

20 May 2021

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	1.872.1	5.9	0.6	7.6
Silver	27.8	7.3	-4.1	52.1
Platinum	1.196.3	-0.2	6.1	41.1
Palladium	2.870.2	-2.2	27.8	46.3
II. In euro				
Gold	1.532.9	4.2	-0.6	-1.9
Silver	22.8	5.7	-5.3	38.7
Platinum	979.8	-1.8	4.7	28.6
Palladium	2.351.0	-3.7	26.3	32.9
III. Gold price in other currencies				
JPY	204.035.0	5.6	4.6	9.0
CNY	12.049.8	5.3	0.2	-2.8
GBP	1.322.7	3.3	-2.8	-5.0
INR	137.059.9	1.9	0.8	4.4
RUB	138.037.1	3.8	-2.4	15.1

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

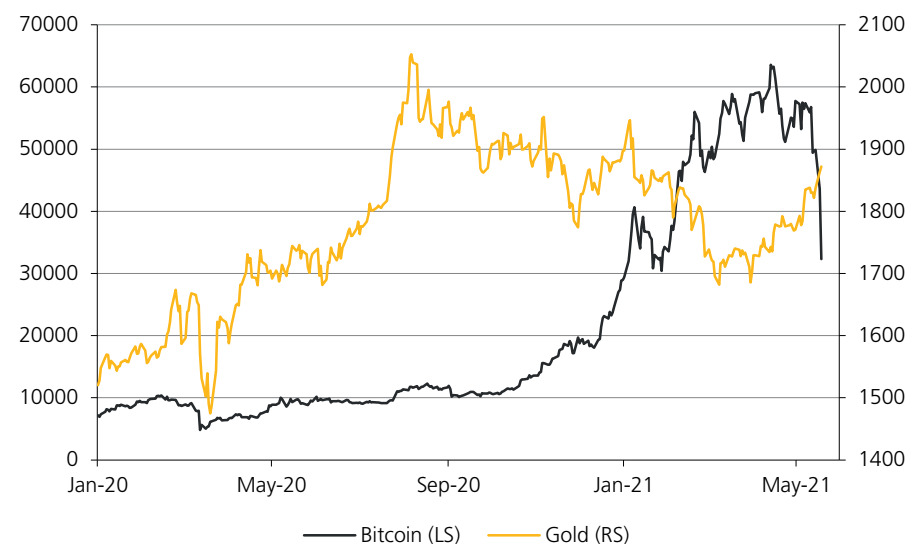
This is a short summary of our fortnightly **Degussa Marktreport**.

THE PRICE CORRECTION IN THE CRYPTO SPACE IS NOT THE END OF THE “COMPETITION OF POTENTIAL CURRENCIES”; IT SUPPORTS GOLD AND SILVER

At the beginning of 2020, bitcoin was priced at 7,178.70 USD per unit. It hit a record price of close to 64,000.00 USD per unit on April 13, 2021. On May 19, 2021, it had dropped back to around 32.000 USD per unit. By far the largest cryptocurrency by market capitalisation, the price of bitcoin had really taken off when the politically dictated lockdown crisis gained momentum, as central banks around the world slashed interest rates drastically, underwrote credit markets, and flooded the financial system with huge amounts of new money.

1 Bitcoin price correction, gold price trends higher

Gold price (USD/oz) and bitcoin price (USD per unit)

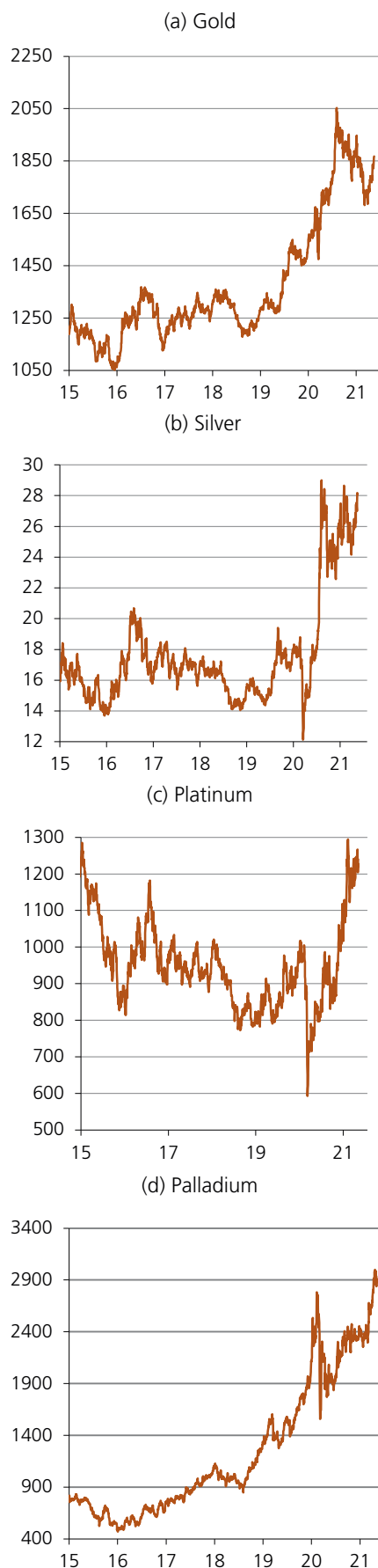


Source: Refinitiv; graph Degussa.

A growing number of people have realised, and correctly so, that something is wrong with the US-dollar, euro, Chinese renminbi, British pound and Swiss franc etc. – all of them representing so-called fiat money. Fiat money is a special kind of money (some even say that it is fake money or no money at all): It is monopolised by the state, and it is created through bank credit expansion, and as such in any amount at any time as deemed politically expedient. Fiat money is open to political misuse and loses its purchasing power over time.

The emergence of bitcoin and other crypto units is said to lead to a potential improvement: Providing people with better money, giving them a choice by

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



Source: Refinitiv; graphs by Degussa.

dissolving the states' money production monopoly. And there are indeed good reasons for such an expectation: Money is, in fact, a result of free market action, the result of people cooperating voluntarily. It certainly does not take a central bank to create money. The "natural origin" of any money are unfettered actions by free people.

Of course, states around the world want to shield and protect their fiat monies against any competition. To do so, they levy VAT and capital gains taxes on all media that people might consider means of payments – thereby making them less competitive when compared to the use of fiat money in day-to-day transactions. Or the states take even harsher measures: For instance, the Chinese Communist Party has recently banned financial institutions and payment companies from providing services related to crypto unit transactions and trading.

The most recent price drop of crypto units does certainly not mark the end of the search for better, for sound money. In fact, the search for better and sound money has just begun because the problems with fiat monies can be expected to become even greater in what lies ahead – price inflation, income and wealth inequality, loss of individual freedom, etc.

The latest price correction in crypto units – which in part seems to reflect a correction of an overly optimistic assessment of their impending "monetary triumph" – does not herald the end of the "competition of potential currencies" driven by crypto units. However, it will most likely redirect investor attention to precious metals, in particular gold and silver. As history shows, the latter two have always been appreciated for their "monetary quality", and even in a digital world, gold and silver do not lose their attractiveness as a store of value and (digitized) means of payment.

That said, from our point of view, the price correction in the crypto space does not herald the end of the "competition of potential currencies". It is very likely that people will increasingly question the qualities of fiat money and lose confidence in using this type of money as a store of wealth. Over the medium- to long-term, fiat monies are most likely to depreciate heavily against "potential money candidates" such as crypto units and time-tested precious metals such as gold and silver.

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1867.0		27.7		1190.0		2865.2	
II. Gliding averages								
10 days	1832.1		27.4		1230.8		2909.1	
20 days	1805.8		26.8		1227.3		2918.2	
50 days	1763.5		26.0		1206.9		2733.0	
100 days	1793.6		26.2		1176.7		2545.6	
200 days	1845.1		25.7		1053.1		2429.2	
III. Estimates for end 2021	2448		47		1272		2710	
⁽¹⁾	31		70		7		-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>
	1750	2684	23.0	55.1	950	1472	2280	2910
⁽¹⁾	-6	44	-17	99	-20	24	-20	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

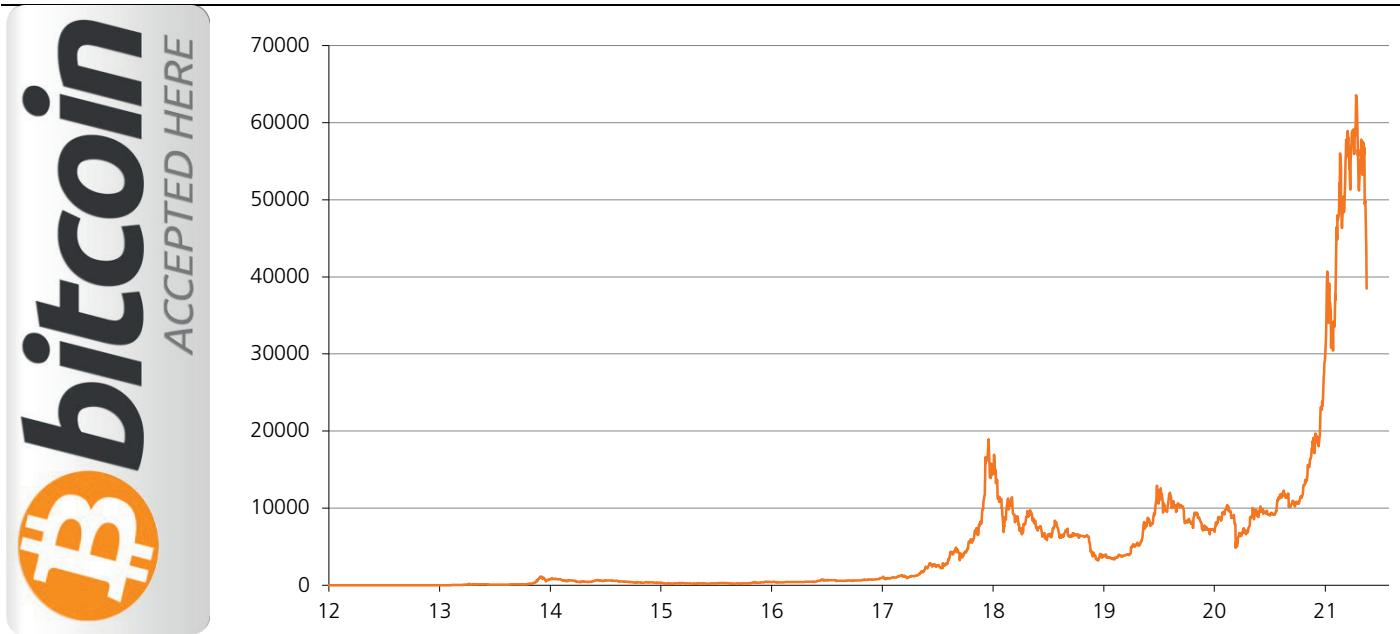
	Gold		Silver		Platinum		Palladium	
I. Actual	1529.0		22.7		974.6		2346.6	
II. Gliding averages								
10 days	1511.9		22.6		1015.7		2400.8	
20 days	1493.6		22.2		1015.2		2413.9	
50 days	1473.7		21.7		1008.7		2283.3	
100 days	1489.2		21.8		977.5		2114.7	
200 days	1543.2		21.4		879.7		2030.9	
III. Estimates for end 2021	2044		39		1062		2263	
⁽¹⁾	34		73		9		-4	
<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
⁽¹⁾	-4	48	-16	105	-18	27	-18	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

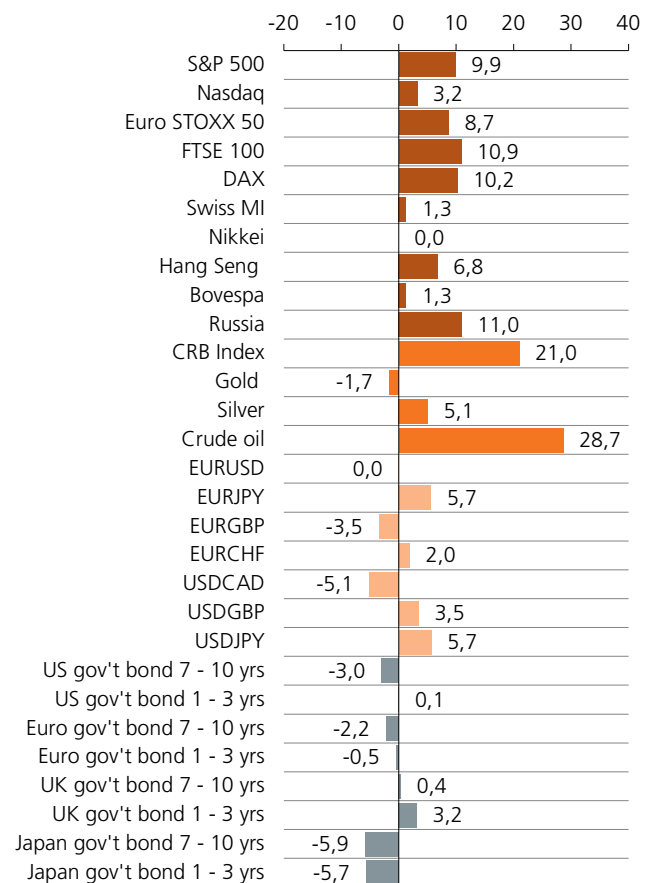
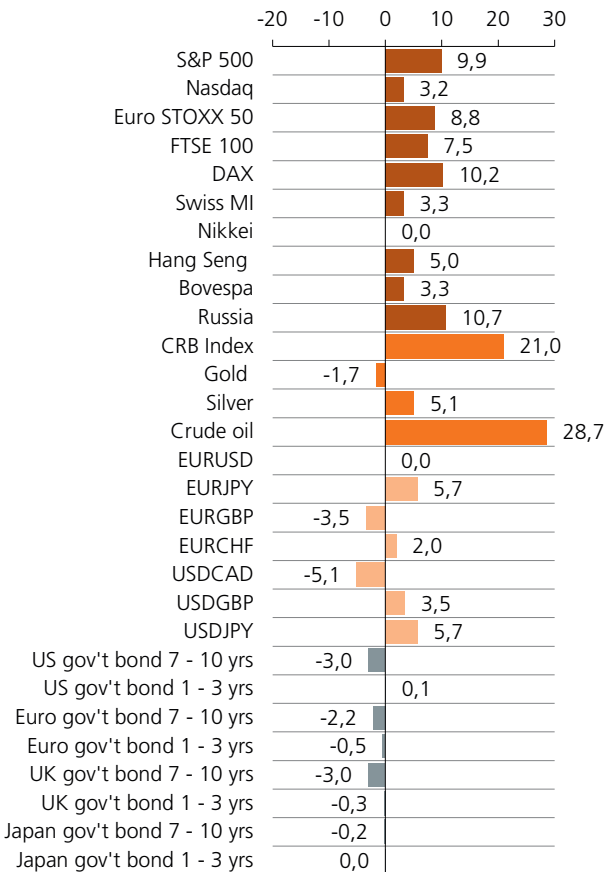


Source: Refinitiv; graph by Degussa.

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
20 May 2021	The Price Correction In The Crypto Space Is Not The End ...
6 May 2021	The Dark Side of the Yield Curve Control Policy
22 April 2021	Bitcoin and the Golden Opportunity
8 April 2021	On Precious Metal 2021 Price Forecasts
25 March 2021	Money Matters For Gold And Silver Prices
11 March 2021	Interest Rates are to the Price of Gold What Gravity is to the Apple
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

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