

## 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	1.874.2	-0.2	-5.1	28.2
Silver	24.4	3.3	0.2	44.4
Platinum	925.3	9.0	2.0	3.1
Palladium	2.329.5	5.3	11.4	25.8
<b>II. In euro</b>				
Gold	1.577.6	-2.2	-5.9	19.6
Silver	20.5	1.3	-0.6	34.7
Platinum	778.9	7.6	1.6	-3.9
Palladium	1.961.0	3.6	10.5	17.4
<b>III. Gold price in other currencies</b>				
JPY	194.616.0	-1.0	-6.9	22.1
CNY	12.276.3	-2.3	-10.9	19.3
GBP	1.409.9	-2.8	-6.6	24.8
INR	139.004.0	1.9	-6.1	32.7
RUB	141.745.0	-4.9	-3.3	51.0

Source: Refinitiv; calculations by Degussa.

## OUR TOP ISSUES

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

## IT IS GOING TO BE WILD. HOLD ON TO PHYSICAL GOLD

We live in a world of many and complex challenges. The coronavirus and the political reactions to combat it will likely make a lasting impact on the world's economic and financial system. It is certainly not too far-fetched to say that the free market system (or what little is left of it) is in peril.

Political globalism, the powerful ideological force driving many governments around the world, has been gaining traction, especially supported by global warming activism and, more recently, the coronavirus pandemic. It favours government intervention over free market forces.

Against this backdrop, it becomes obvious why the outcome of the US presidential election (which, I would like to note here, hasn't been decided yet) is of particular importance for investors, as the future economic and political course of the United States is critical for what will happen around the world.

US President Donald J Trump can be seen trying to stem the encroaching tide of Political Globalism, perhaps best expressed in this quote from a speech he held in 2017: "[T]here is no such thing as a global anthem, a global currency or a global flag." It explains, for instance, the growing contention between the US and China in recent years.

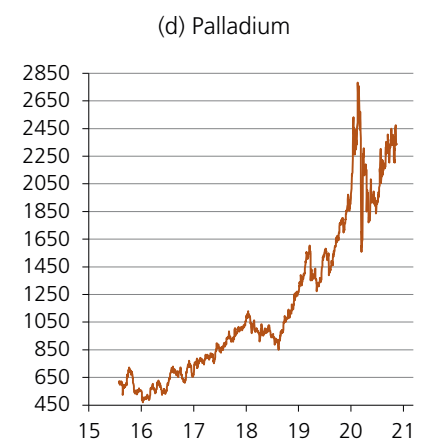
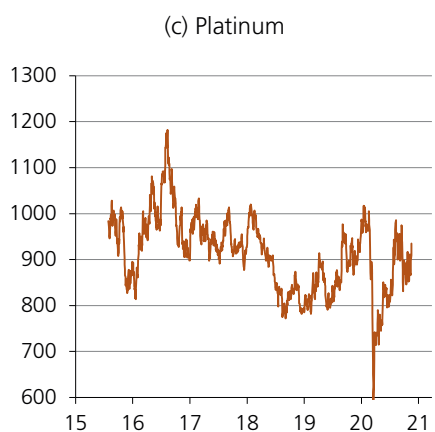
A good part of the world expects Joe Biden to become the 46th US-President – as widely purported by the mainstream media. It doesn't take much to envision the left's reaction if President Trump's allegations about wide-spread voter fraud are proven to be true and keep him in the White House for another four years. It would be a wild ride, for sure!

A democratic US Presidency under Joe Biden, in contrast, can be expected to take side with the broad set of beliefs of the globalist political camp, especially if and when the more radical left within the Democratic Party becomes more powerful. Anti-free market policies around the globe would be encouraged.

No doubt, there is a great deal of uncertainty about the future course of the world's economic and financial developments. However, it appears that the savvy investor has quite some reason to expect that interest rates will remain very low in the foreseeable future, simply because overall indebtedness has become too high.

Central banks are unlikely to withdraw their support for the economies and financial markets in particular. Especially the injection of ever greater amounts of

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



Source: Refinitiv; graphs by Degussa.

newly created money is likely to continue. Central banks have become the prime funding source for governments and banking institutions.

Of course, the announcements that a vaccine against SARS-CoV-2 will be available in the not too distant future gives hope that economically devastating effects resulting from politically dictated lockdowns may come to an end. This could indeed improve the outlook for economic output and employment around the globe.

However, even such a scenario wouldn't necessarily mean that central banks would end their excessively expansionary monetary policies because the entire economic system as far as consumption and investment is concerned has become dependent on artificially suppressed interest rates and the continued printing of money.

Under these conditions, it appears to be highly likely that the purchasing power of basically all official currencies – be it the US dollar, the euro, the British pound or the Swiss franc – will come under pressure. It is against this backdrop that the relative attractiveness of holding gold from an investor's viewpoint increases.

The purchasing power of gold cannot be debased by central banks running the printing presses. Other than bank deposits and short-term debt, gold does not carry a credit default risk. Gold provides a hedge against the potential downfall of the unbacked paper money system – which, while it may not be around the next corner, is an event that carries a probability that is higher than zero.

In this environment, we estimate (with a great deal of caution, of course) that the price of gold may reach the level of around 2.500 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). At current prices, our estimate implies an upward potential of around 30 per cent.

## PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1874.1</b>		<b>24.4</b>		<b>923.0</b>		<b>2332.5</b>	
II. Gliding averages								
10 days	1895.6		24.5		889.9		2380.5	
20 days	1896.4		24.3		882.1		2342.2	
50 days	1905.9		24.6		887.8		2333.3	
100 days	1907.4		24.3		894.4		2230.0	
200 days	1790.4		20.3		849.3		2156.2	
<b>III. Estimates, mid 2020</b>	<b>2550</b>		<b>48</b>		<b>1059</b>		<b>2066</b>	
<sup>(1)</sup>	36		97		15		-11	
<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
<sup>(1)</sup>	23	48	76	117	-11	40	-19	-1
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

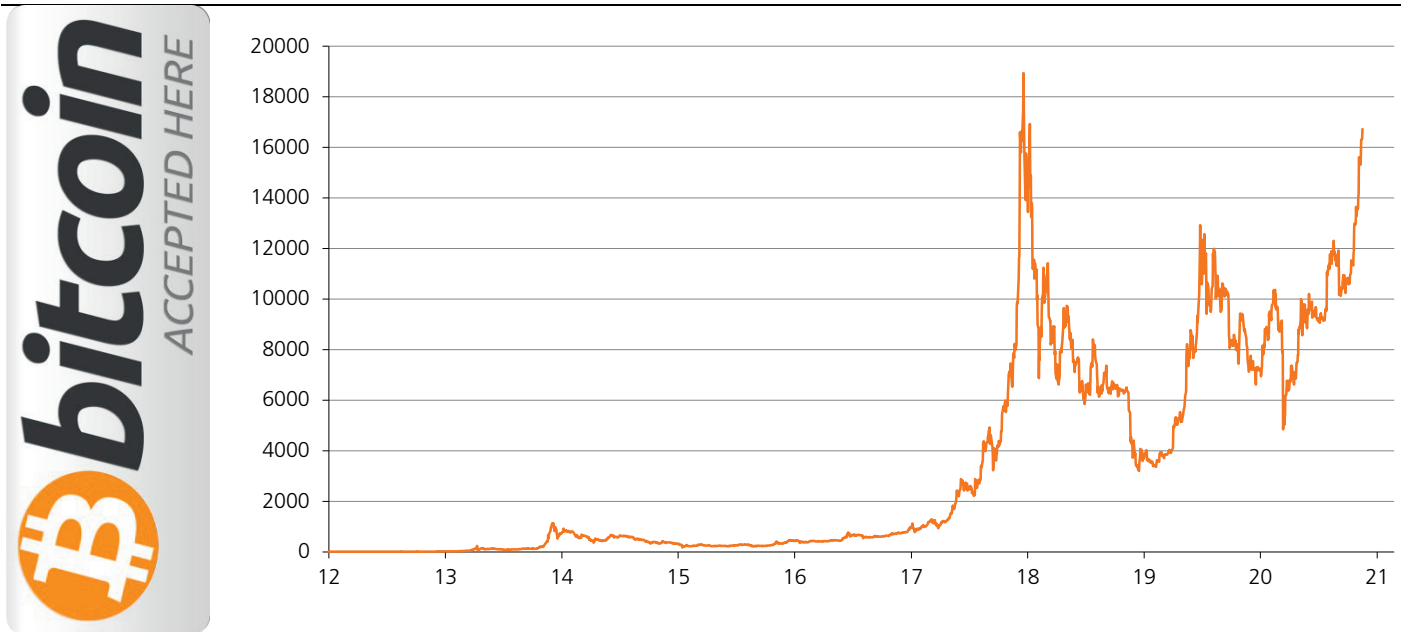
	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1578.7</b>		<b>20.6</b>		<b>777.5</b>		<b>1964.9</b>	
II. Gliding averages								
10 days	1604.3		20.8		753.1		2014.7	
20 days	1608.7		20.6		748.2		1986.6	
50 days	1618.8		20.9		753.9		1981.6	
100 days	1627.0		20.7		762.8		1901.5	
200 days	1574.1		17.7		746.9		1897.5	
<b>III. Estimates, mid 2020</b>	<b>2300</b>		<b>43</b>		<b>950</b>		<b>1860</b>	
<sup>(1)</sup>	46		111		22		-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>
	2080	2510	30.0	47.9	740	1170	1710	2070
<sup>(1)</sup>	32	59	46	133	-5	50	-13	5
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.

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

## BITCOIN, PERFORMANCE OF VARIOUS ASSET CLASSES

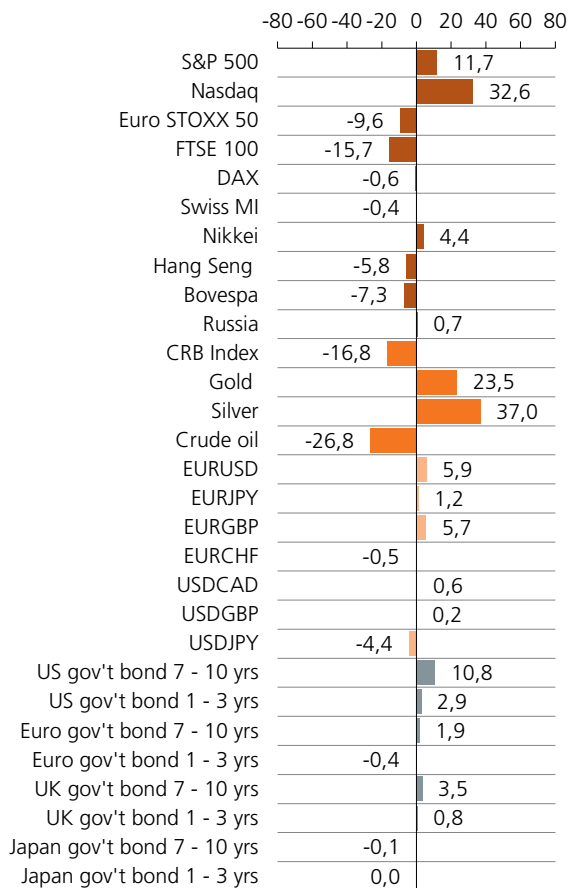
### Bitcoin in US dollars



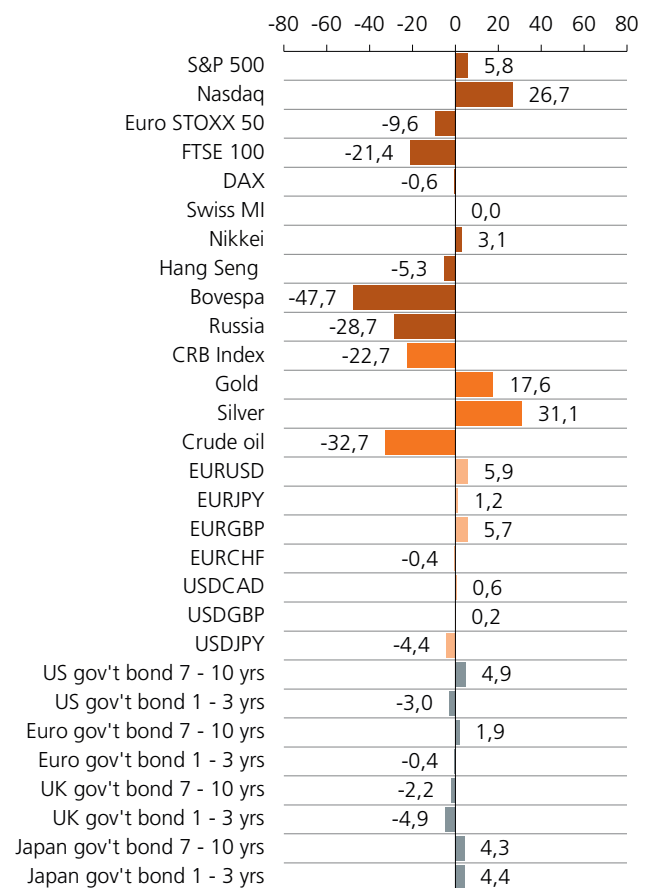
Source: Refinitiv; graph by Degussa.

### 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
19 November 2020	It is Going to be Wild. Hold on to Physical Gold
5 November 2020	For In Fire Gold Is Tested
22 October 2020	The Policy of Inflating Everything, Not Only The Price Of Gold
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
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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GOLD UND SILBER.

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