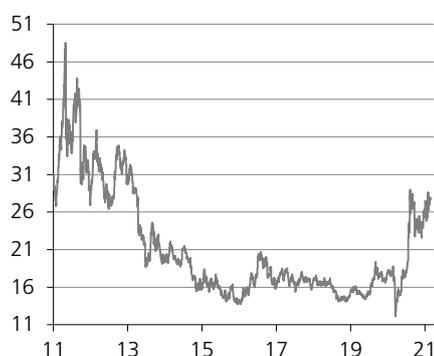


## USD per ounce of gold



## 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	1.802.9	-0.5	-4.9	13.4
Silver	27.9	4.0	16.1	66.8
Platinum	1.266.1	12.7	47.5	47.2
Palladium	2.435.8	4.2	10.1	-3.4
<b>II. In euro</b>				
Gold	1.481.3	-1.5	-9.0	3.8
Silver	22.9	3.0	10.9	52.8
Platinum	1.040.5	11.6	41.1	34.4
Palladium	2.002.0	3.2	5.4	-11.7
<b>III. Gold price in other currencies</b>				
JPY	190.821.0	0.0	-3.8	10.9
CNY	11.638.9	-0.6	-8.2	5.2
GBP	1.275.0	-3.3	-13.1	2.3
INR	130.494.6	1.9	-7.6	12.7
RUB	132.393.3	-2.0	-13.1	25.9

Source: Refinitiv; calculations by Degussa.

## OUR TOP ISSUES

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

## THE DANGERS OF DIGITAL CENTRAL BANK MONEY

Neo-socialist China does it, Sweden does it, and many other states want to do it, too: to issue digitised central bank money for everyone. The European Central Bank (ECB) is also working on such a scheme. It wants to launch a digital euro as soon as possible. Many economists praise the project as an “innovation”, as an important and indispensable step in an increasingly digitised world.

The ECB is also keen to make its intentions known, declaring that a digital euro will be accessible for everyone, robust, secure, efficient, and compliant with applicable law. However, it should be clear that the path to becoming a surveillance state regime will accelerate considerably if and when a digital euro is issued. But let’s not get ahead of ourselves.

A digital euro is not “better money” than the euro that is already in circulation today. The planned digital euro is fiat money, just as much as euro cash and euro bank balances represent fiat money: They are all created “out of nothing” by the ECB, which has the monopoly of euro money production. Just as it is the case with the existing euro, the quantity of digital euro can be increased at any time, is backed by nothing, and it carries a 100% risk of devaluation. As noted earlier: a digital euro would be a fiat euro.

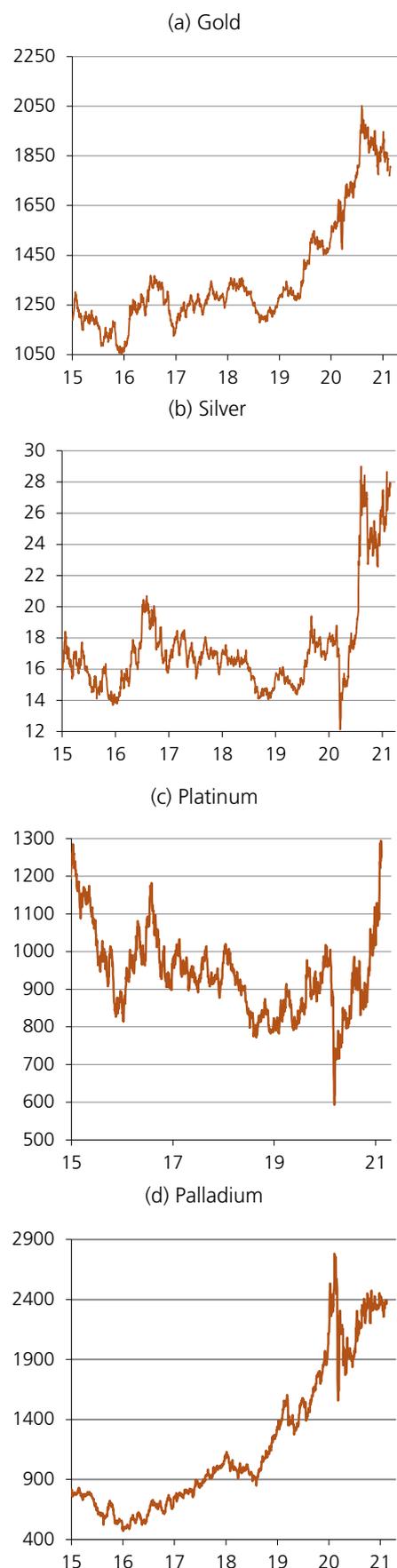
The digital euro can either be “account-based”: you keep it in an account held with the ECB. Or it can be “token-based”: money users receive a “token” that can be transferred from smartphone to smartphone via an app. Hoping for “anonymity” in payment transactions would be futile in both cases, one has to fear.

A look at China probably shows where the journey is headed: The Chinese digital central bank money is supposed to have a “controlled anonymity”. In other words, “only” the Peoples’ Bank of China – that is, the Chinese Communist Party – should have access to the payment transaction data.

The ECB says the digital euro is a “complement” to cash and bank balances. But that’s not convincing. Because those who pay in cash obviously find it convenient and want to ensure their anonymity. Otherwise, they would pay electronically, i.e. transfer balances through PayPal, ApplePay, debit or credit cards.

In this context, it should also be noted that people don’t just hold cash for payment purposes. They also demand it to protect themselves against bank failures, for example, or they also hold cash to be liquid even in the event of power outages, to be independent of Internet or online banking.

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



Source: Refinitiv; graphs by Degussa.

That said, the suspicion that the ECB is more interested in taking cash out of circulation cannot be refuted easily. But if only electronic payments are possible, what little remains of “financial privacy” will be gone. The citizen becomes completely transparent, much to the liking of the state.

As soon as cash has been pushed back or stripped away entirely, monetary policymakers can implement an uninhibited negative interest rate policy to devalue debt. Customers can no longer get out of the “bank balance sheet”, the final escape door is then locked.

It is unlikely that a digital euro will prevail naturally against cash. Rather, the ECB will have to make the use of cash unattractive: by raising the costs of cash, increasing fees at ATMs or through upper limits for cash payments, or through social stigmatisation of cash (keywords: money laundering, terrorist financing, etc.).

The digital euro does not compete with crypto units such as Bitcoin. After all, a digital euro is – as already mentioned – fiat money issued by the state, which is exactly what all those who are looking for better money do not want to hold.

Rather, the target group for the digital euro includes those who are basically content with the euro as it currently is and those who are worried about a potential banking crash. This group probably represents a fairly large number of people who come into question as a potential target clientele for the digital euro.

The plan is to allow for a 1:1 exchange of euro cash and euro commercial bank balances into the digital euro. Economically speaking, this means that the ECB de facto insures the liabilities of the euro banks: The ECB transfers its creditworthiness, which is beyond any doubt stellar, to euro commercial banks.

Because with a 1: 1 exchange option, nobody has to worry about losing their money balances held at euro commercial banks, as the ECB has the monopoly of euro production. It cannot go bankrupt; it can create euros at any time to settle its payment obligations, regardless of the amount.

That said, no one needs to worry that their balances held at a commercial bank could be lost if the bank goes bankrupt and the deposit protection fund fails. If a digital euro is publicly accepted, the scenario of euro commercial banks collapsing becomes unlikely; the euro money and credit system would be supported more than ever by the omnipotence of the ECB.

As is well known, Karl Marx and Friedrich Engels named ten “measures” in their “Communist Manifesto” (1848), the implementation of which would lead to communism. The fifth measure reads as follows: “Centralisation of credit in the hands of the state by a national bank with state capital and exclusive monopoly”. The issuance of a digital euro and the resulting consequences are undoubtedly another crucial step in bringing the Marxist’s vision of their desired revolution to fruition.

*Our latest view on the precious metal markets see **Degussa Market Report, Gold is not in bubble territory, 11 February 2021.***

## PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1802.8</b>		<b>27.9</b>		<b>1266.0</b>		<b>2429.1</b>	
II. Gliding averages								
10 days	1807.7		27.4		1256.7		2370.4	
20 days	1822.4		27.1		1185.4		2335.3	
50 days	1853.0		26.4		1113.2		2352.8	
100 days	1862.9		25.3		1018.3		2351.9	
200 days	1860.3		23.8		948.2		2228.0	
<b>III. Estimates for end 2021</b>	<b>2448</b>		<b>47</b>		<b>1272</b>		<b>2710</b>	
<sup>(1)</sup>	36		69		0		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>
	1750	2684	23.0	55.1	950	1472	2280	2910
<sup>(1)</sup>	-3	49	-18	98	-25	16	-6	20
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

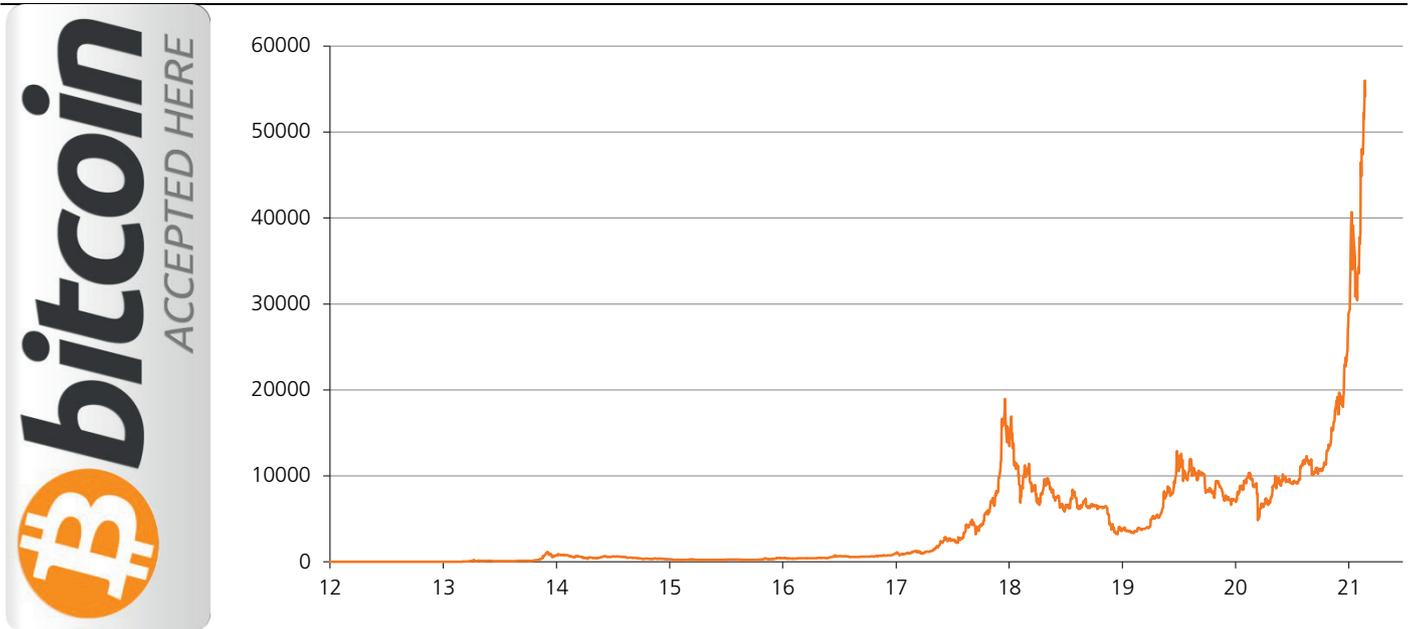
	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1482.0</b>		<b>22.9</b>		<b>1040.8</b>		<b>1997.0</b>	
II. Gliding averages								
10 days	1492.0		22.6		1037.2		1956.4	
20 days	1507.4		22.4		980.4		1931.6	
50 days	1524.7		21.7		916.3		1936.1	
100 days	1551.2		21.0		846.7		1958.1	
200 days	1579.8		20.1		803.5		1889.6	
<b>III. Estimates for end 2021</b>	<b>2044</b>		<b>39</b>		<b>1062</b>		<b>2263</b>	
<sup>(1)</sup>	38		72		2		13	
<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>
	1470	2260	19.0	46.6	800	1240	1920	2450
<sup>(1)</sup>	-1	52	-17	103	-23	19	-4	23
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

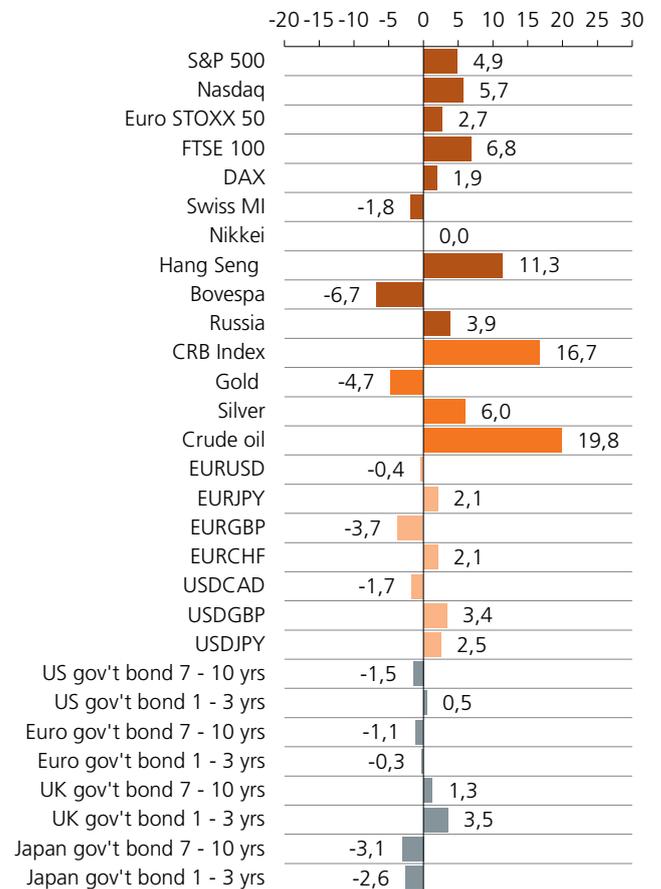
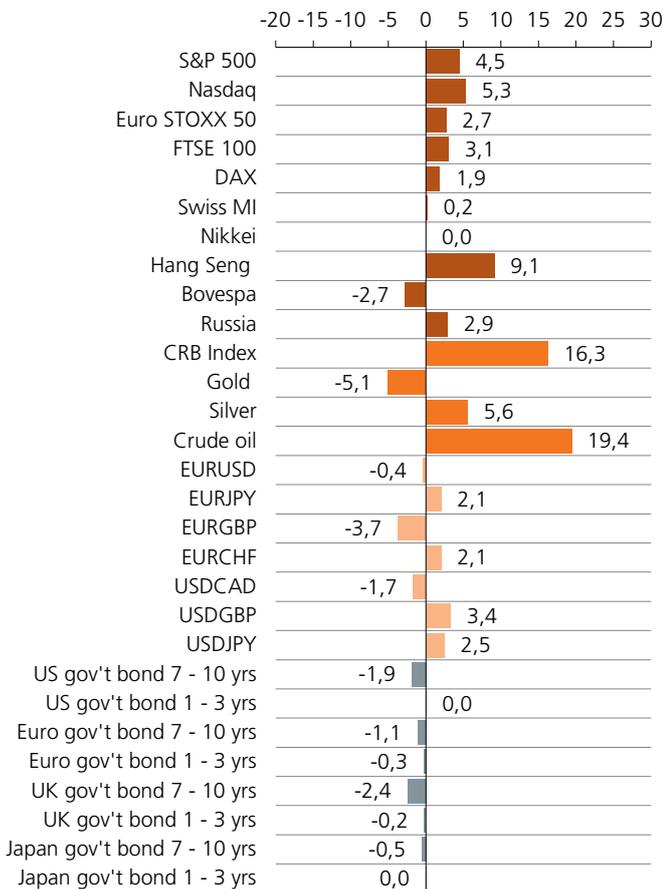


Source: Refinitiv; graph by Degussa.

## 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
25 February 2021	The Dangers Of Digital Central Bank Money
11 February 2021	Gold Is Not In Bubble Territory
28 January 2021	It Is High Time To Buy Gold And Silver
14 January 2021	The Great Gold And Silver Bull Market Is On
17 December 2020	Gold Against US-Dollar Risk. A Value Proposition
3 December 2020	Keep Your Cool – And Physical Gold And Silver
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!

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