

## 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	1.708,2	-5,6	-11,8	-5,8
Silver	18,8	-5,3	-24,1	-26,1
Platinum	876,7	-1,4	-10,8	-16,4
Palladium	1.855,6	-5,4	-18,0	-30,3
<b>II. In euro</b>				
Gold	1.667,4	-3,9	-4,7	9,1
Silver	18,4	-3,5	-18,0	-14,4
Platinum	856,0	0,5	-3,5	-3,1
Palladium	1.812,0	-3,5	-11,4	-19,1
<b>III. Gold price in other currencies</b>				
JPY	235.991,0	-3,6	0,2	18,6
CNY	11.526,8	-5,0	-6,1	-1,6
GBP	1.421,1	-5,0	-3,6	9,0
INR	136.545,9	1,9	-7,1	1,3
RUB	93.327,5	0,1	-39,2	-29,6

## OUR TOP ISSUES

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

## DOLLAR DOMINANCE BRINGS YEN AND EURO TO THEIR KNEES

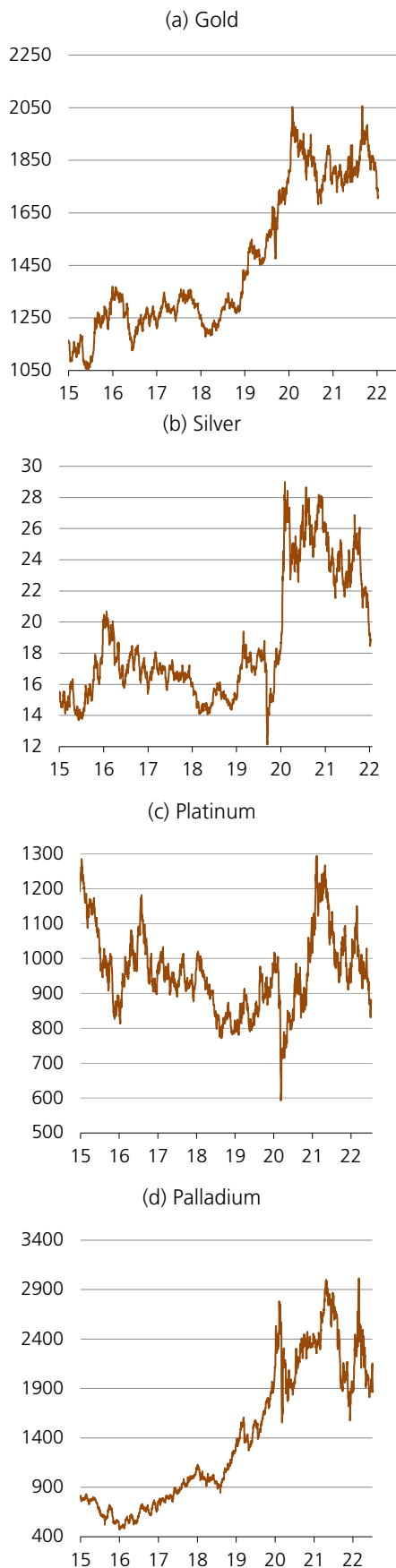
Since the beginning of 2021, the US dollar has appreciated noticeably against many world currencies. There are many reasons for this. In times of elevated economic and political uncertainty, investors increasingly favour the greenback, which they still consider a “safe haven.” In addition, US yields have been edging higher. Both increases demand for the US dollar and raise its external value. The Japanese yen and the euro, in particular, have lost significantly against the US currency: The yen has dropped 34 per cent since December 2020, the euro 20 per cent since May 2021 – and has nearly returned to parity with the US dollar. The question is why?

First, investors seem concerned that the Japanese central bank is keeping interest rates artificially low and buying up more and more government bonds. Japan’s public debt amounted to 257 per cent of its gross domestic product at the end of 2021 – the highest level among developed economies. Moreover, the sharp rise in energy and commodity prices is clouding the competitive prospects of the Japanese economy and degrading its overall ability to service its debt. This, in turn, fuels investors’ fears that the Bank of Japan will have to speed up the electronic printing press and devalue the yen’s purchasing power internally and externally.

The problems in the euro area are no different. The European Central Bank (ECB) is now slightly raising the prospect of a rate hike. However, financial markets are still not convinced that the ECB will fight high inflation in the euro area with the necessary determination. Especially since ECB President Christine Lagarde publicly said on June 29, 2022: “I do not think that we will return to a low-inflation environment”. With these words, Lagarde is disregarding the ECB’s mandate as laid out in the Maastricht Treaty, which stipulates that the ECB must ensure “price stability” and give this goal priority over all other goals. In fact, as in Japan, there is now “fiscal dominance” in the euro area.

This means that the state of public finances de facto determines monetary policy. The central bank keeps interest rates fairly low and expands the money supply to give the government cheap credit while, at the same time, the purchasing power of money is debased. This is how “financial repression” works: Inflation exceeds the nominal interest rate, so the real interest rate (i.e. nominal interest rate minus inflation) becomes negative. This way, the government can lower the level of real debt at the creditors’ expense. Governments need not make politically unwelcome spending cuts or impose tax increases to improve their financial position. The inflation policy allows politicians to plunder the population for the benefit of the state.

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

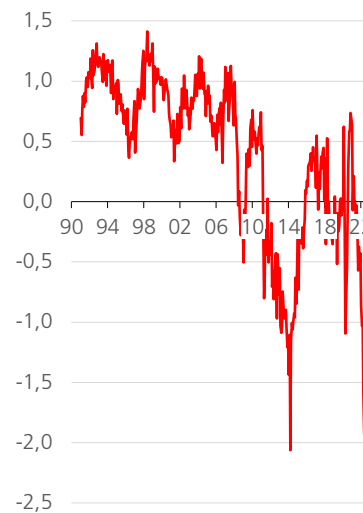


Source: Refinitiv; graphs Degussa.

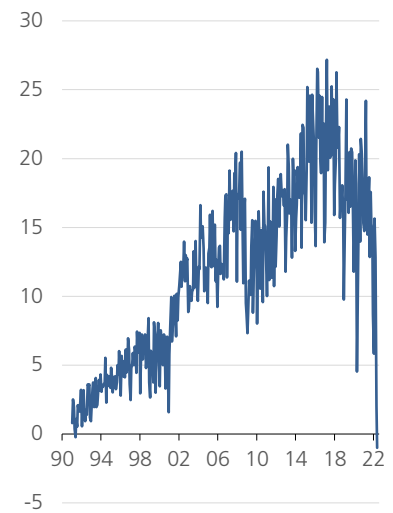
But there is a particularly tricky problem in the eurozone: the decade of extremely low ECB interest rates has contributed to delaying reforms and fostered political mismanagement. As a result, southern countries, particularly Italy, Spain, Portugal, and Greece, are more than ever dependent on the low ECB interest rates. If interest rates continue to rise, the next sovereign debt crisis in the euro area will be triggered. That said, the ECB is most likely to continue its inflationary policy. Not only will the citizens and entrepreneurs in the south have to pay for this with rising inflation, but those in the north will not be able to escape the devaluation of the euro's purchasing power either. The euro area is not just a debt community but also an inflation community.

## 1 Export champions no more

(a) Japan's trade balance, JPY trn



(b) Germany's trade balance, € bn



Source: Refinitiv; calculations Degussa.

The outward devaluation of their currency will still cost the people in Japan and the euro area dearly. It does not necessarily boost their exports but makes imported goods more expensive. This, in turn, lowers the real incomes of private individuals and increases companies' production costs, worsening their competitive position. Japan has had a negative trade balance since mid-2021: It pays more for imports than it earns for exports. Germany's trade balance, and thus also that of the euro area, has recently turned into a deficit. World export champions no more. They now have to raise capital from abroad, which only serves to depress the external value of their currencies.

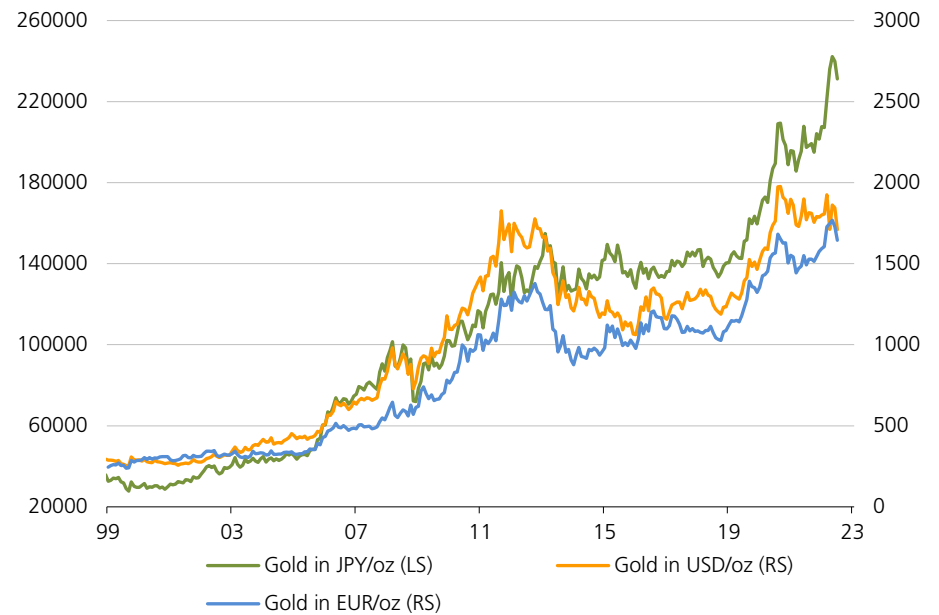
There are also serious problems with the dollar, no doubt about that: high inflation, escalating national and foreign debt. However, due to the "dollar dominance", this has not yet negatively impacted the dollar's external value. The reason is that the greenback is still the world's reserve currency on which the entire international credit and monetary system is built. The signs of this structure's disintegration will most likely not primarily affect the dollar but hit all other currencies particularly hard, and they will all be in serious trouble once the dollar loses investor confidence – which, someday, may well occur.

The fluctuating exchange rates between the dollar and all other currencies, however, should not distract from one important thing: The purchasing power of all currencies, including that of the dollar, has been declining year after year. This is reflected in the continued rise in the price of gold. For example, the price of gold, calculated in euros, has risen by an average of 8.4 per cent per year since 1999. In terms of yen, gold increased by 8.7 p.a. on average, in terms of US dollar 7.4

per cent. A painful truth is thus expressed: the chronic inflationary policy of the central banks is destroying the purchasing power of money. Investors who wish to preserve their capital should, therefore, avoid any official currencies as best as possible, be it yen, euro, or dollar.

**2 JPY, EUR and USD devalue vis-à-vis gold**

*Gold price per ounce in JPY, EUR and USD*



Source: Refinitiv; graph Degussa.

## PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1707,5</b>		<b>18,8</b>		<b>876,9</b>		<b>1858,8</b>	
II. Gliding averages								
10 days	1727,8		19,0		860,6		1981,4	
20 days	1771,9		19,8		883,3		1943,1	
50 days	1813,9		21,0		930,9		1955,5	
100 days	1873,9		22,8		964,7		2186,5	
200 days	1845,4		23,1		987,0		2116,3	
<b>III. Estimates for autumn 2023</b>	<b>2200</b>		<b>28</b>		<b>1070</b>		<b>2261</b>	
<sup>(1)</sup>	29		49		22		22	
<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>
<sup>(1)</sup>	1800	2398	21,0	31,0	830	1280	1650	2400
	5	40	12	65	-5	46	-11	29
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

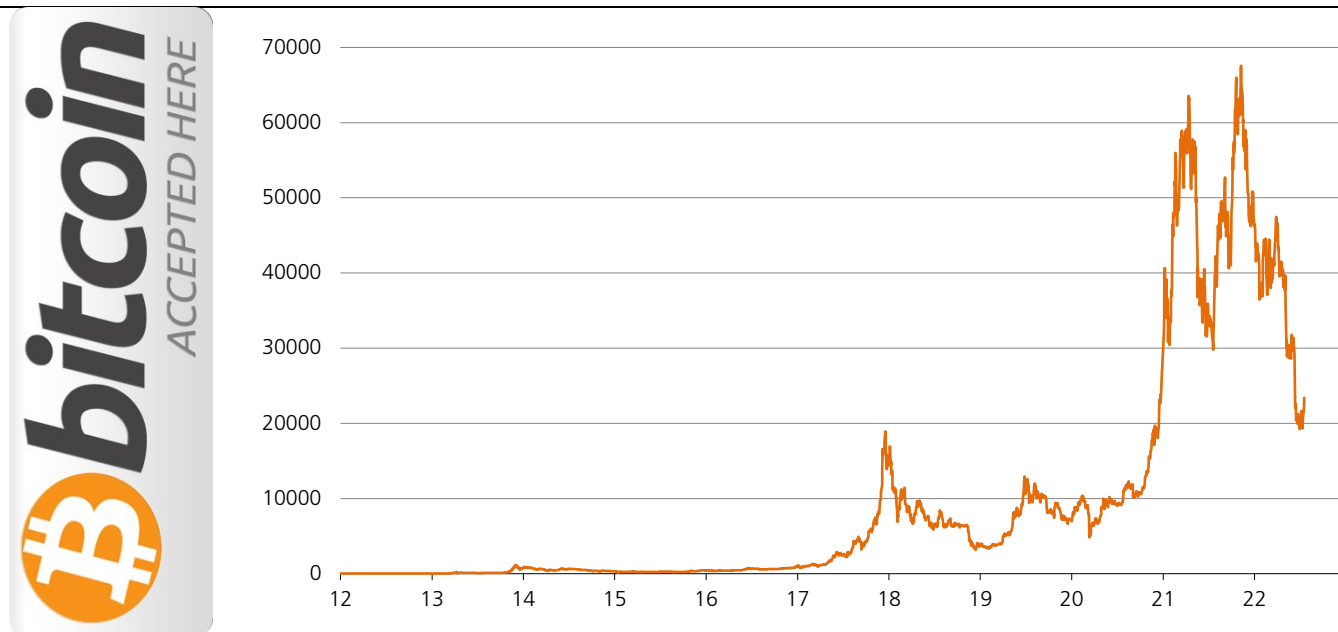
	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1668,3</b>		<b>18,4</b>		<b>856,7</b>		<b>1816,1</b>	
II. Gliding averages								
10 days	1705,7		18,8		849,5		1956,3	
20 days	1719,5		19,2		857,0		1887,3	
50 days	1731,4		20,0		888,2		1867,5	
100 days	1756,1		21,3		903,7		2046,1	
200 days	1676,8		21,0		895,4		1922,5	
<b>III. Estimates for autumn 2023</b>	<b>2281</b>		<b>29</b>		<b>1110</b>		<b>2345</b>	
<sup>(1)</sup>	37		58		30		29	
<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>
<sup>(1)</sup>	1867	2487	21,8	32,1	860	1320	1710	2480
	12	49	18	75	0	54	-6	37
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.

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

# BITCOIN, PERFORMANCE OF VARIOUS ASSET CLASSES

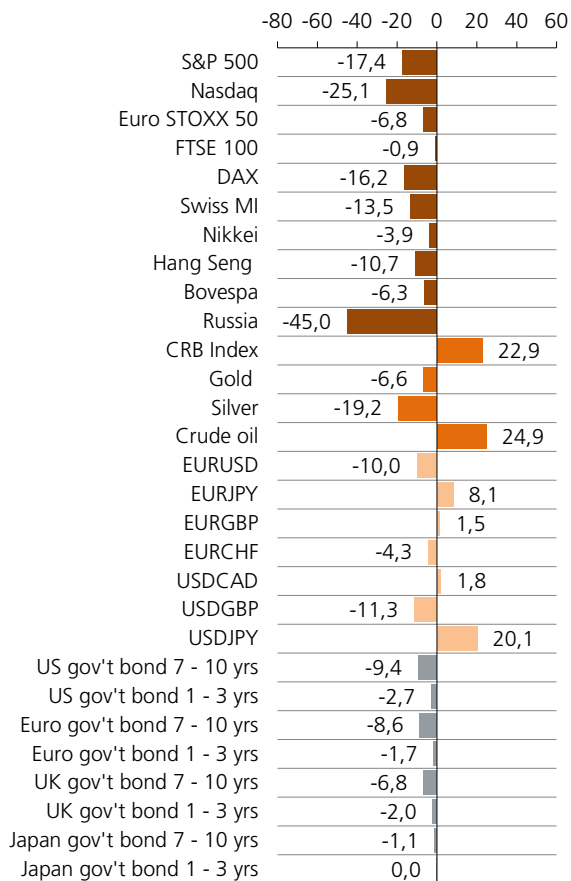
## Bitcoin in US dollars



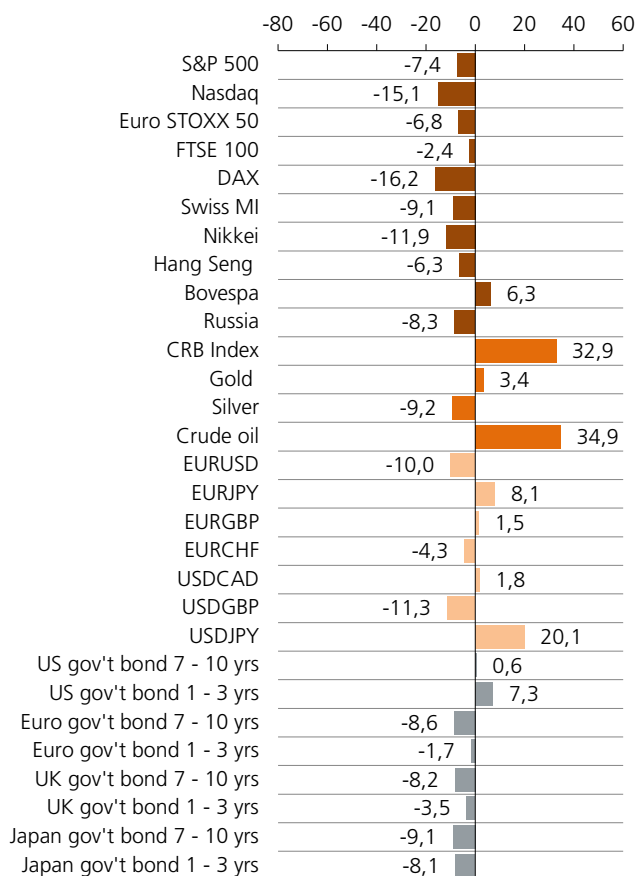
Source: Refinitiv; graph by Degussa.

## 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
21 July 2022	Dollar Dominance Brings Yen And Euro To Their Knees
7 July 2022	I'm Sorry To Say, But It Doesn't Look Good. Hold At Least Some Gold
23 June 2022	On The Future Of Markets And Money
9 June 2022	Interest Rates Rise. Financial Repression Continues
26 May 2022	Crisis Risk On The Rise. Gold As Insurance
12 May 2022	The Fed Makes Boom & Bust, And What It Means For Gold
28 April 2022	The Fed's Boom And Bust Cycle – And What It Means For Your Money
14 April 2022	Do You Know What Inflation Really Is? Then Hold Gold And Silver
31 March 2022	How Not To Get Battered
17 March 2022	There is no Return to Normality. The Case for Gold and Silver
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 January 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

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

## 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 Gold 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 Thursday and is a free service provided by Degussa Goldhandel GmbH.

**Deadline for this edition:** 21 July 2022

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

E-Mail: [info@degussa-goldhandel.de](mailto:info@degussa-goldhandel.de), Internet: [www.degussa-goldhandel.de](http://www.degussa-goldhandel.de)

**Editor in chief:** Dr. Thorsten Polleit

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

### Retail buying and selling outlets in Germany:

**Frankfurt** (shop & showroom): Kettenhofweg 29 · 60325 Frankfurt  
Phone: +49-69-860 068 – 100 · [frankfurt@degussa-goldhandel.de](mailto:frankfurt@degussa-goldhandel.de)

**Berlin** (shop & showroom): Fasanenstraße 70 · 10719 Berlin  
Phone: +49-30-8872838 – 0 · [berlin@degussa-goldhandel.de](mailto:berlin@degussa-goldhandel.de)

**Hamburg** (shop & showroom): Ballindamm 5 · 20095 Hamburg  
Phone: +49-40-329 0872 – 0 · [hamburg@degussa-goldhandel.de](mailto:hamburg@degussa-goldhandel.de)

**Hanover** (shop & showroom): Theaterstraße 7 · 30159 Hanover  
Phone: +49-511-897338 – 0 · [hannover@degussa-goldhandel.de](mailto:hannover@degussa-goldhandel.de)

**Cologne** (shop & showroom): Gereonstraße 18-32 · 50670 Cologne  
Phone: +49-221-120 620 – 0 · [koeln@degussa-goldhandel.de](mailto:koeln@degussa-goldhandel.de)

**Munich** (shop & showroom): Promenadeplatz 12 · 80333 Munich  
Phone: +49-89-13 shop & showroom 92613 – 18 · [muenchen@degussa-goldhandel.de](mailto:muenchen@degussa-goldhandel.de)

**Munich** (Old Gold Centre): Promenadeplatz 10 · 80333 Munich  
Phone +49-89-1392613 – 10 · [muenchen-altgold@degussa-goldhandel.de](mailto:muenchen-altgold@degussa-goldhandel.de)

**Nuremberg** (shop & showroom): Prinzregentenufer 7 · 90489 Nuremberg  
Phone: +49-911-669 488 – 0 · [nuernberg@degussa-goldhandel.de](mailto:nuernberg@degussa-goldhandel.de)

**Pforzheim** (refinery): Freiburger Straße 12 · 75179 Pforzheim  
Phone: +49-7231-58795 – 0 · [pforzheim@degussa-goldhandel.de](mailto:pforzheim@degussa-goldhandel.de)

**Stuttgart** (shop & showroom): Kronprinzstraße 6 · 70173 Stuttgart  
Phone: +49-711-305893 – 6 · [stuttgart@degussa-goldhandel.de](mailto:stuttgart@degussa-goldhandel.de)

### Retail buying and selling outlets around the world:

**Zurich** (shop & showroom): Bleicherweg 41 · 8002 Zurich  
Phone: +41-44-40341 10 · [zuerich@degussa-goldhandel.ch](mailto:zuerich@degussa-goldhandel.ch)

**Geneva** (shop & showroom): Quai du Mont-Blanc 5 · 1201 Genève  
Phone: 0041-22 908 14 00 · [geneve@degussa-goldhandel.ch](mailto:geneve@degussa-goldhandel.ch)

**London** Sharps Pixley Ltd (member of the Degussa  Group)  
Phone +44-207 871 0532 · [www.sharpspixley.com](http://www.sharpspixley.com)

**Madrid** (shop & showroom): Calle de Velázquez 2 · 28001 Madrid  
Phone: +34-911 982 900 · [info@degussa-mp.es](mailto:info@degussa-mp.es)

**Degussa**   
GOLD UND SILBER.

### Frankfurt Headquarters

Kettenhofweg 29 · 60325 Frankfurt  
Phone: +49-69-860 068 – 0 · [info@degussa-goldhandel.de](mailto:info@degussa-goldhandel.de)