

## 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	1.817.5	0.5	6.5	-8.0
Silver	25.3	-3.1	3.6	3.7
Platinum	1.074.8	-2.6	-9.5	18.5
Palladium	2.651.3	-5.6	1.2	26.8
<b>II. In euro</b>				
Gold	1.533.0	0.7	5.3	-8.6
Silver	21.3	-2.8	2.6	3.2
Platinum	906.6	-2.5	-10.0	18.3
Palladium	2.235.0	-5.5	0.0	25.9
<b>III. Gold price in other currencies</b>				
JPY	199.596.0	0.3	5.6	-4.5
CNY	11.768.3	0.5	5.2	-14.6
GBP	1.304.6	0.3	5.3	-13.6
INR	134.995.3	1.9	8.1	-8.8
RUB	133.214.2	-0.8	3.2	-9.1

Source: Refinitiv; calculations by Degussa.

## OUR TOP ISSUES

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

## GOLD AND THE MARKET FEAR THAT IS NOT

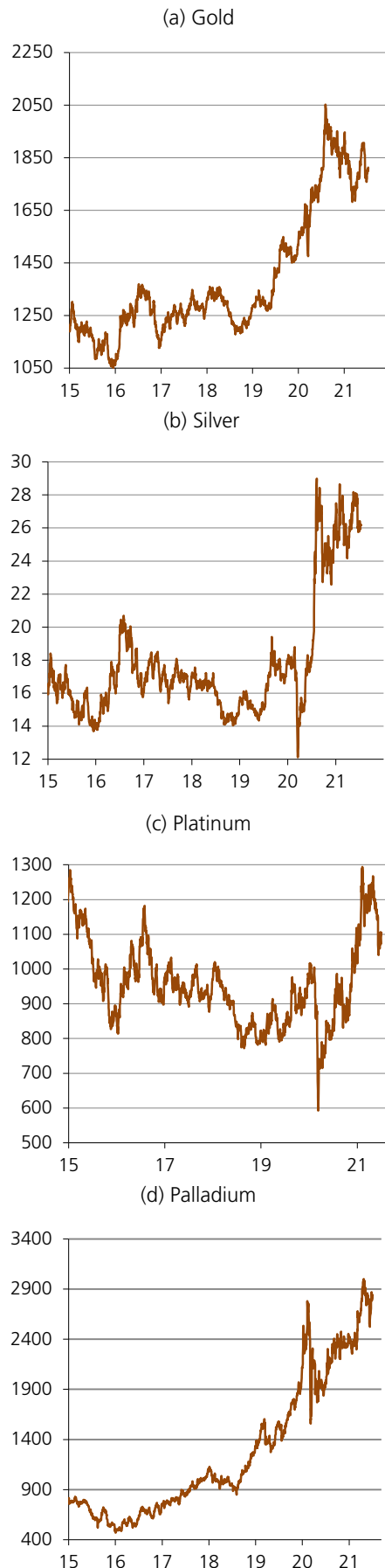
Why are gold and silver not trading at higher prices? This is a question many investors are likely to ask these days. And rightfully so. Central banks keep interest rates at extremely low levels and continue to increase the supply of credit and money. This, in turn, leads to goods price inflation that is already rather painful for the average consumer. Not only are the prices of daily necessities – food, energy, transport etc. – rising. Asset prices – in particular, prices for real estate and housing – are also driven up as a consequence of an increasingly inflationary monetary policy. This benefits the owners of assets, but it is a burden to those who still want to buy them (such as young families wishing to buy a home).

What is more, real interest rates have entered negative territory. That is, the purchasing power of people's money in the bank dwindles over time. Central banks, supported by mainstream economists, have repeatedly suggested that higher price inflation is only temporary and that sooner or later lower price inflation rates will follow. While this argument has some merits, it does not reflect the full truth. It is undeniable that there is some temporary element to higher producer and consumer prices related to the supply and demand problems caused by the politically dictated lockdowns. Production shortages and logistical bottlenecks result in upward price pressures in almost all goods and services sectors.

However, a general increase in virtually all goods and services prices across the board indicates an inflationary monetary policy: a policy that significantly increases the quantity of money. And that is what is actually happening in many countries around the globe. To make matters worse, there is no end to the inflationary forces in sight. The truth is that economies are burdened with record levels of debt after years of very low interest rates. The Institute of International Finance (IIF) estimates that by the end of Q1 2021, global debt had reached 289 trillion US-dollar or 360 per cent of global gross domestic product. Against this backdrop, it is hard to see how central banks could raise interest rates without triggering the next severe credit or financial and economic crisis.

At the same time, financial markets have remained relatively tame. There is no "flight out of money", no sell-off in the bond markets. This should not come as a surprise, though. After all, people's confidence in central banks' willingness and ability to keep price inflation low has not actually weakened. Nor do people expect an imminent collapse of the unbacked paper money system, which has resulted in a credit pyramid on the largest scale over the last dec-

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



Source: Refinitiv; graphs by Degussa.

ades. Perhaps it is not too far-fetched to say that central banks have succeeded in putting people's inflation concerns, payment default fears, and crash angst to rest. This could explain why gold and silver are not trading higher than they currently are. However, all this does not speak against the attractiveness of holding physical gold and silver as a part of the 'liquid means' in one's portfolio.

### 1 The price of gold is on an upwards trajectory

Gold price in USD/oz



Source: Refinitiv; graph Degussa.

The price of gold is firmly on an upwards trajectory, as suggested by the chart above, a development that is largely supported by central bank policies to increase the money supply and keep real interest rates in negative territory for the foreseeable future. What is more, it is very likely that central banks' balancing act will no longer work at some point and will most likely lead to a brutal inflation problem: If and when they have to choose between letting the financial and economic system go bust or printing additional money (to ward off the "big crisis"), it is very likely that central banks will opt for the latter rather than the former. However, as market players hold fast to their faith in central banks, for the time being, gold and silver are currently not ranking higher on people's value scale.

Having said that, investors with a long-term horizon should consider the current pricing of gold and silver as a highly attractive opportunity to expand their physical precious metal portfolio. When looking back to July 2021 in a few years, I am quite sure that the decision to get an exposure to the "monetary metals" gold and silver was to the investors' benefit.

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The podcast of this article can be found [here](#).

## PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1817.9</b>		<b>25.3</b>		<b>1072.6</b>		<b>2653.2</b>	
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	
<b>III. Estimates for end 2021</b>	<b>2448</b>		<b>47</b>		<b>1272</b>		<b>2710</b>	
<sup>(1)</sup>	35		86		19		2	
<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>	-4	48	-9	118	-11	37	-14	10
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

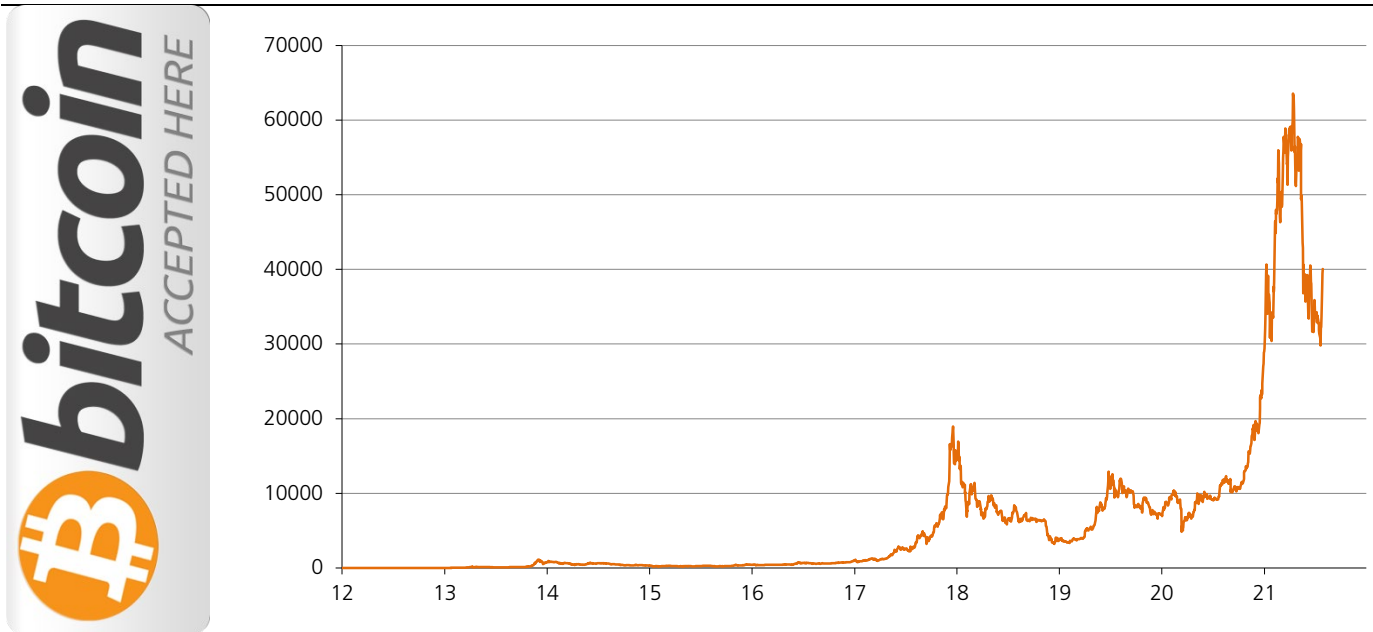
	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1533.5</b>		<b>21.3</b>		<b>904.8</b>		<b>2238.0</b>	
II. Gliding averages								
10 days	1514.3		22.1		920.6		2365.8	
20 days	1505.2		22.0		915.2		2285.6	
50 days	1524.0		22.5		954.6		2314.9	
100 days	1491.4		22.0		978.6		2254.8	
200 days	1521.3		21.5		912.7		2106.5	
<b>III. Estimates for end 2021</b>	<b>2044</b>		<b>39</b>		<b>1062</b>		<b>2263</b>	
<sup>(1)</sup>	33		84		17		1	
<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>	-4	47	-11	118	-12	37	-14	9
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.

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

# BITCOIN, PERFORMANCE OF VARIOUS ASSET CLASSES

## Bitcoin in US dollars

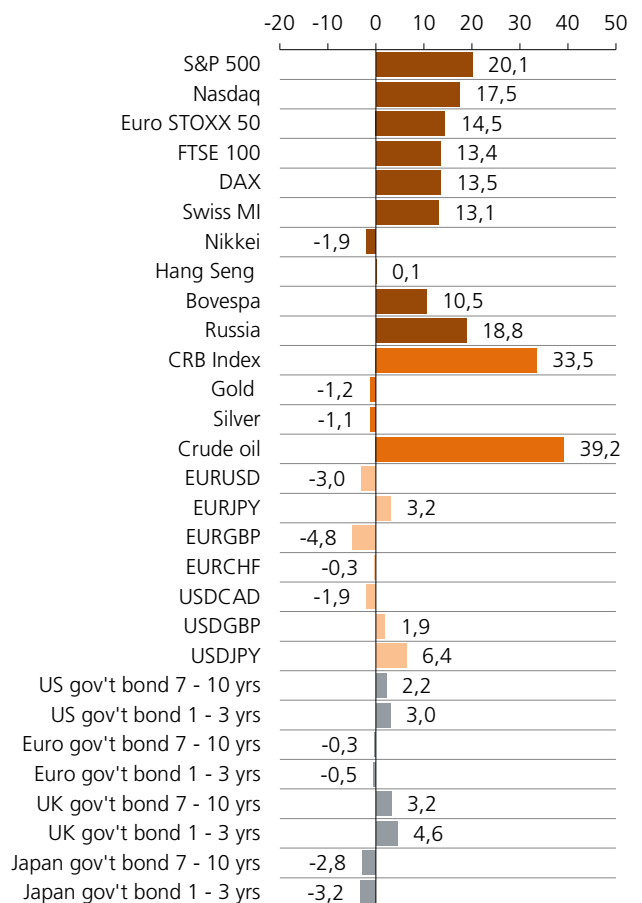
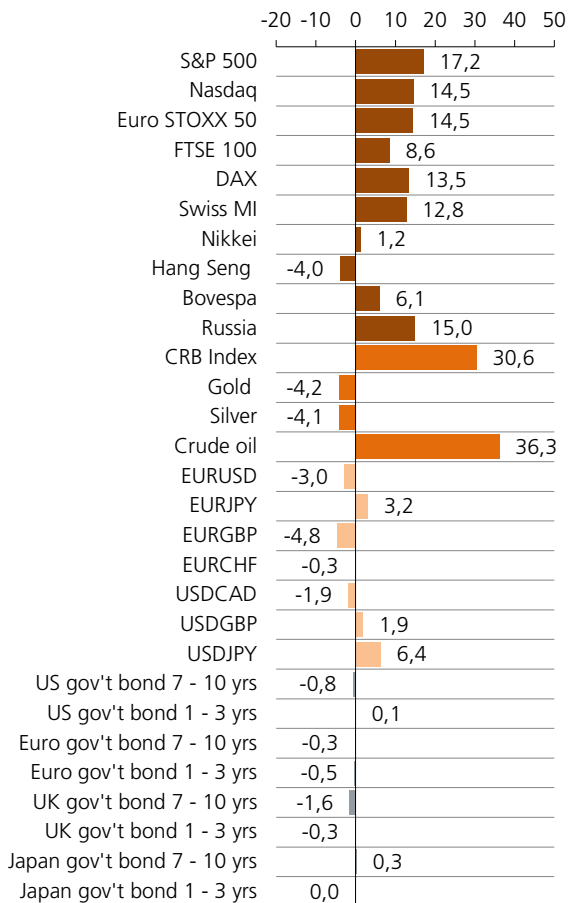


Source: Refinitiv; graph by Degussa.

## 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
29 July 2021	Gold And The Market Fear That Is Not
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
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17 December 2020	Gold Against US-Dollar Risk. A Value Proposition
3 December 2020	Keep Your Cool – And Physical Gold And Silver
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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
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27 August 2020	We Need Sound Money To Regain and Defend Our Liberties
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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

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GOLD UND SILBER.

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