

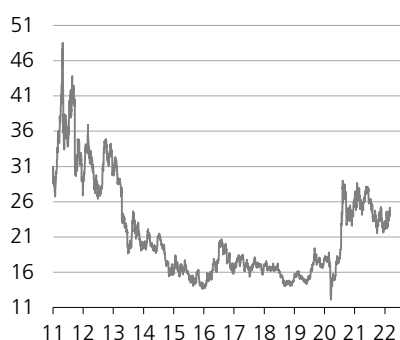
3 March 2022

Economics · Finance · Precious Metals

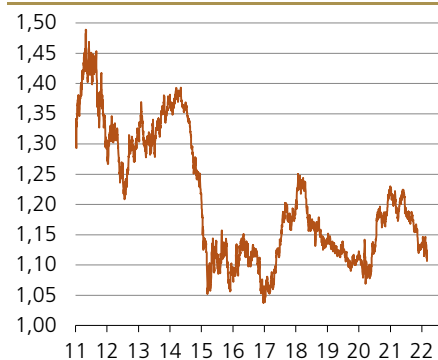
USD per ounce of gold



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	1.928,7	3,7	8,7	13,0
Silver	25,3	7,3	10,9	3,7
Platinum	1.085,0	5,6	16,1	-8,6
Palladium	2.732,9	18,5	57,2	4,3
II. In euro				
Gold	1.738,4	6,1	11,1	19,5
Silver	22,8	9,8	13,2	9,6
Platinum	978,4	8,1	18,3	-2,9
Palladium	2.473,0	21,7	61,2	10,6
III. Gold price in other currencies				
JPY	223.172,0	4,0	11,2	18,1
CNY	12.180,7	3,1	7,9	8,9
GBP	1.439,7	5,0	8,0	16,3
INR	146.193,4	1,9	9,8	17,1
RUB	226.361,7	57,9	72,8	75,4

Source: Refinitiv; calculations by Degussa.

OUR TOP ISSUES

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

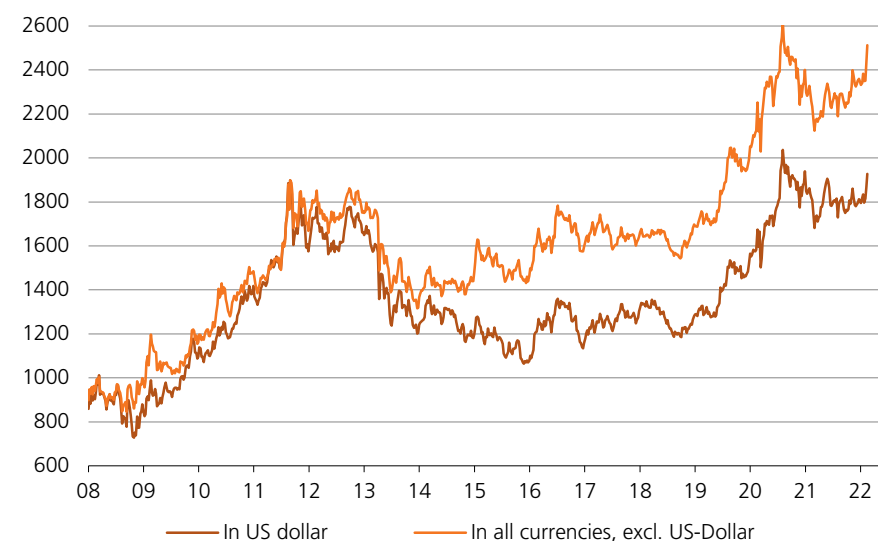
GOLD: TOO LOW FOR TOO LONG

Heavy inflation. War in Europe. Interest rates close to rock bottom. And yet the price of gold is around 5 per cent *below* its all-time high of August 2020. Has gold lost its lustre? Is it no longer considered a 'safe haven'? Such a conclusion would certainly be premature.

First, central banks seem to have convinced the general public that the recent surge in consumer goods price inflation will be temporary. While it may last a little longer than originally thought, central bank councils keep saying it will return to normal sooner or later. As people buy this story, they do not reduce their cash holdings by, for instance, exchanging their cash for gold and silver, so actual inflation leaves the prices of these precious metals relatively unaffected.

What is more, central banks have put a 'safety net' under the financial markets. That is, they have signalled to the investor community (on Wall Street) that large scale credit defaults will be prevented, and that overstretched borrowers will be bailed out if needed. This, in turn, has reduced investor risk aversion and, therefore, the demand for insurance against payment defaults – which holding gold and silver shield against.

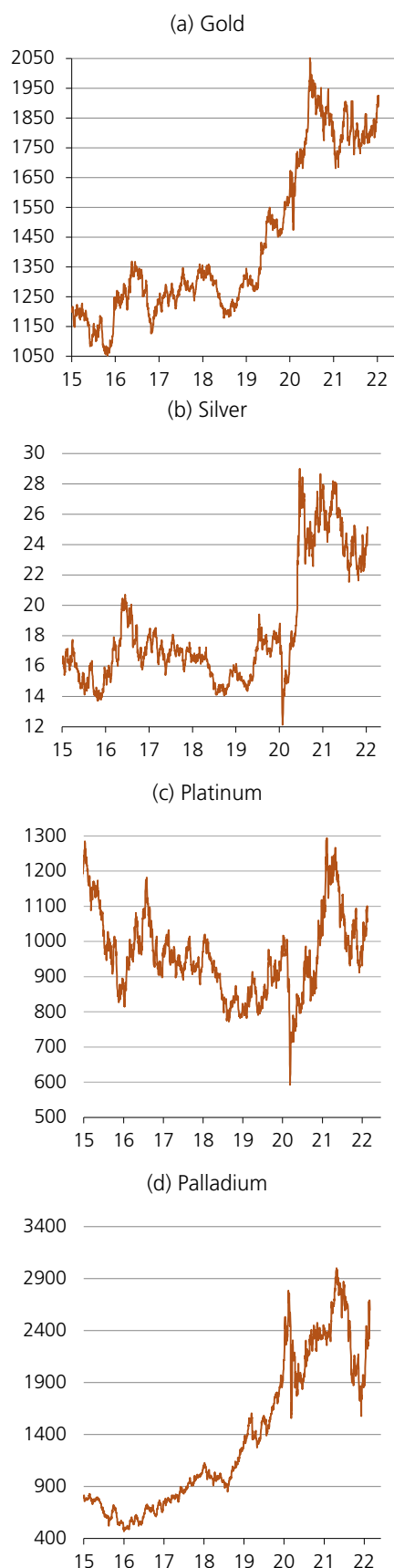
Gold price in US dollar and all other currencies excl. US dollar



Source: Refinitiv; calculations Degussa.

Of course, Russia's military invasion into Ukraine has spooked financial markets, particularly in the Western world. However, investors seem to think that the negative fallout of this conflict will largely be borne by Ukraine and Russia. Is this a

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



Source: Refinitiv; graphs Degussa.

correct view? The West has imposed crushing economic and financial sanctions on Russia. In fact, the country has been effectively cut off and isolated from the rest of the world.

While Western politicians are gaining strong support from their constituents for heavily sanctioning Russia, it is an open question how sanctions will affect the conflict and where they will ultimately lead. It does not take much to paint a gloomy picture. A retaliating Russia could easily disrupt Europe's oil and gas supply, thereby causing a deep recession and skyrocketing inflation – a scenario that would actually put the euro to a real survival test. This brings us to gold.

After remaining relatively subdued in US dollar over the past two years, the price of gold has risen sharply in other currencies. For instance, the euro and Japanese yen gold prices hit new records. In fact, gold has recently appreciated against virtually all currencies lately (see chart). This underscores that the US dollar is still the preferred fiat currency; and that it will take a significant drop in confidence in the Greenback to push the gold price higher in US dollar terms.

So what about confidence in the US dollar? It is fair to say that market agents expect the Federal Reserve to hike interest rates from the exceptionally low levels sooner rather than later and that this would be a good reason to keep the faith in the US dollar. This is where scepticism should kick in because it is rather unlikely that the Fed will push through an interest rate increase sufficient to curb high inflation.

This is because global debt has reached a level where economies simply cannot afford to raise interest rates, let alone real (i.e. inflation-adjusted) interest rates. A rise in the cost of credit and capital could unravel the production and employment structure built up over many years of exceptionally low interest rates and excessive credit and money supply growth. While it is reassuring to think central banks will fight inflation, it is actually a rather unrealistic scenario.

In a never-ending regime of elevated inflation and suppressed interest rates, it is only a matter of time before investors re-discover the appeal of holding gold. Undoubtedly, the price of gold has stayed too low for too long. And while I cannot predict how long the gold price will stay too low, I am pretty sure that it will not stay that way. From this perspective, holding gold at current prices is insurance against the vagaries of fiat money with considerable upside potential.

PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
I. Actual	1929,2		25,3		1084,6		2735,4	
II. Gliding averages								
10 days	1905,4		24,4		1077,1		2474,1	
20 days	1869,3		23,8		1051,7		2375,1	
50 days	1836,2		23,4		1014,9		2167,9	
100 days	1818,3		23,4		1009,7		2051,7	
200 days	1809,4		24,2		1028,3		2268,3	
III. Estimates for end 2022	2100		28,2		1175		2261	
⁽¹⁾	9		12		8		-17	
<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
	-12	18	-17	23	-23	18	-40	-12
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

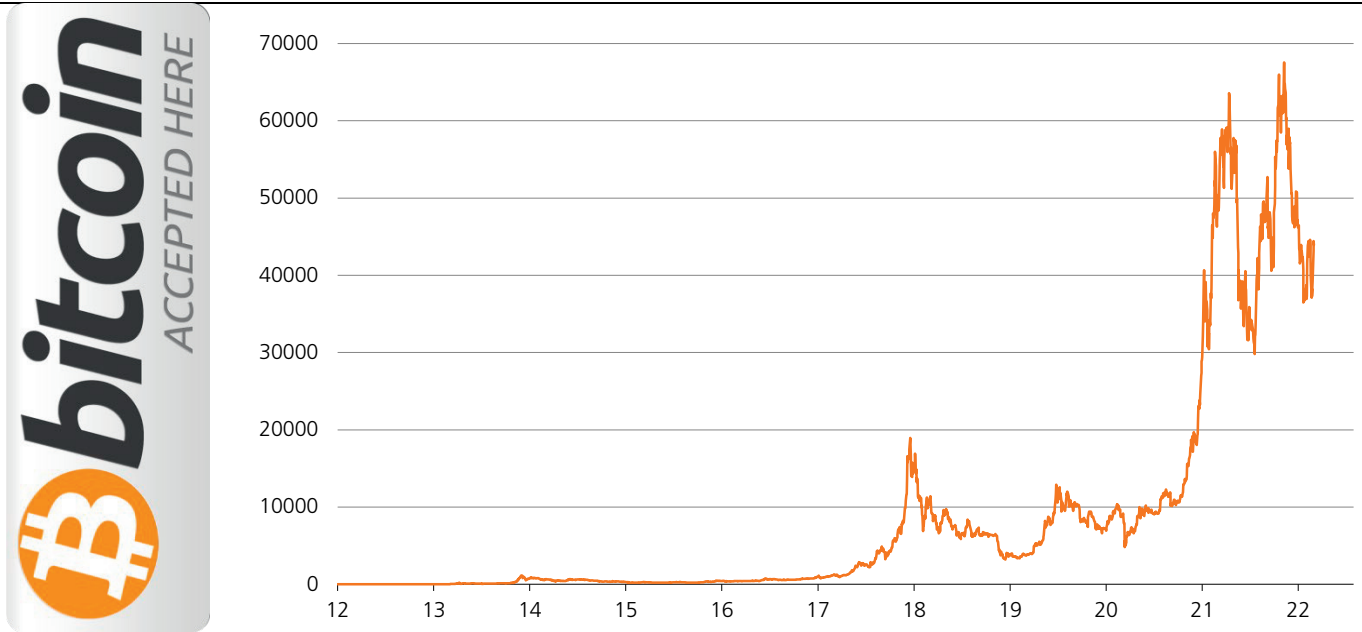
	Gold		Silver		Platinum		Palladium	
I. Actual	1740,6		22,8		978,6		2468,1	
II. Gliding averages								
10 days	1693,8		21,7		957,4		2200,2	
20 days	1650,6		21,0		928,6		2097,9	
50 days	1621,9		20,6		896,5		1915,5	
100 days	1599,3		20,6		887,9		1804,7	
200 days	1560,0		20,8		885,8		1950,7	
III. Estimates for end 2022	1944		26,1		1088		2093	
⁽¹⁾	12		15		11		-15	
<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
	-10	21	-15	26	-22	21	-38	-10
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

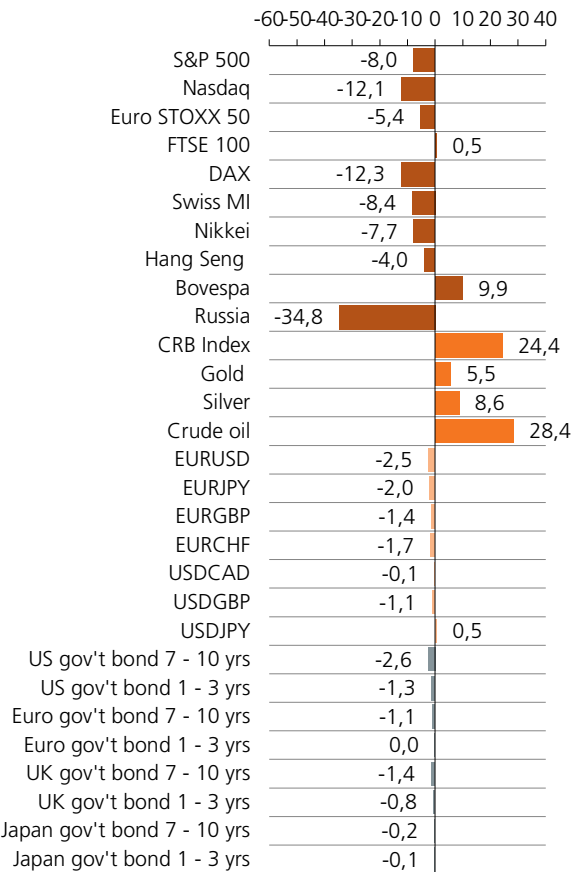
Bitcoin in US dollars



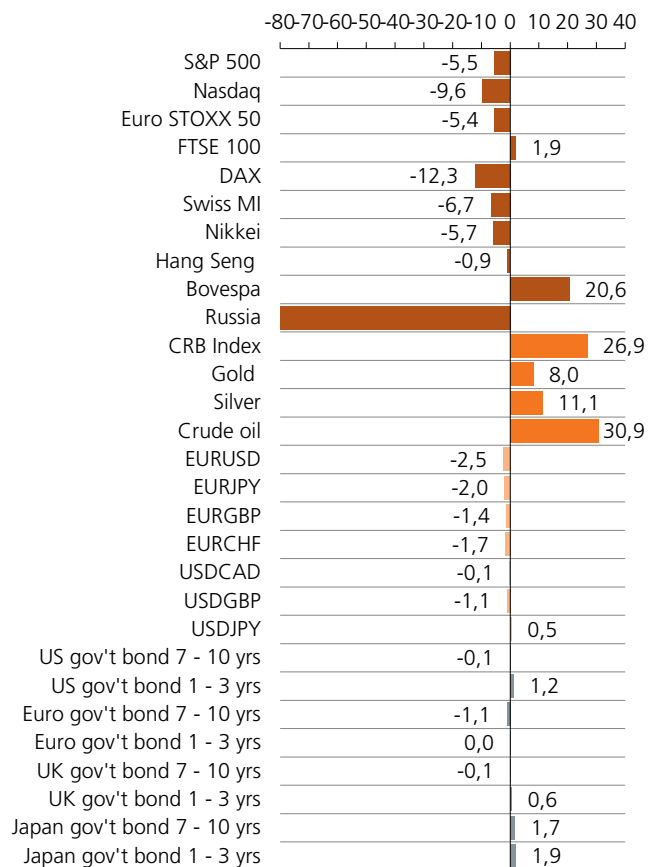
Source: Refinitiv; graph by Degussa.

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
3 March 2022	Gold: Too Low For Too Long
17 February 2022	The Inflation beast is bigger than you think it is
3 February 2022	The Bigger Gold Picture
20 Januar 2022	Outlook for Gold and Silber brighter than you think it is
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
12 August 2021	The Crime of 1971
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
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

The Degussa Marktreport (German) and the Degussa Market Report (English) are available at:
www.degussa-goldhandel.de/infothek/marktreport

Disclaimer

Degussa Goldhandel GmbH, Frankfurt am Main, is responsible for creating this document. The authors of this document certify that the views expressed in it accurately reflect their personal views and that their compensation was not, is not, nor will be directly or indirectly related to the recommendations or views contained in this document. The analyst(s) named in this document are not registered / qualified as research analysts with FINRA and are therefore not subject to NASD Rule 2711.

This document serves for information purposes only and does not take into account the recipient's particular circumstances. Its contents are not intended to be and should not be construed as an offer or solicitation to acquire or dispose of precious metals or securities mentioned in this document and shall not serve as the basis or a part of any contract.

The information contained in this document was obtained from sources that Degussa Goldhandel GmbH holds to be reliable and accurate. Degussa Goldhandel GmbH makes no guarantee or warranty with regard to correctness, accuracy, completeness or fitness for a particular purpose.

All opinions and views reflect the current view of the author or authors on the date of publication and are subject to change without notice. The opinions expressed herein do not necessarily reflect the opinions of Degussa Goldhandel GmbH. Degussa Goldhandel GmbH is under no obligation to update, modify or amend this document or to otherwise notify its recipients in the event that any circumstance mentioned or statement, estimate or forecast set forth in this document changes or is subsequently rendered inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any views described herein would yield favorable returns on investments. There is the possibility that said forecasts in this document may not come to pass owing to various risk factors. These include, without limitation, market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the circumstance that underlying assumptions made by Degussa Goldhandel GmbH or by other sources relied upon in the document should prove inaccurate.

Neither Degussa Goldhandel GmbH nor any of its directors, officers or employees shall be liable for any damages arising out of or in any way connected with the use of this document and its content.

Any inclusion of hyperlinks to the websites of organizations in this document in no way implies that Degussa Goldhandel GmbH endorses, recommends or approves of any material on or accessible from the linked page. Degussa Goldhandel GmbH assumes no responsibility for the content of and information accessible from these websites, nor for any consequences arising from the use of such content or information.

This document is intended only for use by the recipient. It may not be modified, reproduced, distributed, published or passed on to any other person, in whole or in part, without the prior, written consent of Degussa Goldhandel GmbH. The manner in which this document is distributed may be further restricted by law in certain countries, including the USA. It is incumbent upon every person who comes to possess this document to inform themselves about and observe such restrictions. By accepting this document, the recipient agrees to the foregoing provisions.

Imprint

Marktreport is published every 14 days on Thursdays and is a free service provided by Degussa Goldhandel GmbH.

Deadline for this edition: 3 March 2022

Publisher: Degussa Goldhandel GmbH, Kettenhofweg 29, 60325 Frankfurt, Tel.: (069) 860068-0, Fax: (069) 860068-222

E-Mail: info@degussa-goldhandel.de, Internet: www.degussa-goldhandel.de

Editor in chief: Dr. Thorsten Polleit

Degussa Market Report is available on the Internet at: <http://www.degussa-goldhandel.de/marktreport/>



Frankfurt Headquarters

Kettenhofweg 29 · 60325 Frankfurt

Phone: 069-860 068 – 0 · info@degussa-goldhandel.de

Retail buying and selling outlets in Germany:

Augsburg (shop & showroom): Maximiliansstraße 53 · 86150 Augsburg

Phone: 0821-508667 – 0 · augsburg@degussa-goldhandel.de

Berlin (shop & showroom): Fasanenstraße 70 · 10719 Berlin

Phone: 030-8872838 – 0 · berlin@degussa-goldhandel.de

Dusseldorf (Old Gold Centre): In der KÖ Galerie

Königsallee 60 / Eingang Steinstraße · 40212 Dusseldorf

Phone: 0211-13 06 858 – 0 · duesseldorf@degussa-goldhandel.de

Frankfurt (shop & showroom): Kettenhofweg 25 · 60325 Frankfurt

Phone: 069-860 068 – 100 · frankfurt@degussa-goldhandel.de

Hamburg (shop & showroom): Ballindamm 5 · 20095 Hamburg

Phone: 040-329 0872 – 0 · hamburg@degussa-goldhandel.de

Hanover (shop & showroom): Theaterstraße 7 · 30159 Hanover

Phone: 0511-897338 – 0 · hannover@degussa-goldhandel.de

Cologne (shop & showroom): Gereonstraße 18-32 · 50670 Cologne

Phone: 0221-120 620 – 0 · koeln@degussa-goldhandel.de

Munich (shop & showroom): Promenadeplatz 12 · 80333 Munich

Phone: 089-13 92613 – 18 · muenchen@degussa-goldhandel.de

Munich (Old Gold Centre): Promenadeplatz 10 · 80333 Munich

Phone: 089-1392613 – 10 · muenchen-altgold@degussa-goldhandel.de

Nuremberg (shop & showroom): Prinzregentenufer 7 · 90489 Nuremberg

Phone: 0911-669 488 – 0 · nuernberg@degussa-goldhandel.de

Pforzheim (refinery): Freiburger Straße 12 · 75179 Pforzheim

Phone: 07231-58795 – 0 · pforzheim@degussa-goldhandel.de

Stuttgart (shop & showroom): Kronprinzstraße 6 · 70173 Stuttgart

Phone: 0711-305893 – 6 · stuttgart@degussa-goldhandel.de

Retail buying and selling outlets around the world:

Zurich (shop & showroom): Bleicherweg 41 · 8002 Zurich

Phone: 0041-44-40341 10 · zuerich@degussa-goldhandel.ch

Geneva (shop & showroom): Quai du Mont-Blanc 5 · 1201 Genève

Phone: 0041-22 908 14 00 · geneve@degussa-goldhandel.ch

Madrid (shop & showroom): Calle de Velázquez 2 · 28001 Madrid

Phone: 0034-911 982 900 · info@degussa-mp.es

London Sharps Pixley Ltd. (member of the Degussa Group)

Phone: 0044-207 871 0532 · info@sharpspixley.com