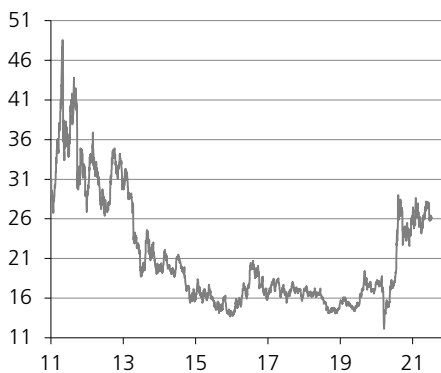


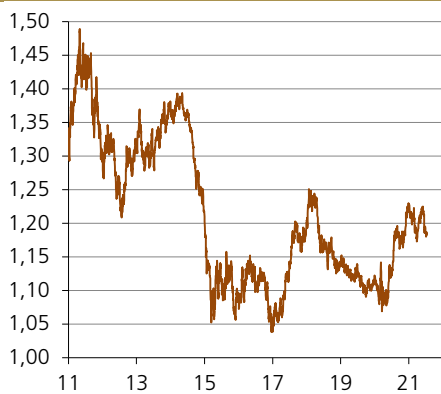
USD per ounce of gold



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	1.822.2	2.4	6.7	-7.7
Silver	26.1	0.3	7.2	7.3
Platinum	1.125.5	1.3	-5.2	24.1
Palladium	2.825.0	7.1	7.9	35.1
II. In euro				
Gold	1.539.2	3.2	5.8	-8.2
Silver	22.1	1.1	6.2	6.9
Platinum	950.9	2.3	-5.6	24.1
Palladium	2.387.0	8.1	6.8	34.5
III. Gold price in other currencies				
JPY	200.347.0	1.6	6.0	-4.2
CNY	11.784.9	2.5	5.4	-14.4
GBP	1.314.5	2.5	6.1	-12.9
INR	135.797.0	1.9	8.8	-8.2
RUB	135.098.4	5.2	4.7	-7.8

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

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

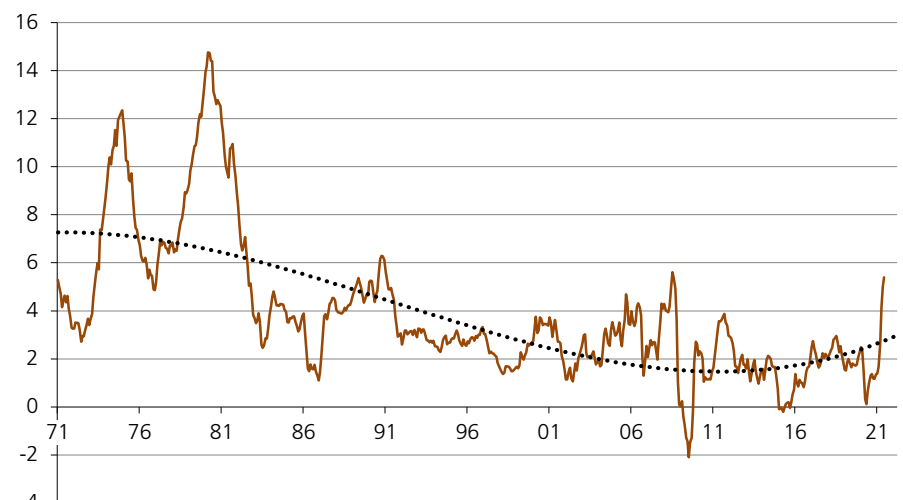
GOLD AND THE MONETARY POLICY EMPIRE OF DECEPTION

Now and then, it pays off to take a step back to get a broader perspective on things; to look beyond the daily financial news; to see through the short-term ups and downs in the market; to find out what is really at the heart of the matter. If we do that, we will not miss the fact that we are living in the age of fiat currencies, a world in which basically everything bears their fingerprints: the economic and financial system; politics; even peoples' cultural norms, values, and morals will not escape the broader consequences of fiat currencies.

You may not notice it in your daily use of fiat currencies – that is, for instance, when receiving wages, buying goods and services, paying down mortgages, depositing money with the bank for saving purposes – that something is terribly wrong with fiat currencies, be it in the form of the US dollar, the euro, the Chinese renminbi, the Japanese yen, the British pound, or the Swiss franc. However, the truth is that all these fiat currencies suffer from severe economic and ethical flaws, which are actually not difficult to understand.

1 Inflation goes up

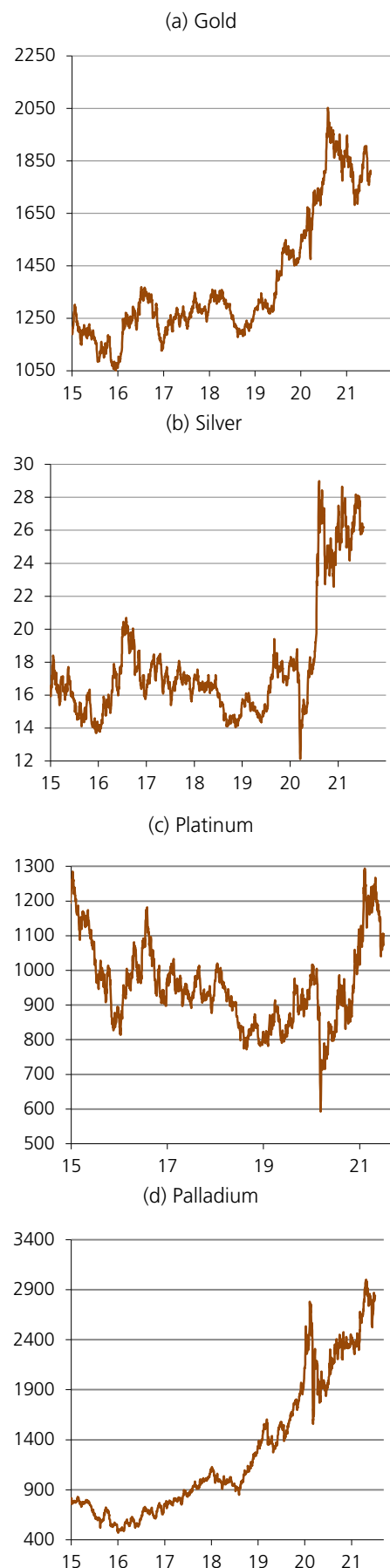
Annual increase in US consumer goods prices in per cent*



Source: Refinitiv; calculations Degussa. Dotted lines represent estimated trend lines.

Fiat currencies are produced by central banks and commercial banks credit expansion. In fact, central banks in cahoots with commercial banks increase the outstanding money supply by extending loans to firms, private households, and

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



Source: Refinitiv; graphs by Degussa.

government entities. It amounts to money creation of thin air or – in a way – counterfeiting money. Issuing new fiat currencies sets into motion a boom, an illusion of prosperity. Consumption and investment expand, the economy enjoys higher corporate profits, increased employment, rising stock, housing prices, etc.

Sooner or later, the boom must turn into bust. Why? Well, the credit-based issuance of new fiat monies distorts the market interest rates. It artificially lowers the market interest rate below its 'natural level', making savings decline, consumption increase, and on top of that, it triggers additional investments. None of which would have happened in this way had it not been for the credit-based injection of new fiat money into the economy. The boom brings overconsumption and malinvestment; the economy lives beyond its means.

At some point, the boom collapses – whatever the trigger may be: banks tightening their lending standards, borrowers defaulting on their debt, firms running into losses, a geopolitical crisis making people panic. To prevent the fiat currency system from collapsing in such a situation, central banks lower interest rates even further and pump new credit and money into the financial system. The trick works more often than not, and the unfolding bust is turned into yet another boom. This, however, comes at a price: The vast majority of the people will suffer from even higher goods price inflation.

The fiat currency does not only cause financial and economic crises; it is also highly inflationary. The relentless expansion of the quantity of fiat money causes the purchasing power of the money unit to decline over time. What is more, increasing the quantity of fiat money also creates winners and losers: The early receivers of the new money benefit at the expense of the late receivers. It leads to an unjust and unsocial distribution of income and wealth within society. Last but not least, fiat money makes the economies run into ever-higher levels of debt.

Governments, in particular, take advantage of their basically unrestricted access to credit and money provided by central banks. Their financial empowerment makes it possible to fund all kinds of policy extravaganzas – welfare and warfare spending –, making the state ever larger and more powerful at the expense of liberties and freedoms of the individual. The truth is that fiat money is the very elixir for the state to become really big and truly deep. Unfortunately, this truth tends to remain hidden from the wider public; it is not addressed in economic textbooks and university seminars.

There are all kinds of motives at work when it comes to analysing and evaluating the merits of the fiat money regime – from ignorance to outright lies. However, sound economics reveals that the use of fiat currencies causes major trouble and that it may occasionally be possible to postpone the inevitable bust – by, for instance, central banks pushing down market interest rates to basically zero per cent and underwriting credit markets. But in doing so, the underlying problems will not be solved, they will get even bigger, and people are deceived about what is really happening.

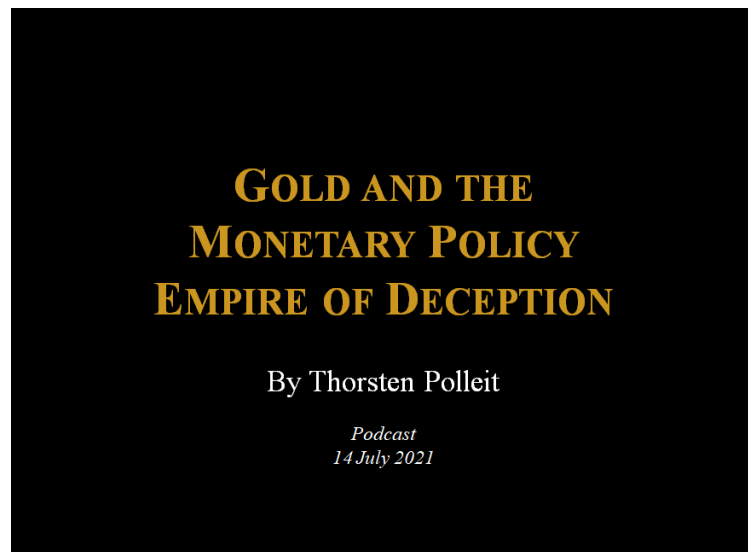
In this context, we are not only talking about the recurrence of financial and economic crises. The Austrian economist Ludwig von Mises (1881 to 1973) foresaw that the use of fiat money (he spoke of fiduciary media) would destroy the free market and societal order (or what little is left of it):

“It would be a mistake to assume that the modern organization of exchange is bound to continue to exist. It carries within itself the germ of its own destruction; the development of the fiduciary medium must necessarily lead to its breakdown.”¹

How the global financial, economic and political system will develop is difficult to predict, especially in view of the momentous problems run up by the use of fiat money. However, the cautious investor has good reasons to expect more inflation down the road – that is, an accelerated decline in the purchasing power of money, which is noticeable in the form of rising consumer goods and/or asset price inflation. With this in mind, it makes perfect sense to keep at least some physical gold and silver in your portfolio.

It is a time-tested strategy to avoid the losses related to the politically orchestrated devaluation of fiat currencies. Holding physical gold and silver seems particularly advisable given today’s monetary policy empire of epic deception.

Podcast



Please *klick* [here](#).

¹ Mises (1953), Theory of Money and Credit, p. 409.

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1822.3		26.1		1125.4		2825.0	
II. Gliding averages								
10 days	1794.1		26.2		1090.7		2802.8	
20 days	1790.1		26.2		1088.5		2718.0	
50 days	1837.6		27.1		1151.3		2790.8	
100 days	1790.3		26.4		1174.7		2706.7	
200 days	1826.6		25.8		1096.5		2529.3	
III. Estimates for end 2021	2448		47		1272		2710	
⁽¹⁾	34		80		13		-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>
	1750	2684	23.0	55.1	950	1472	2280	2910
⁽¹⁾	-4	47	-12	111	-16	31	-19	3
V. Annual averages								
2018	1253		17.1		947		857	
2019	1268		15.8		880		1019	
2020	1382		16.1		862		1511	

In Euro per ounce

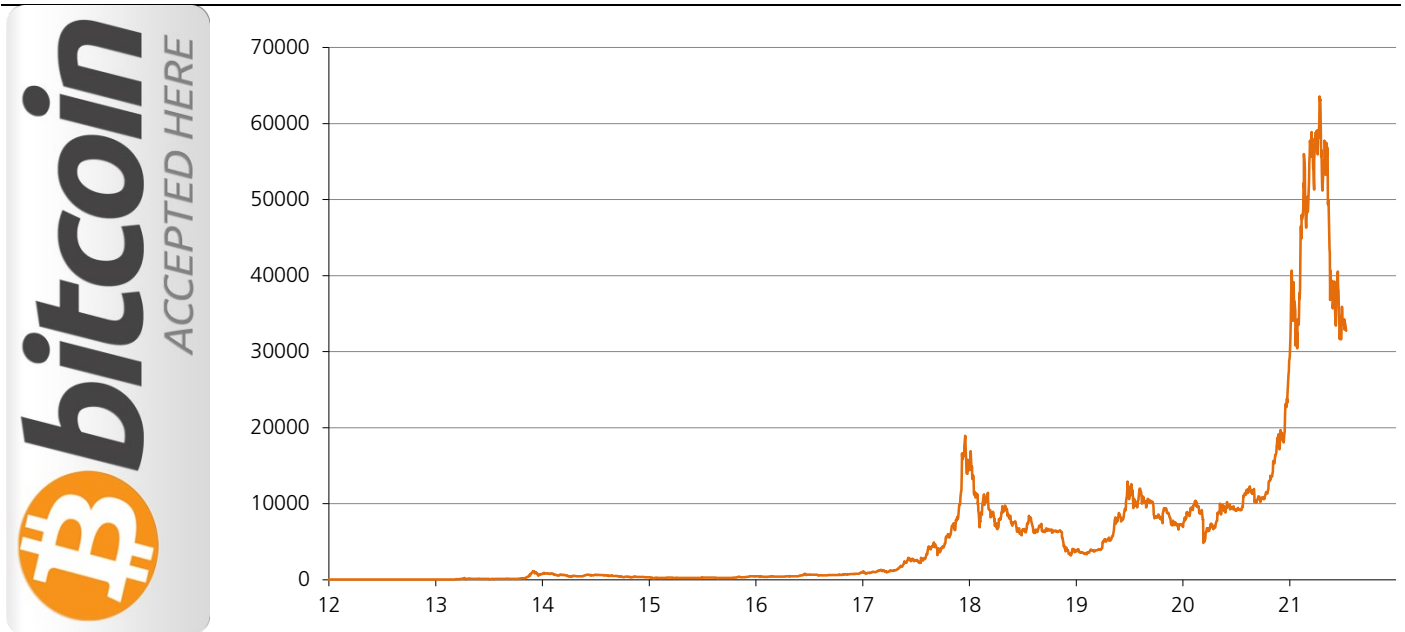
	Gold		Silver		Platinum		Palladium	
I. Actual	1540.2		22.1		951.2		2387.6	
II. Gliding averages								
10 days	1514.3		22.1		920.6		2365.8	
20 days	1505.2		22.0		915.2		2285.6	
50 days	1524.0		22.5		954.6		2314.9	
100 days	1491.4		22.0		978.6		2254.8	
200 days	1521.3		21.5		912.7		2106.5	
III. Estimates for end 2021	2044		39		1062		2263	
⁽¹⁾	33		78		12		-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>
	1470	2260	19.0	46.6	800	1240	1920	2450
⁽¹⁾	-5	47	-14	111	-16	30	-20	3
V. Annual averages								
2018	1116		15		844		760	
2019	1072		13		743		863	
2020	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

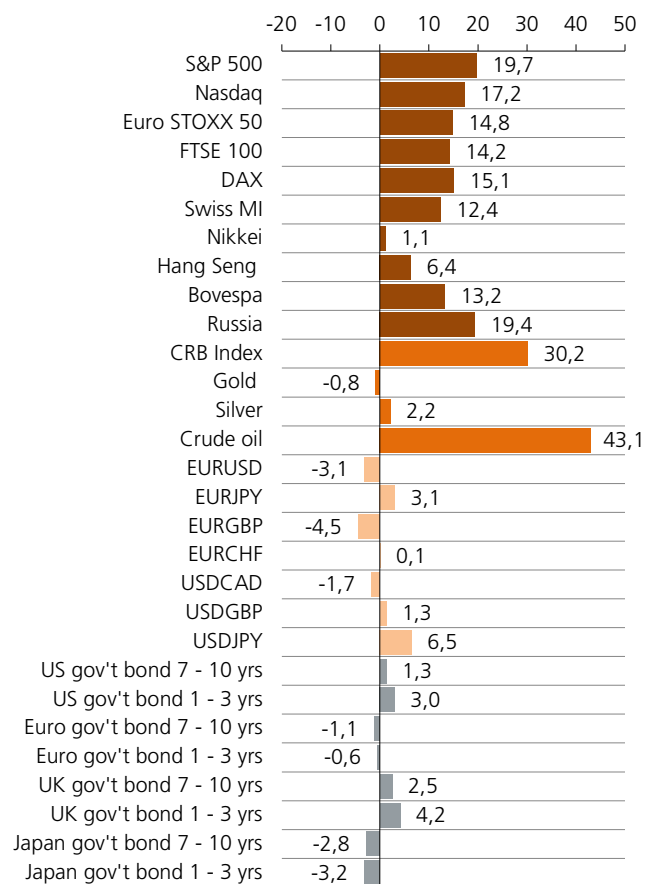
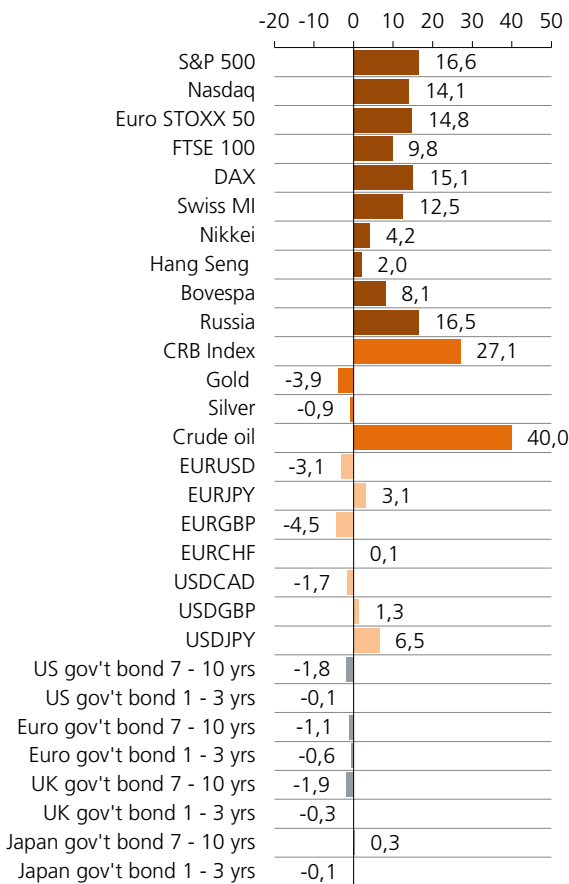


Source: Refinitiv; graph by Degussa.

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
15 July 2021	Gold and the Monetary Policy Empire of Deception
1 July 2021	Investors believing the impossible, making the price of gold falter
17 June 2021	Gold Against Neglected Risks
2 June 2021	Gold And Inflation
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

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