked money. Once the inflow of new credit and money dries up, the artificial boom turns into bust – which would come at a very high economic and social price. This is why in the politically dictated lock-

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



Source: Refinitiv; graphs by Degussa.

down crisis, the Trump administration decided to go “all in”, to rescue the reeling unbacked paper money system at all costs.

In times of acute emergency, this is an understandable political decision. However, it would be naïve to believe that it would ever be possible to push back the state without ending the state’s money production monopoly. “He who rides a tiger is afraid to dismount”. And indeed, it would take superhuman efforts on the part of those who govern as well as the governed to put a deliberate end to the unbacked paper money system and happily accept its horrors.

The longer the unbacked paper money system is kept alive, the larger the economic and financial disequilibria will be, and the more severe will be the final bust. To keep such a system going is like “kicking the can down the road”. But at some point, the kicking must end. It cannot go on forever. This is what sound money tells us. Fortunately, important changes are on their way, which could change things for the better.

In recent years, various US States – Arizona, Idaho, Texas, and Utah, for example – have been restoring gold and silver as money. They have exempted gold and silver from VAT and capital gains taxes so that they can compete with the US dollar when it comes to making payments and keeping savings. Gold and silver coins that are issued by the US are recognised as money. People have the freedom to make their payments with US dollars or gold and silver coins.

This is a development that should by no means be underestimated by those holding or considering buying gold and silver. If the unbacked paper money system is allowed to live on (by the Trump administration or any other administration), the prices for gold and silver will likely continue to trend upwards – as the purchasing power of the Greenback will be eroded, and consequently the demand for gold and silver, and thus their prices will rise.

And if the unbacked paper money system were to come crashing down – as a result of an ‘accident’ or deliberate political efforts –, there would be just one money left, and that is precious metal money in the form of gold and/or silver. In such a scenario, gold and silver can also be expected to gain in purchasing power very strongly and presumably also quite rapidly.

“President Trump is good for gold, or isn’t he?” Well, I guess the answer is yes. In case the Trump administration keeps doing everything needed to uphold the unbacked paper money system, the consequence should be an ongoing boost to the price of the yellow metal, for this requires the issue of ever-greater new money balances, the suppression of market interest rates, and further accumulation of ever more debt.

And in the case the US President, in his second term, becomes serious about “deconstructing the administrative state”, the price of gold would presumably also benefit. For then some kind of limit to money printing and strangulation of free market forces has to be imposed, and the effect would for sure be an economic and financial crisis, which would be potentially lethal to the unbacked paper money system. Again, this would be positive for the gold price.

The question is: Is holding gold a win-win? Well, investors with a long-term horizon certainly have, if it comes to structure their liquid means portfolio, good reasons to put their trust in ‘gold money’ rather than unbacked paper currencies such as US dollar, euro & co.

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1887.4		23.6		860.6		2349.6	
II. Gliding averages								
10 days	1889.3		23.6		870.5		2289.8	
20 days	1916.4		25.1		901.9		2306.6	
50 days	1944.6		26.0		919.9		2237.4	
100 days	1857.8		22.3		878.1		2104.2	
200 days	1739.7		19.3		864.9		2142.4	
III. Estimates, mid 2020	2550		48		1059		2066	
⁽¹⁾	35		104		23		-12	
<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⁾	22	47	83	125	-4	50	-19	-2
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

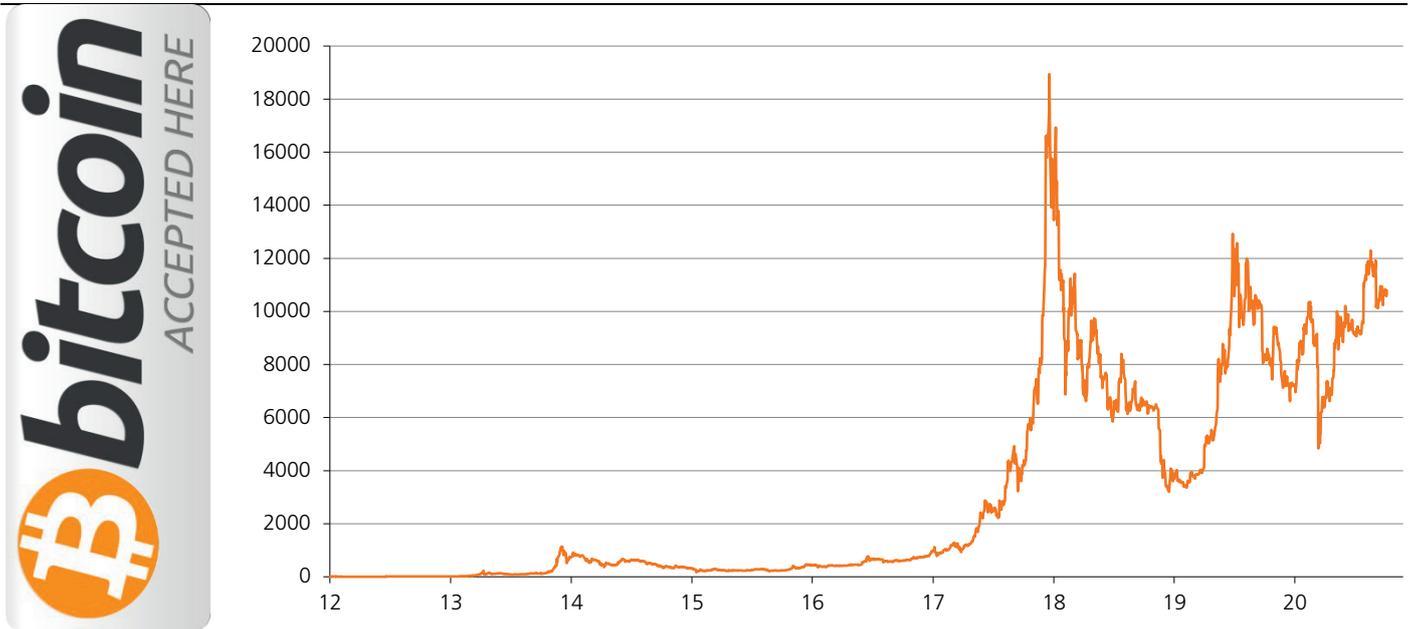
	Gold		Silver		Platinum		Palladium	
I. Actual	1605.5		20.0		732.1		1998.6	
II. Gliding averages								
10 days	1613.8		20.2		743.5		1955.8	
20 days	1629.1		21.3		766.6		1960.8	
50 days	1647.6		22.1		779.3		1895.8	
100 days	1608.5		19.3		760.2		1821.2	
200 days	1543.7		17.1		768.1		1904.3	
III. Estimates, mid 2020	2300		43		950		1860	
⁽¹⁾	43		117		30		-7	
<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⁾	30	56	50	139	1	60	-14	4
V. Annual averages								
2017	1116		15		844		760	
2018	1072		13		743		863	
2019	1235		14		770		1350	

Source: Refinitiv; calculations and estimates Degussa. Numbers are rounded.

⁽¹⁾ On the basis of actual prices.

BITCOIN, PERFORMANCE OF VARIOUS ASSET CLASSES

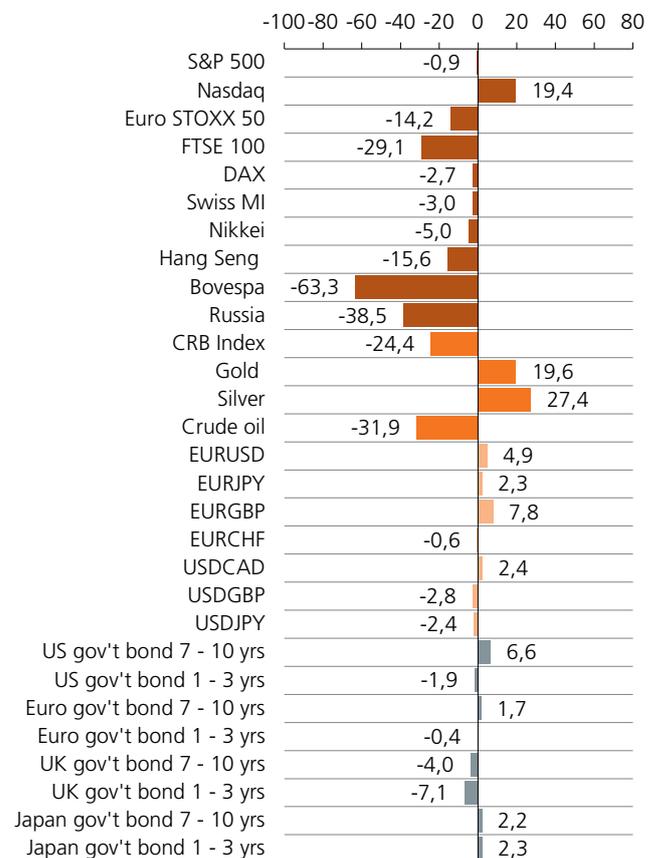
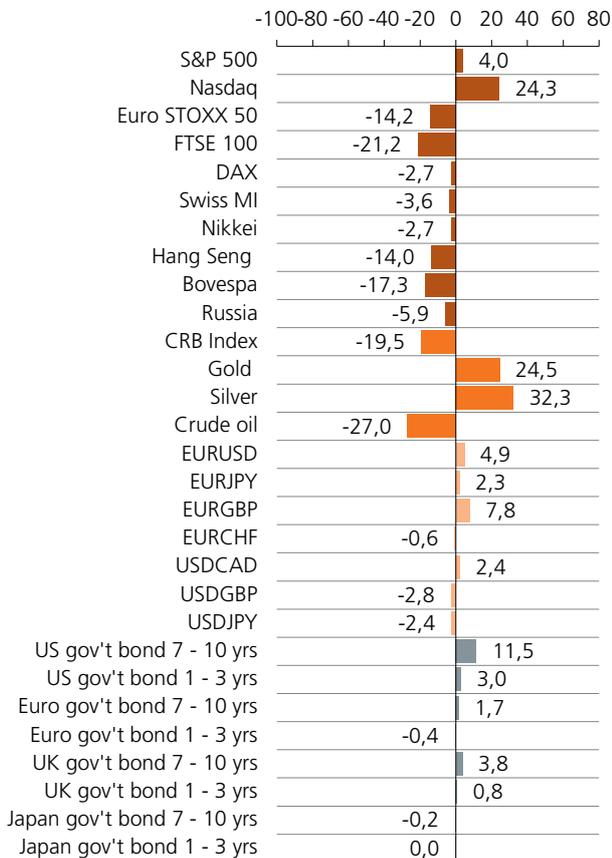
Bitcoin in US dollars



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
8 October 2020	President Trump Is Good For Gold, Or Isn't He?
24 September 2020	Get Physical With Gold
10 September 2020	The Inflation Threat And The Case For Gold
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
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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

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

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