

## O'zapft is! The gold/Oktoberfest beer ratio 2019



Photo courtesy of: exithamster

The long hot summer nights are a thing of the past. The time of the autumn folk festivals is upon us. The most famous of these festivities is the *Oktoberfest* in Munich, which has taken place on the Theresienwiese since 1810, attracting millions of guests to the Bavarian capital every year. At "d'Wiesn", as it is popularly called, millions of litres of special *Oktoberfest* beer will certainly be filled and drained again this year. We at Incrementum do occasionally enjoy an *Oktoberfest* beer. Yet we are particularly interested in our popular gold/*Oktoberfest* beer ratio that combines both treasures.

The gold/*Oktoberfest* beer ratio, which we are featuring year by year in our annual [In Gold We Trust report](#) for many years, expresses how many *Maß* of beer, the traditional Bavarian one-liter mug, can be bought with one ounce of gold. This ratio thus reflects the development of the purchasing power of gold in comparison to the purchasing power of the euro at the *Münchner Wiesn*.

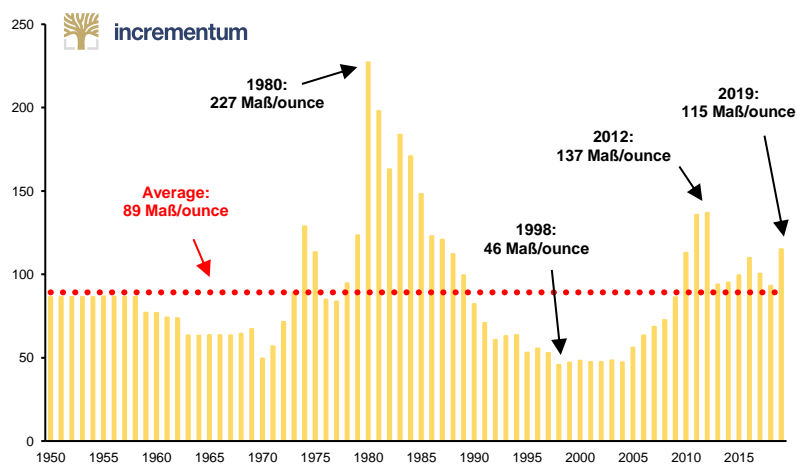
**In 2019, the 2.6% increase in the price of the *Oktoberfest* beer is again well above the inflation rate.**

**“Beer inflation” revisited:** The price of a *Maß* of beer has risen again this year to a maximum of 11,80 EUR, compared to a maximum of 11.50 EUR last year, resulting in an *Oktoberfest* beer inflation rate of 2.6%.<sup>1</sup> This is slightly lower than last year’s rate of 2.8%. Again, prices increased significantly more than the general price level. For comparison: In 1950 the guests had to put only 0.82 EUR<sup>2</sup> on the counter for one *Maß*. **Since 1950 the inflation rate for *Oktoberfest* beer has averaged 3.9% per year.**

**This year 1 ounce of gold buys 115 *Maß* of beer and thus an astounding 22 *Maß* more than 2018.**

**But how many *Maß* of beer does one ounce of gold buy?** For the gold investor, this price is certainly of greater interest than the price in euros, as it shows how the purchasing power of gold has developed over time.

### Gold/*Oktoberfest* beer ratio, *Maß* per troy ounce of gold, 1950-2019



Sources: statista.de, <http://www.wbrnet.info/vbhtm/9999-Entwicklung-Bierpreise.html>, Incrementum AG

<sup>1</sup> <https://de.statista.com/statistik/daten/studie/272209/umfrage/bierpreisentwicklung-auf-dem-oktoberfest-in-muenchen/>

<sup>2</sup> For ease of comparison, we have converted the DM prices into euros.

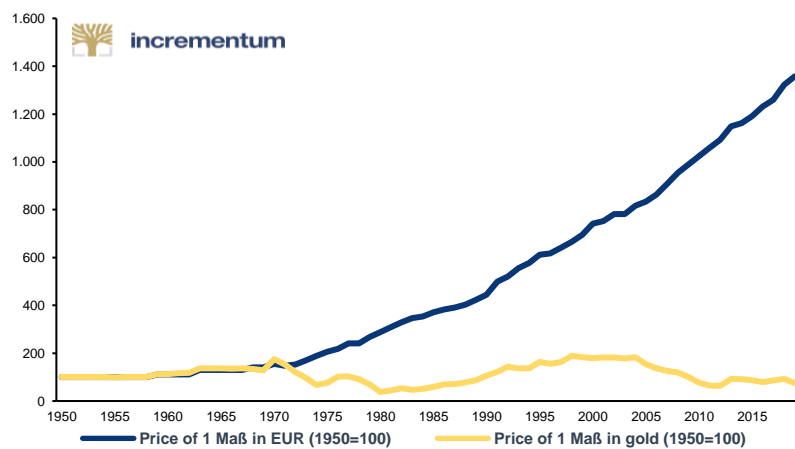


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**Whereas in 2018 one ounce of gold bought 93 *Maß* of beer, this year's equivalent is 115 *Maß*.**<sup>3</sup> The sharp rise in the price of gold, which just recently reached a new all-time high in euros, is clearly making itself felt this year. Measured against the historical average of 89 *Maß*, the "beer purchasing power" of gold is now considerably above the long-term average. We are, however, still well away from the historic high of 227 *Maß* per ounce of gold in 1980. But also, the low of 1998, when an ounce of gold bought only 46 *Maß* of beer, is a long way off.

**The next chart shows how the price of beer in euros and gold has developed over the decades.**

Development of beer prices in euros and gold, 1950=100, 1950-2019



Sources: statista.de, <http://www.wbrnet.info/vbhtm/9999-Entwicklung-Bierpreise.html>, Incrementum AG

**The gold/*Oktoberfest* beer ratio proves: while the purchasing power of the euro is dwindling, gold keeps its purchasing power.**

**In the last seven decades gold has not lost purchasing power, despite some fluctuations.** On the contrary: The price of 1 *Maß* in gold is today lower than at the beginning of the period under consideration. **Yet, the steady loss of purchasing power of the euro is clearly visible. Since the euro was introduced as book money on January 1, 1999, the price of gold in euros has risen by 453%, or 7.6% per year.**

<sup>3</sup> Gold price as of September 19, 2019.

Gold price, in euros, 01/1999-09/2019



Sources: World Gold Council, Incrementum AG



Photo courtesy of: exithamster

The dramatic loss of purchasing power of the euro against gold is even more impressive if depicted as an inverse. The next chart shows how many milligrams of gold equal one euro. **Whereas on January 1, 1999 one euro “contained” 126.9 mg of gold, less than 21 years later the figure was only 22.9 mg. This amounts to a loss of 81.9 % in the value of the euro against gold.**

Gold per euro, in mg, 01/1999-09/2019



Sources: Federal Reserve St. Louis, Incrementum AG

We do not consider it unlikely that the previous highs will be reached and exceeded again. **The comparison with the gold/Oktoberfest beer ratio thus makes one thing certain: Gold protects against paper money’s ongoing loss of purchasing power - or as expressed in Wiesn terminology: against dry throats.**

**Appendix: Price for 1 Maß in euros and gold**

<b>Year</b>	<b>Beer price in EUR</b>	<b>Maß/ounce</b>
<b>1950</b>	0.87	86.7
<b>1955</b>	0.87	86.7
<b>1960</b>	0.97	76.8
<b>1965</b>	1.12	63.5
<b>1970</b>	1.35	49.5
<b>1975</b>	1.79	113.3
<b>1980</b>	2.51	227.1
<b>1985</b>	3.22	148.2
<b>1990</b>	3.86	82.1
<b>1991</b>	4.35	70.8
<b>1992</b>	4.52	60.6
<b>1993</b>	4.83	63.0
<b>1994</b>	5.01	63.6
<b>1995</b>	5.32	52.9
<b>1996</b>	5.37	55.5
<b>1997</b>	5.57	52.7
<b>1998</b>	5.78	45.8
<b>1999</b>	6.03	47.1
<b>2000</b>	6.44	48.1
<b>2001</b>	6.54	47.4
<b>2002</b>	6.80	47.4
<b>2003</b>	6.80	48.4
<b>2004</b>	7.10	47.2
<b>2005</b>	7.25	56.1
<b>2006</b>	7.50	63.3
<b>2007</b>	7.90	68.6
<b>2008</b>	8.30	72.7
<b>2009</b>	8.60	86.3
<b>2010</b>	8.90	112.9
<b>2011</b>	9.20	135.8
<b>2012</b>	9.50	136.8
<b>2013</b>	9.98	93.9
<b>2014</b>	10.10	95.0
<b>2015</b>	10.35	99.5
<b>2016</b>	10.70	109.8
<b>2017</b>	10.95	100.5
<b>2018</b>	11.50	93.0
<b>2019</b>	11.80	115.0

Source: statista.de, <http://www.wbrnet.info/vbhtm/9999-Entwicklung-Bierpreise.html>, Incrementum AG