Voima Weekly #5 - Liquidity

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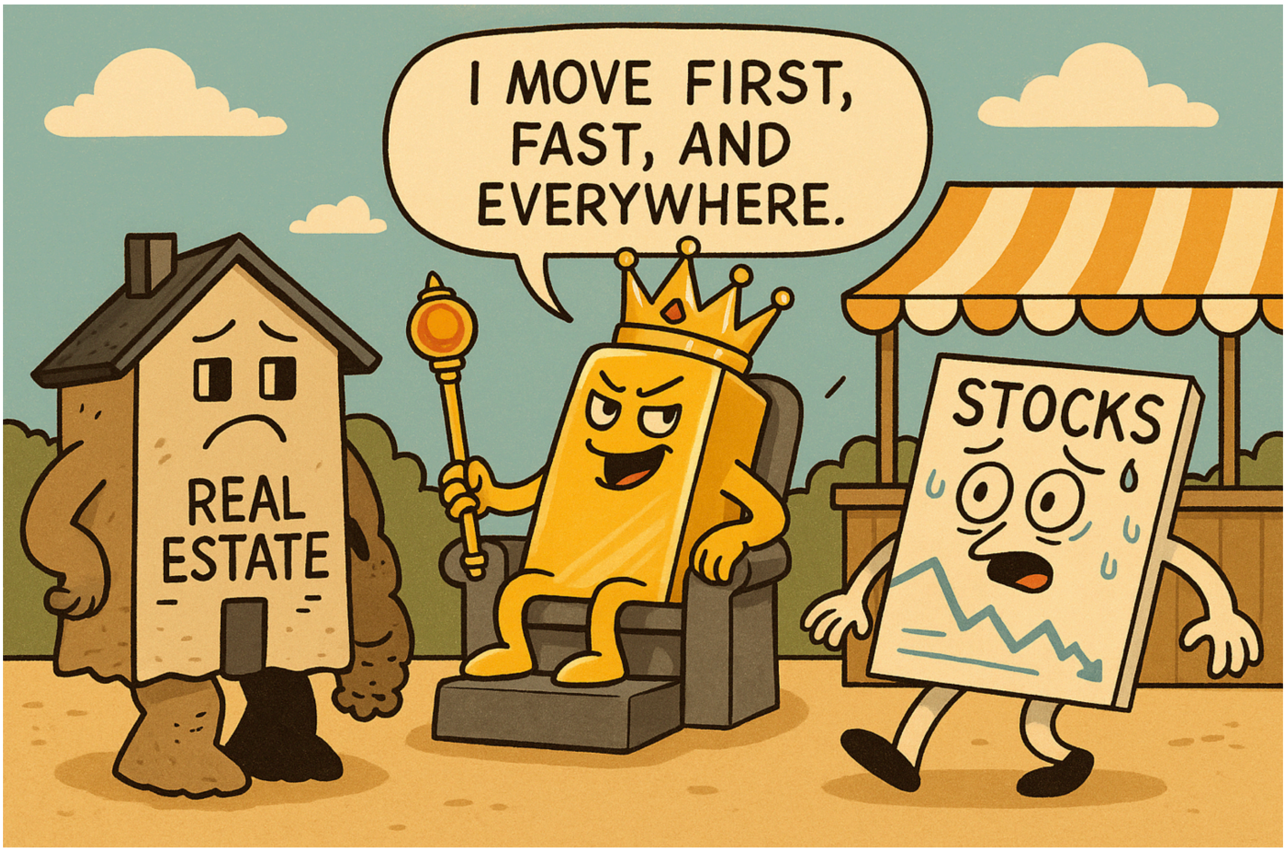

Liquidity. Image created with ChatGPT.

Good liquidity = you can sell your investment quickly and get your money without a significant loss. Poor liquidity = you have to wait for a buyer, or sell at a lower price if you want your money quickly.

Professor Vesa Puttonen of the Helsinki School of Economics described the autumn of 2023 as follows:[1]

"*I put a well-kept two-room apartment up for sale. I soon noticed that no one was interested. Then I thought, if a neat flat in Etu-Töölö with a good location doesn't attract buyers, how could any real estate investment in Finland interest anyone? If you've invested directly instead of through a fund, the liquidity and price risk has materialized in exactly the same way*". In the end, the apartment was sold through an auction process. The proceeds were less than Puttonen had expected. He was in a market where liquidity was poor.

Daily gold trading in the first half of the year has been around €276.7 billion[2,], which corresponds to about 691,800 well-kept two-room apartments in Etu-Töölö valued at €400,000 each (per day)[3]. This is roughly equivalent, on a daily basis, to 2.44 years of the Helsinki Stock Exchange's annual turnover[4] – or, in the span of just one week, the same amount as 880 years of Finnish real estate sector turnover[5]. There's some perspective on liquidity.

Gold is mainly held as coins, bars, or jewelry. A large share of jewelry demand is actually for value preservation 'in the form of utility' – with the understanding that, in terms of storing value, it makes no difference whether the gold is on an account or on a wrist[6]. In the Nordic countries, there is less awareness of this. One of our Swedish clients put it well: *"In the Nordics, gold is seen as decoration; elsewhere in the world, it is seen as a measure of value preservation."* This is why so many are interested in buying your gold jewelry – you probably can't even buy gold from Congo as cheaply as from Finnish households.[7] Gold is gold, whether in the form of jewelry or a bar.

Why is gold traded in such massive volumes worldwide every day? There are many reasons: global acceptance, limited supply, its proven ability to preserve value both historically and today, its broad use as an investment asset, central bank purchases to safeguard the value and credibility of money, and some level of industrial demand.
Central banks, investors, and households seeking protection from the erosion of purchasing power all ensure steady demand and continuous trading. The deeper reason, however, is the enduring recognition—past, present, and future—that governments are chronically in deficit and keep creating new money, whose purchasing power declines or whose value is otherwise unreliable.

Gold is a global asset that sails under no flag – it can be traded anywhere and almost anytime. It is also an asset that is easy to store, transfer, exchange, or even hold physically yourself. We know this from experience: in recent years, we have brokered gold worth several hundred million euros and moved it across many borders, either through physical transfers or via location swap agreements[8].

For such vast liquidity to exist, the views and actions of hundreds of millions of people must converge – and in gold, they do so on an exceptionally broad and universal scale.

–Marko Viinikka
Founder, CEO
Voima Gold Oy

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[1] Interview: https://www.talouselama.fi/uutiset/a/a90ad60f-86ca-4fb7-9f24-83ee295f779e

[2] https://www.gold.org/goldhub/data/gold-trading-volumes -> Average daily turnover in H1 2025: US$323.77 bn (converted into euros at 1 EUR = 1.17 USD)

[3] Formula: assume a well-kept two-room apartment in Etu-Töölö costs around €400,000 and has a size of 53.9 m² → https://www.etuovi.com/myytavat-asunnot/helsinki/toolo/asuinalue"

[4] https://www.kauppalehti.fi/uutiset/a/c019bee3-09c0-40eb-acc8-400e03bc5451 -> The annual turnover of the Helsinki Stock Exchange was €113.2 billion in 2023.

[5] https://kti.fi/vuoden-2024-kiinteistokauppavolyymi-jai-2-2-miljardiin-euroon/ -> in 2024, the total transaction volume was €2.2 billion.

[6] From a liquidity perspective, there is of course a difference between having gold in an account or at home in the form of jewelry – on an account it can be exchanged into cash immediately, whereas jewelry must first be sold or deposited somewhere.

[7] From Voima Gold, buying and selling gold costs a maximum of 1.99% per transaction. If you want to deposit physical gold, a refining fee applies: a minimum of €50 or €2.5 per gram.

[8] Location swap = refers to the exchange of gold between different delivery locations.

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Gold performance table

Currency	1W	1M	3M	1Y	3Y	5Y
EUROPE						
EUR	-0.44%	0.42%	-0.75%	29.61%	64.54%	75.45%
GBP	-1.16%	-0.38%	1.62%	29.97%	68.08%	66.93%
CHF	-0.41%	1.67%	-0.10%	28.09%	61.11%	53.48%
DKK	-0.45%	0.42%	-0.74%	29.66%	65.11%	75.84%
NOK	-0.18%	0.84%	2.06%	30.92%	98.66%	98.55%

SEK	-0.54%	-0.37%	1.60%	25.70%	74.94%	90.22%	
CZK	-0.64%	-0.40%	-2.53%	25.87%	64.47%	64.62%	
HUF	-0.71%	-1.07%	-2.71%	29.46%	62.84%	99.96%	
PLN	-0.41%	0.55%	-0.95%	28.58%	49.59%	69.82%	
NORTH AMERICA							
USD	-0.04%	0.63%	3.93%	37.59%	89.32%	73.22%	
CAD	0.26%	1.30%	2.58%	38.28%	102.21%	79.95%	
MXN	0.23%	0.52%	-0.27%	36.70%	78.21%	47.19%	
MIDDLE EAST							
ILS	-1.01%	1.64%	-1.16%	25.14%	95.28%	71.94%	
TRY	0.33%	2.07%	8.93%	67.22%	329.29%	857.92%	
ASIA							
CNY	-0.16%	0.60%	3.36%	38.23%	100.37%	78.73%	
INR	0.05%	2.66%	6.44%	43.49%	108.42%	102.49%	
JPY	-0.62%	-0.25%	4.64%	36.94%	108.21%	138.25%	
HKD	-0.13%	0.54%	4.33%	38.45%	89.45%	75.24%	
KRW	-0.04%	0.63%	3.17%	40.78%	100.41%	102.67%	
MYR	-0.54%	-0.07%	1.92%	31.11%	78.80%	74.03%	
SGD	-0.28%	0.55%	2.43%	33.91%	75.88%	61.83%	
THB	0.13%	0.34%	0.91%	26.98%	72.55%	80.08%	
IDR	-1.65%	-0.99%	1.95%	41.55%	107.11%	88.82%	
PHP	-0.60%	0.98%	5.93%	37.39%	92.61%	102.28%	
AFRICA							
ZAR	-0.86%	-0.69%	1.30%	33.75%	102.17%	74.98%	

SOUTH AMERICA						
BRL	-1.20%	-3.01%	-0.93%	35.69%	100.50%	72.41%
OCEANIA						
AUD	-0.07%	1.17%	2.00%	39.11%	103.76%	90.39%
NZD	0.02%	1.32%	2.75%	38.67%	102.48%	90.35%

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