

# In **Gold** We Trust<sup>®</sup> Report

Special

# Gold Gasoline Ratio



incrementum

July 2024

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# “On the road again” – The Gold/Gasoline Ratio 2024

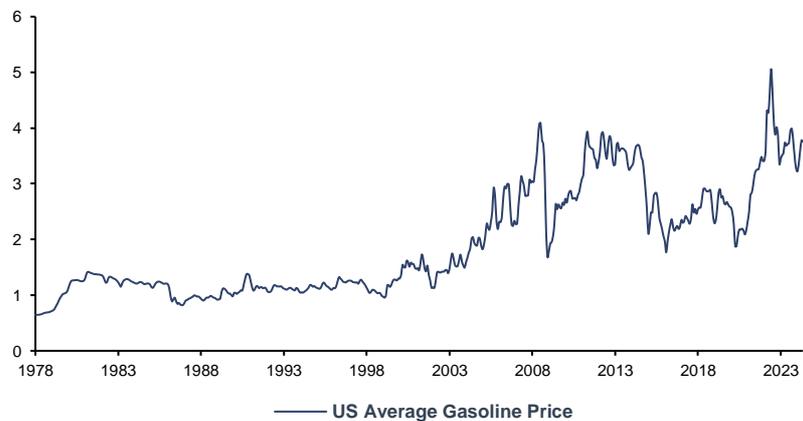
*On the road again /  
I just can't wait to get on the  
road again /  
The life I love is making music  
with my friends /  
And I can't wait to get on the  
road again.*

**Willie Nelson**

Every year at the beginning of July, millions of Americans hit the road. The 4<sup>th</sup> of July celebrations commemorate the ratification of the US Declaration of Independence on July 4, 1776. Moreover, the “birthday” of the US marks the start of the US summer travel season. This season, we ask ourselves whether travelers in the USA are sweating because of the summer heat or because of gasoline prices.

The development in gas prices in recent years would be reason enough for this. Since Independence Day 2016, the price of gasoline (unleaded regular) has almost doubled from just over USD 2 to USD 3.8 per gallon. (One gallon is equivalent to 3.785 liters.) Compared to the turn of the millennium, the price of gas has almost quadrupled. Even though the gas price has eased slightly in recent quarters after reaching record levels in mid-2022, it is likely, given the price trend over the past decade, that US drivers will break out in a sweat when they pay their fuel bills.

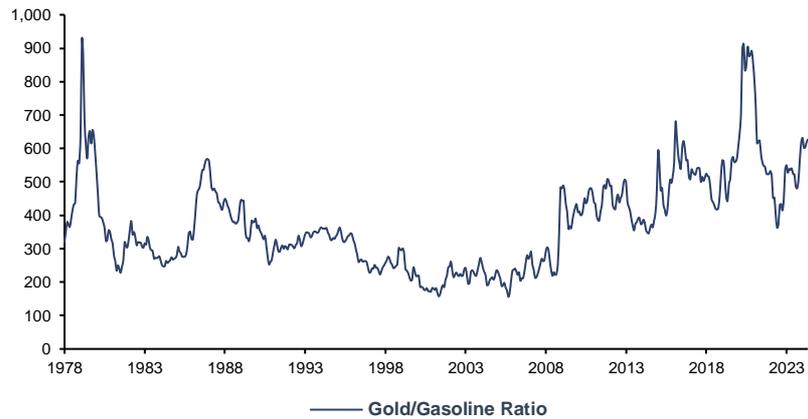
**US Average Gasoline Price, 01/1978–05/2024**



Source: Federal Reserve St. Louis, Incrementum AG

However, this trend looks very different if we take a closer look at gold’s purchasing power. The following chart shows how many gallons of gasoline an ounce of gold buys.

### Gold/Gasoline Ratio, 01/1978–05/2024



Source: Federal Reserve St. Louis, World Gold Council, Incrementum AG

Compared to May 2023, an ounce of gold buys 16.0% more gallons of petrol than it did last year, and in a five-year comparison with the situation before the Covid-19 pandemic, the figure is even 41% higher per end of May.

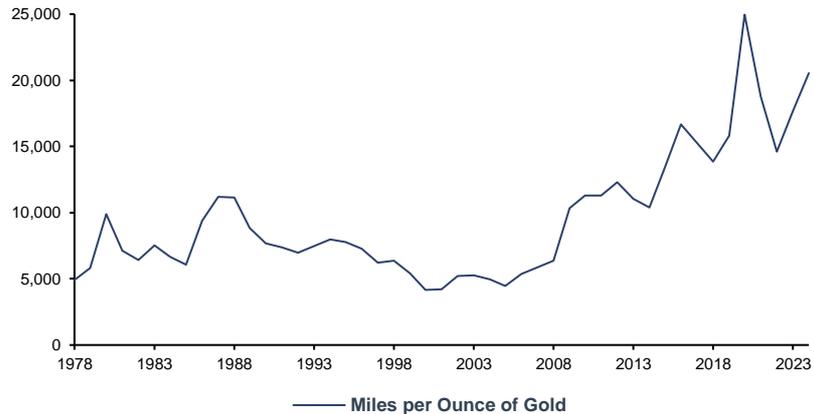
The absolute high of 925 gallons of gasoline per ounce of gold was reached during the gold rally at the end of the 1970s. After that, the gasoline purchasing power of gold fell sharply. The lowest level was reached in March 1984 at 247 gallons. After another interim high a short time later – the ratio climbed to as high as 568 gallons in a few quarters leading up to December 1986 – a long-lasting downward trend set in, which only came to an end in the mid-2000s. In September 2005, 1 ounce of gold bought only 156 gallons. The subsequent upward trend is still intact. Since December 2023, gold investors have again received more than 600 gallons of gas for one ounce of gold. In May, one ounce of gold bought 626 gallons.

However, the all-time high of more than 900 gallons in May 2020 was more of a theoretical nature, as countless measures to combat the coronavirus pandemic also restricted the travel options of US citizens. Also, for a long time, foreigners were not allowed to travel to the US at all or only with restrictions.

For a driver, however, the decisive factor is not just how many gallons he can buy with an ounce of gold but how many miles he can travel for an ounce of gold. This value depends on fuel efficiency (MPG), which has increased significantly in recent decades – by around 100% since 1978. At the end of the 1970s, the average vehicle could travel just under 17 miles on one gallon of gasoline, while current car models can travel almost twice as far.

In 1978, it was not even possible to drive 5,000 miles in a car for one ounce of gold. Almost 50 years later, with the latest car models and their much more efficient engines, and thanks to the higher gasoline purchasing power of gold, you can drive more than 20,500 miles and thus more than four times as far on an ounce of gold.

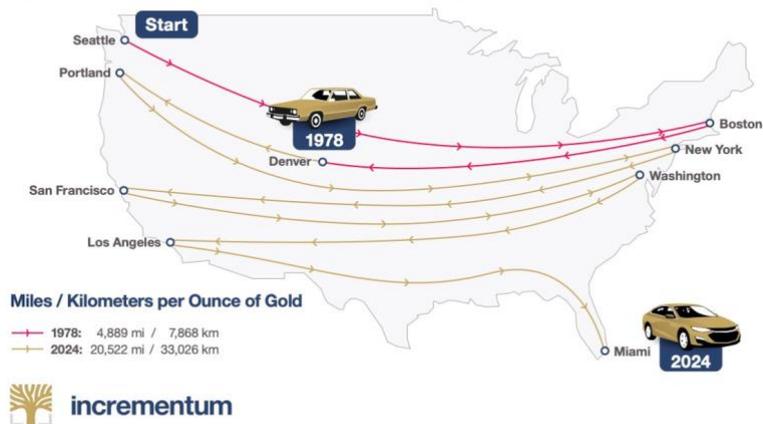
**Miles per Ounce of Gold, 1978–05/2024**



Source: Federal Reserve St. Louis, United States Department of Energy, World Gold Council, Incrementum AG

This allows the US to be crossed several times from one coast to the other.

**Gold/Gasoline Ratio**



Source: Federal Reserve St. Louis, United States Department of Energy, World Gold Council, Incrementum AG

Thus, gold keeps the engines of gold investors humming.<sup>1</sup> So everything is set for jubilant 4<sup>th</sup> of July celebrations for gold investors this year, even if they have to cross the US from one shore to the other.

**Key Takeaways**

- The anticipation of the annual Independence Day celebrations over the long July 4<sup>th</sup> weekend may be significantly dampened by excessively high gasoline prices. After all, many Americans travel long distances to mark the start of the holiday season. In recent quarters, the price of gasoline has come back from its record high in 2022, but it is still at a high level by historical US standards.
- The situation is completely different for gold investors. One ounce of gold currently buys more than 600 gallons of gasoline. This is 16.0% more than in

<sup>1</sup> The *In Gold We Trust* Gold/Gasoline Ratio is our fourth annual publication dedicated to the development of the purchasing power of gold. In mid-September we publish our *In Gold We Trust* iPhone/Gold Ratio to coincide with the start of sales of the latest iPhone models, at the end of September for the Oktoberfest in Munich our *In Gold We Trust* Gold/Oktoberfest Ratio and in winter our *In Gold We Trust* Gold/Ski Pass Ratio. Follow us on X at @In Gold We Trust. You can subscribe to our newsletter [here](#). You can download the current *In Gold We Trust* Report 2024 with more than 400 pages of analysis on all facets of gold free of charge [here](#).

May 2023 and more than 40% more than in May 2019. In September 2005, the historic low point of gold's purchasing power, this number was only 156 gallons. Since then, the price of gasoline has roughly doubled, but the purchasing power of gold has quadrupled.

- The extremely positive trend in the purchasing power of gold is also evident when you consider significantly improved fuel efficiency, which has roughly doubled since the end of the 1970s. As a result, current vehicle models can travel around 20,500 miles for an ounce of gold, whereas in 1978 the average was below 5,000 miles. Gold has therefore proved to be the ideal fuel.

## Appendix

Year	Miles per ounce	MPG
1978	4,889	16.9
1980	9,877	20.0
1985	6,069	23.0
1990	7,676	23.3
1995	7,794	23.3
2000	4,161	22.5
2001	4,198	22.6
2002	5,196	22.8
2003	5,255	23.0
2004	4,975	22.9
2005	4,483	23.1
2006	5,370	23.0
2007	5,884	23.7
2008	6,375	23.9
2009	10,334	25.0
2010	11,289	25.7
2011	11,312	25.4
2012	12,309	26.9
2013	11,066	27.6
2014	10,391	27.6
2015	13,383	28.2
2016	16,658	28.5
2017	15,239	29.2
2018	13,861	29.9
2019	15,800	29.9
2020	24,955	30.7
2021	18,776	31.8
2022	14,627	33.3
2023	17,665	33.3
2024	20,522	33.3

Source: Federal Reserve St. Louis, United States Department of Energy, World Gold Council, Incrementum AG  
We have frozen the MPG value as of 2022 in order to roughly filter out the distortion caused by the increasing share of electric cars.

# About Us

## Ronald-Peter Stöferle, CMT



**Ronnie is managing partner of Incrementum AG and responsible for Research and Portfolio Management.**

He studied business administration and finance in the USA and at the Vienna University of Economics and Business Administration, and also gained work experience at the trading desk of a bank during his studies. Upon graduation he joined the research department of Erste Group, where in 2007 he published his first *In Gold We Trust* report. Over the years, the *In Gold We Trust* report has become one of the benchmark publications on gold, money, and inflation.

Since 2013 he has held the position as reader at scholarium in Vienna, and he also speaks at Wiener Börse Akademie (the Vienna Stock Exchange Academy). In 2014, he co-authored the international bestseller *Austrian School for Investors*, and in 2019 *The Zero Interest Trap*. He is a member of the board of directors at Tudor Gold Corp. (TUD), and Goldstorm Metals Corp. (GSTM). Moreover, he is an advisor to VON GREYERZ AG, a global leader in wealth preservation in the form of physical gold stored outside the banking system.

## Mark J. Valek, CAIA



**Mark is a partner of Incrementum AG and responsible for Portfolio Management and Research.**

While working full-time, Mark studied business administration at the Vienna University of Business Administration and has continuously worked in financial markets and asset management since 1999. Prior to the establishment of Incrementum AG, he was with Raiffeisen Capital Management for ten years, most recently as fund manager in the area of inflation protection and alternative investments. He gained entrepreneurial experience as co-founder of philoro Edelmetalle GmbH.

Since 2013 he has held the position as reader at scholarium in Vienna, and he also speaks at Wiener Börse Akademie (the Vienna Stock Exchange Academy). In 2014, he co-authored the book *Austrian School for Investors*.

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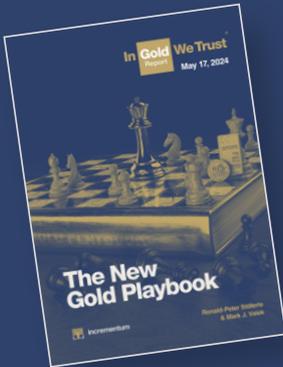
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