

USD per ounce of gold



USD per ounce of silver



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	1.802,8	-0,8	0,5	4,6
Silver	22,8	-0,7	-5,1	-14,0
Platinum	1.037,0	6,9	-2,5	-12,4
Palladium	2.391,4	27,3	16,8	1,8
II. In euro				
Gold	1.593,3	0,1	3,2	11,3
Silver	20,1	0,2	-2,7	-8,5
Platinum	916,5	7,9	0,0	-6,8
Palladium	2.114,0	28,5	19,4	8,2
III. Gold price in other currencies				
JPY	206.139,0	-0,7	0,9	12,0
CNY	11.467,1	-0,7	0,0	2,9
GBP	1.329,5	0,1	1,3	7,4
INR	134.753,0	1,9	0,4	6,5
RUB	136.973,4	-1,0	7,0	7,0

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

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

THE BIGGER GOLD PICTURE

Central banks, holding the money production monopoly, are powerful institutions. No doubt about that. In recent years, their power has grown even stronger, actually much stronger. Central banks have effectively brought credit markets under their control. They no longer limit themselves to setting short-term interest rates but also long term interest rates, particularly in government and bank bond markets. The standard procedure to do this is by buying bonds. As a result, interest rates are no longer determined by “free” supply and “free” demand for credit. The truth is that central banks basically set the interest rate on bonds they deem politically expedient.

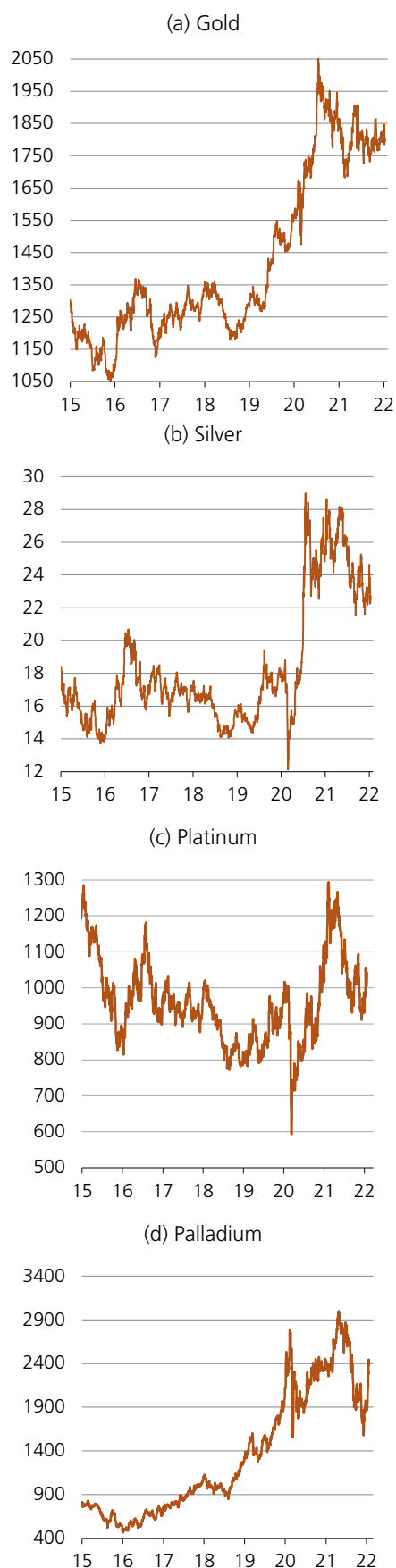
Central banks push interest rates to the lowest level possible. Why? Well, mainstream economics tells us that, to put it simply, the lower the interest rate is, the higher investment, output, and employment will be. Perhaps more importantly, governments prefer lower interest rates over higher interest rates. Because it makes borrowing cheaper, brings down interest expenditures within budget, allowing even more borrowing to keep “deficit spending” going. And central banks do what the government wants them to do. (Do not think that central banks’ formal “political independence” would prevent this from happening.)

When market interest rates are manipulated downwards according to the preferences of government politicians (and special interest groups who use them for their purposes), economic and social life is bound to get into serious trouble. For instance, artificially lowered interest rates encourage people to save less and consume more of their current income. That means people become less concerned about their future and place more and more value on the satisfaction of present needs relative to future needs. This, in turn, has a negative impact on all areas of life. For example, the quality of education suffers; generational conflicts within families increase; divorce rates rise; etc.

What is more, artificially lowered interest rates entice entrepreneurs to invest in projects they would not invest in had the interest rate not been manipulated downwards, and which are only profitable if and when the interest rate remains artificially suppressed or is pushed down even further. In addition, people become increasingly indebted, making themselves dependent on, even addicted to, bank credit. Governments take advantage of artificially lowered interest rates to go on a borrowing spree – to finance all sorts of expenses: raising their own salaries and those of their employees, buying voter support, subsidizing certain industries, waging war. Artificially lowered interest rates are perhaps the most effective tools for expanding the state.

Last but not least, artificially lowered interest rates fuel the expansion of banking and the financial industry in general. It stimulates the demand for new credit. It

Precious metal prices (USD/oz), last seven years



Source: Refinitiv; graphs Degussa.

increases the money supply in the economy, thereby driving up consumer goods and especially asset prices such as stock, bond, housing, and real estate prices. It does not take much to understand that this is a recipe for big profits as far as banks, financial asset managers and financial service providers are concerned; and that the banking and financial industry – which is, of course, influential in the political arena – is very vocal arguing that central banks should keep increasing the quantity of money in the economy.

Because it all boils down to raising the quantity of money. In fact, when the central bank, in close cooperation with commercial banks, increases the credit supply, the inevitable consequence is an increase in the quantity of money in the economy. An increasing money supply will eventually cause goods prices to increase (or at least to increase more than in a situation in which the quantity of money would have remained constant). The artificial lowering of interest rate by central banks thus sets in motion an inflationary process – a process that, if unchecked, will reduce, even ruin, the purchasing power of money over time.

I think I better stop right here – and recommend you, dear reader, to hold at least a portion of your liquid means in physical gold and silver. I do not have a crystal ball that tells me what will happen in the future. But I firmly believe that physical gold (and silver) will serve the long-term oriented investor well in times like this – just as gold has served its owners well for more than 5.000 years. In other words: Don't trust central banks. Trust in gold.

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1803,9		22,8		1034,8		2391,6	
II. Gliding averages								
10 days	1821,7		23,5		1029,2		2219,3	
20 days	1816,4		23,2		998,9		2058,4	
50 days	1802,1		22,9		970,2		1915,3	
100 days	1796,0		23,2		993,4		1964,9	
200 days	1806,1		24,5		1045,8		2322,8	
III. Estimates for end 2022	2100		28,2		1175		2261	
⁽¹⁾	16		24		14		-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>
⁽¹⁾	1700	2280	21,0	31,0	830	1280	1650	2400
	-6	26	-8	36	-20	24	-31	0
V. Annual averages								
2019	1382		16,1		862		1511	
2020	1753		20,2		878		2180	
2021	1804		25,5		1095		2422	

In Euro per ounce

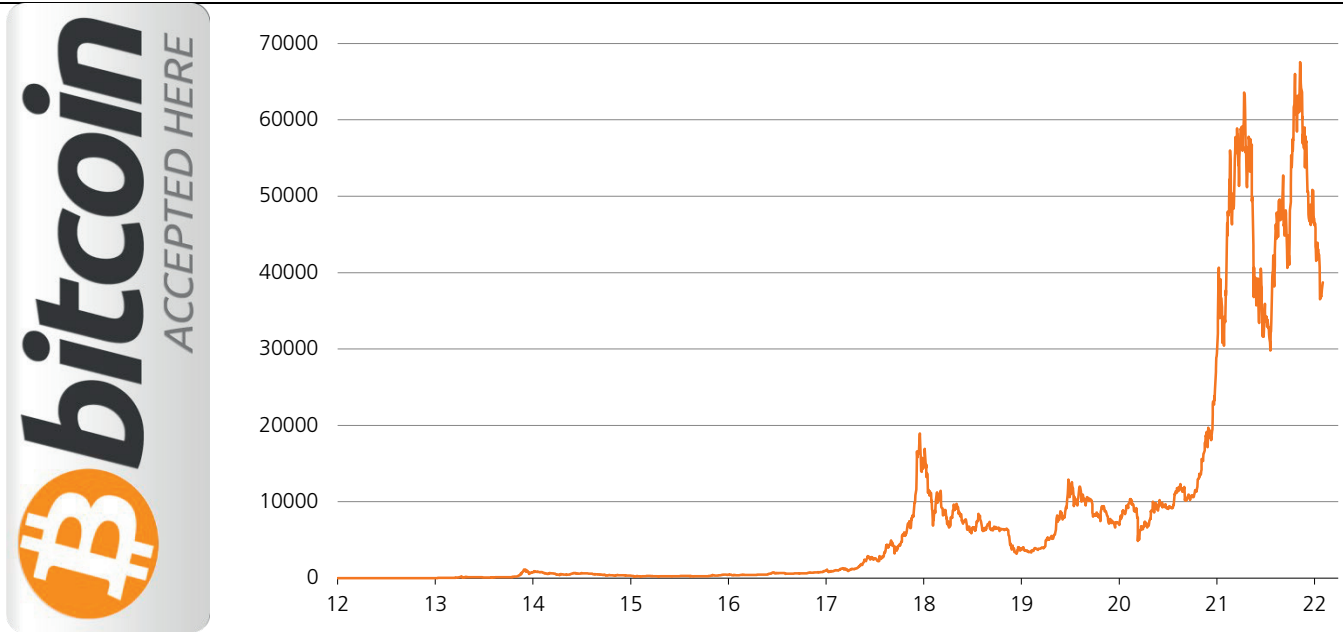
	Gold		Silver		Platinum		Palladium	
I. Actual	1593,7		20,2		914,2		2112,9	
II. Gliding averages								
10 days	1616,7		20,8		913,4		1970,3	
20 days	1604,7		20,5		882,6		1819,5	
50 days	1594,3		20,2		858,4		1694,7	
100 days	1570,4		20,3		868,4		1717,6	
200 days	1545,7		21,0		893,8		1980,9	
III. Estimates for end 2022	1944		26,1		1088		2093	
⁽¹⁾	22		29		19		-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>
⁽¹⁾	1573	2110	19,4	28,7	760	1180	1520	2220
	-1	32	-4	42	-17	29	-28	5
V. Annual averages								
2019	1235		14		770		1350	
2020	1535		18		769		1911	
2021	1519		21		921		2035	

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

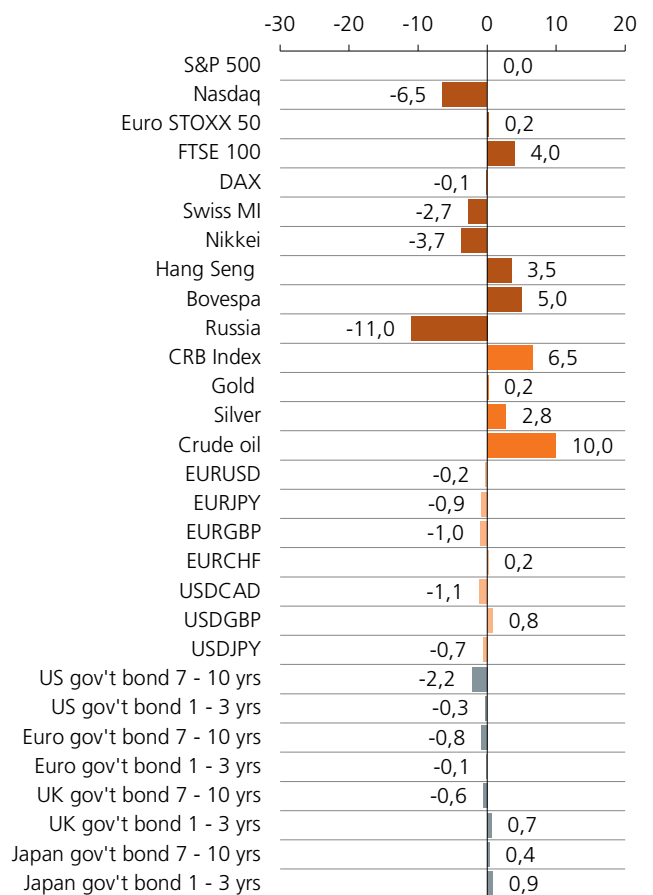
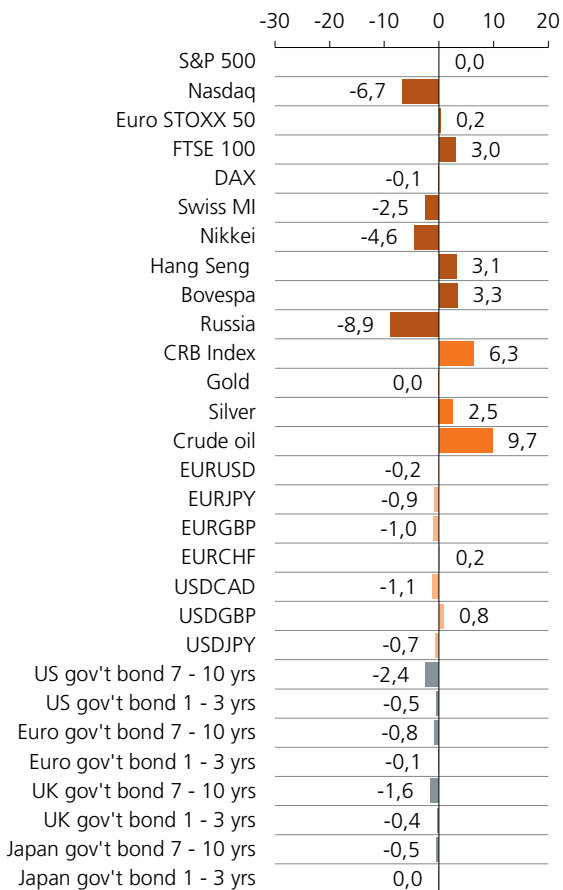


Source: Refinitiv; graph by Degussa.

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
16 December 2021	Welcome to a new chapter in the boom-and-bust-drama
2 December 2021	Inflation Is Not Temporary But Here To Stay
18 November 2021	The Case Against Gold And Silver. Revisited
4 November 2021	Stagflation Is Rearing Its Ugly Head
21 October 2021	At A Crossroads. It Is Time For Gold And Silver
7 October 2021	Here Comes The Inflation Beast
23 September 2021	Evergrande: China's Potential 'Lehman moment'?
8 September 2021	It All Depends On The Fed's 'Safety Net'
26 August 2021	Our Money Gets Thrown Under The Bus
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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
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2 June 2021	Gold And Inflation
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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
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11 March 2021	Interest Rates are to the Price of Gold What Gravity is to the Apple
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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

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www.degussa-goldhandel.de/de/marktreport.aspx.

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