

27 April 2023

Economics · Finance · Precious Metals

## USD per ounce of gold



## USD per ounce of silver



## EURUSD



Source: Refinitiv; graphs by Degussa.

### Precious metals prices per ounce

	Actual (spot)	Change against (in per cent):		
		2 W	3 M	12 M
<b>I. In US-dollar</b>				
Gold	1.988,8	-1,0	9,0	4,9
Silver	24,9	-0,5	3,8	9,4
Platinum	1.088,0	8,0	1,7	16,9
Palladium	1.511,4	3,1	-15,7	-34,9
<b>II. In euro</b>				
Gold	1.801,1	-2,2	5,7	0,2
Silver	22,5	-1,8	0,6	4,3
Platinum	985,4	6,6	-1,4	11,0
Palladium	1.369,0	1,8	-18,3	-37,9
<b>III. Gold price in other currencies</b>				
JPY	265.843,0	0,2	11,1	8,0
CNY	13.774,6	-0,1	9,5	9,9
GBP	1.595,0	-1,4	5,8	5,8
INR	162.564,7	1,9	7,7	12,0
RUB	163.321,4	1,5	23,5	22,7

Source: Refinitiv; calculations by Degussa.

## OUR TOP ISSUES

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

## GOLD TO REMAIN RELIABLE IN INCREASINGLY UNRELIABLE WORLD AFFAIRS

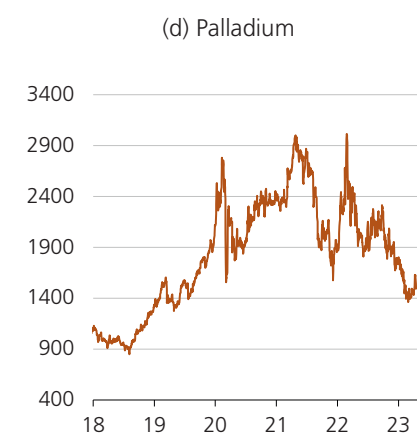
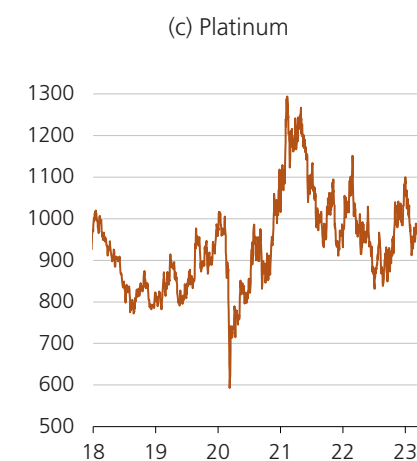
There is certainly no shortage of worrisome news out there. Think high inflation; increasingly heightened recessionary probabilities, particularly as central banks tighten monetary policy and governments attempt to decarbonize the economic system in a rather short period; the ongoing war between Ukraine and Russia and the associated political rift between non-Western countries with the Western world; public sentiment increasingly opposing globalization and capitalism; the reserve currency status of the US dollar being questioned; the US banking system hit by a wave of mistrust following the demise of two regional banks; etc.

Undoubtedly, what is unfolding is not just another cyclical reversal, a regular chapter in otherwise smoothly evolving world economic and financial affairs. It is much more than that. Perhaps the most important change is the creeping (or rather: accelerating) departure from the free market system of the West – or what little is left of it – and the move towards a much more politicized economic and social system, a development that has undoubtedly gained rather strong momentum with the corona-virus pandemic and government power grabs during that time. It will be further propelled by the lofty plans to decarbonize the world economy.

One consequence will be lower economic growth or even a decline in the material standard of living for many people around the globe. This, in turn, has the clear potential to provoke and exacerbate further conflicts, nationally and internationally. Because we must not forget that economic growth helps to keep peace among people: If the pie grows, everybody benefits, even if their share in the pie remains unchanged. However, suppose the pie stops growing or shrinks. In that case, a person can only improve their material standing by taking goods from others. The de-growth policy will, from an economic viewpoint, cause trouble.

Needless to say that a regime of reduced economic expansion (not to mention shrinking output) also poses major problems for the economies' debt sustainability and the relative prices of goods and services and assets (land, housing, stocks, etc.). Borrowers are finding it more difficult to service their debt, and there is a greater risk that a growing number of debtors will default on their obligations. A readjustment in relative goods prices may also occur: as, for example, food prices keep rising (because of increased production costs driven by rising energy prices), people reduce their demand for housing, stocks etc., and the prices of these assets become relatively cheaper – or even decrease in absolute terms.

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



Clearly, in a world built on credit, any such changes would potentially put serious strain on today's fiat money system. As history has shown, it can be particularly difficult for banks to cope with a large wave of loan defaults, and the consequences of a period of asset price deflation could be even more challenging. Not only would banks suffer losses on their loan books which would eat away their already scarce equity capital. In addition, banks would be forced to reduce their credit supply, i.e. limit new lending and/or refuse to refinance maturing customer loans. This, in turn, would bring economic activity to a shrieking halt, predictably sending the economy into a downward spiral.

Of course, in such an environment, the investor can suffer substantial losses but also potentially reap huge gains. A key question is whether and to what extent the world economy is moving further toward a de-growth regime or whether this largely ideologically-politically driven process will be stopped and reversed at some point. For the time being, under current political directives, which are more or less unchallenged by most regional electorates, it is fair to assume that additional risks will build up in the present economic and financial architecture and that the entire system will also become increasingly vulnerable to external shocks.

As long as the overarching goal is to preserve the current fiat money regime, particularly to finance the transition towards a de-growth regime relatively smoothly, one victim can already be identified: the purchasing power of money. To keep governments and the financial sector in particular liquid, needed to prevent large scale street protests, central banks will have to print more and more money, which is made available at artificially suppressed interest rates. The developments in 2020 have illustrated that increasing the quantity of money can become a widely accepted policy: In the hour of need, governments and the public at large are likely to consider increasing the money supply as the least evil policy, even if it causes sky-high inflation.

This is where physical gold and silver come into play. These precious metals have served men as reliable means of payment for ages. They have never lost their store of value function and are in a very good position to be re-evaluated in a world where especially the unreliability of fiat currencies, their chronic loss of purchasing power, is becoming increasingly obvious to a growing number of people. You do not have to be an alarmist to make a case for holding at least a portion of your portfolio in physical gold and silver. Sound economic reasoning suffices to maintain the view that gold especially remains a reliable asset in increasingly uncertain world affairs.

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

## PRECIOUS METALS PRICES

In US-Dollar per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1988,7</b>		<b>24,9</b>		<b>1087,9</b>		<b>1511,5</b>	
II. Gliding averages								
10 days	1998,6		25,2		1069,5		1546,0	
20 days	1997,0		24,8		1031,5		1503,7	
50 days	1926,5		22,9		987,9		1462,8	
100 days	1892,2		23,2		1004,5		1597,2	
200 days	1804,0		21,5		963,8		1822,3	
<b>III. Estimates for end 2023</b>	<b>2200</b>		<b>29</b>		<b>1250</b>		<b>1450</b>	
<sup>(1)</sup>	11		17		15		-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>
	1900	2360	23,3	32,9	1060	1380	1300	1670
<sup>(1)</sup>	-4	19	-6	32	-3	27	-14	10
V. Annual averages								
2020	1753		20,2		878		2180	
2021	1804		25,5		1095		2422	
2022	1798		21,7		956		2154	

In Euro per ounce

	Gold		Silver		Platinum		Palladium	
<b>I. Actual</b>	<b>1801,6</b>		<b>22,5</b>		<b>985,6</b>		<b>1369,4</b>	
II. Gliding averages								
10 days	1819,8		22,9		973,8		1407,7	
20 days	1825,4		22,7		942,7		1374,4	
50 days	1786,9		21,2		916,3		1357,0	
100 days	1760,5		21,5		934,7		1487,0	
200 days	1733,4		20,6		926,2		1762,5	
<b>III. Estimates for autumn 2023</b>	<b>2100</b>		<b>28</b>		<b>1200</b>		<b>1392</b>	
<sup>(1)</sup>	17		24		22		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>
	1820	2300	22,4	31,6	1010	1320	1240	1600
<sup>(1)</sup>	1	28	-1	40	2	34	-9	17
V. Annual averages								
2020	1535		18		769		1911	
2021	1519		21		921		2035	
2022	1704		21		905		2041	

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

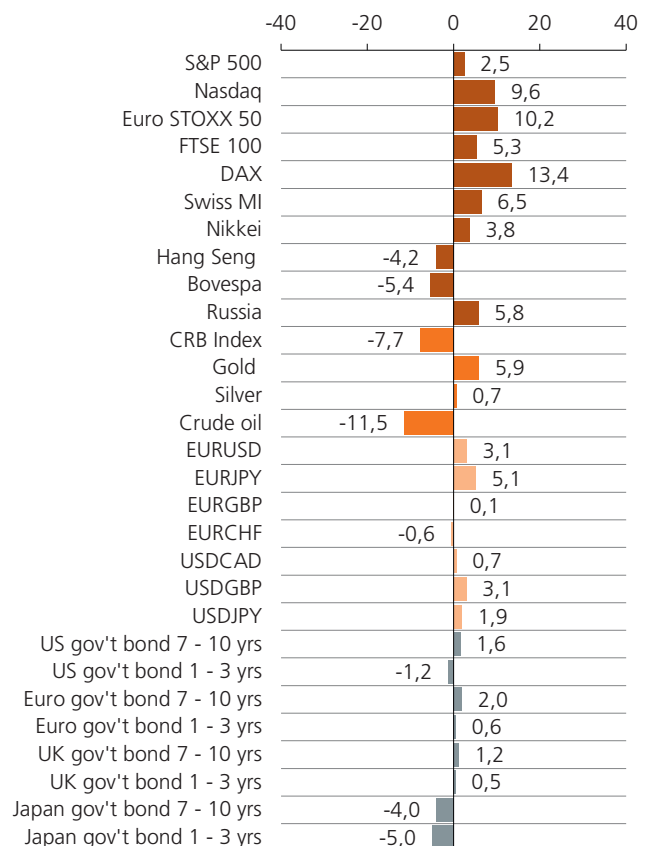
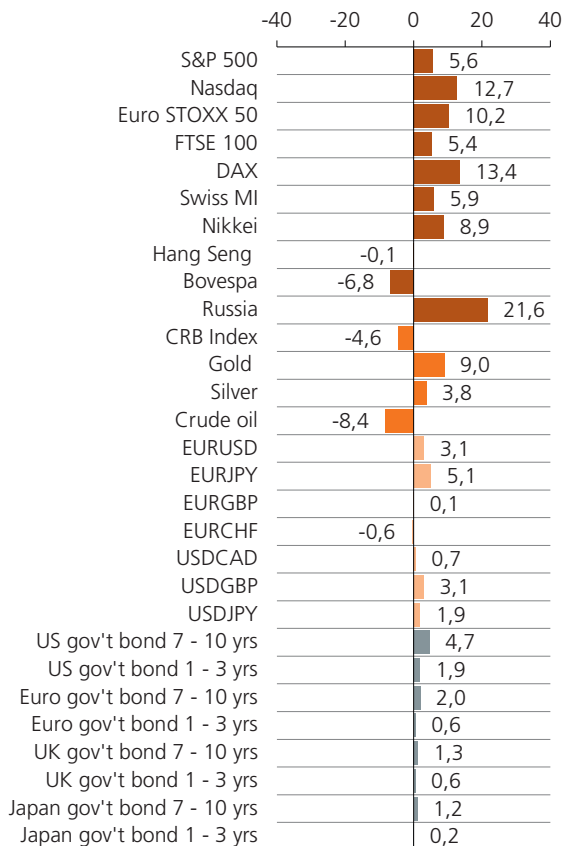


Source: Refinitiv; graph by Degussa.

## 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
27 April 2023	Gold Remain Reliable In Increasingly Unreliable World Affairs
13 April 2023	The "Cause of the Crisis" that Must Not Be Named
30 March 2023	Not Over Yet. Hold Gold And Silver
16 March 2023	Why Not Higher?
16 February 2023	Staying Power Pays Off For Gold Holders
2 February 2023	You Think the Global Economy Is Brightening? Beware: The Big Hit Is Yet To Come ...
19 January 2023	Outlook 2023: Keepy Buying Physical Gold And Silver
22 December 2022	Central banks' propensity for inflation is a very good reason to hold at least some gold
8 December 2022	Some Thoughts About Central Banks' Renewed Interest In Gold
24 November 2022	Some Thoughts About Central Banks' Renewed Interest In Gold
10 November 2022	Investing In An Inflationary Regime: Keep At Least Some Gold
27 October 2022	Fasten Your Seatbelt: The Fed Replaces Monetary Inflation With Monetary Deflation
13 October 2022	Proposal in the US Congress: Reintroduction of Gold Backing For the US Dollar
29 September 2022	Capital Markets Have Become A Dangerous Place
15 September 2022	Inflation, High Inflation, Hyperinflation
1 September 2022	Everything you always wanted to know about ... MONEY (but were afraid to ask)
18 August 2022	Sky-High Inflation Is Just One Reason To Hold Physical Gold
4 August 2022	Excessive Money Growth Leads To Super-High Inflation
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'?

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GOLD UND SILBER.

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