

PRECIOUS APPRAISAL



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4th September 2023

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PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,939	1.62%	1,953	01/09/2023	1,913	28/08/2023
€/oz	1,798	1.63%	1,798	01/09/2023	1,769	28/08/2023

Gold jewellery sales are picking up in Hong Kong as tourists return.

Tourists are heading back to Hong Kong which is a major shopping destination for jewellery with almost 3 million mainland Chinese visitors arriving in July, the largest influx since Covid restrictions were lifted. In July, sales of jewellery, watches and clocks, which are mostly to mainland tourists, jumped 19.8% year-on-year. In the first seven months of the year, the number of Chinese mainland tourists going to Hong Kong exceeded 13 million. This is still well below pre-pandemic numbers but it is helping to lift sales. Chow Tai Fook, one of the largest jewellery retailers, reported volume growth of 37% for gold jewellery and gold product sales in Q2'23 in Hong Kong and Macau, whereas in mainland China sales slipped 1%. Gold jewellery demand in China & Hong Kong was 345 t in H1'23, up 19% year-on-year (source: World Gold Council). However, the broader economic situation will need to remain stable for jewellery sales to exceed last year's total.

In dollar terms the gold price ticked up again last week, reaching an intra-week high of \$1,953/oz. In Japan, gold reached a new all-time high last week as the yen continued to weaken against the dollar. Bullion was trading at more than ¥9,140/g intra-week, before settling to around ¥9,000/g by late Friday afternoon.

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Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	24.22	0.56%	25.01	30/08/2023	24.05	28/08/2023
€/oz	22.45	0.56%	22.89	30/08/2023	22.27	28/08/2023

Improving smartphone sales in India may not be enough to lift silver electrical demand this year. The Indian market has ~12% of global smartphone sales, making it half the size of the Chinese market. In Q2'23, smartphone sales in India were up 10% compared to the first quarter (source: IDC). Sales edged up by 2% in China, but the economic outlook is less positive for China amid an ongoing real estate slowdown. In contrast, forecasts for India's GDP growth make it the fastest growing large economy this year, with growth expected to improve next year. Other regions saw declining smartphone sales in Q2'23. Silver electrical demand (excl. photovoltaic) was 231 moz in 2022, about 19% of total demand (source: The Silver Institute).

Silver was testing a 10-year resistance level last week, though it proved too much to break through to the upside. Eventually, the silver price finished the week slightly higher at \$24.22/oz.

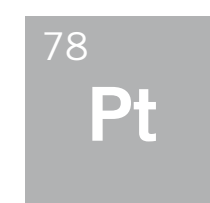
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Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	970	3.28%	989	01/09/2023	939	28/08/2023
€/oz	901	3.39%	909	29/08/2023	868	28/08/2023

Processing of work-in-progress platinum stocks in South Africa is slower than expected. Impala Platinum's annual results report that the company ended the financial year (July to June) with 245 koz 6E PGMs in work-in-progress stocks, equivalent to approximately 130 koz of platinum – a net increase in excess stocks of 105 koz 6E in the first six months of 2023. Smelter maintenance earlier this year contributed to the net gain in stocks. The ramp-up of the rebuilt smelter was also slowed by load curtailment by Eskom. Anglo American Platinum has also seen a net increase in its work-in-progress stocks so far this year. Stocks grew by 44 koz 6E in H1'23. Company forecasts from the beginning of the year estimated that ~250 koz 6E PGMs in excess stocks would be processed during 2023. There is a risk that the major PGM miners will finish 2023 with higher levels of excess stock than initially forecast.

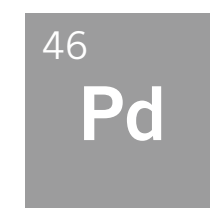
Delays to processing could push out some refined platinum supply into 2024 and beyond as there is more processing maintenance on the horizon in the next 12 months. South African refined platinum production was expected to grow by 3%, from 4.06 moz last year to 4.17 moz. It is possible that this growth could be eliminated if work-in-progress stocks remain unrefined, particularly if load curtailment picks up again before the end of the year.

The platinum price has appreciated by nearly 10% in the past two weeks. Last week saw the second attempt since June for platinum to firmly break through above \$975/oz. However, this was again unsuccessful though platinum finished the week's trading higher, at \$970/oz.

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Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,226	-0.08%	1,263	28/08/2023	1,214	31/08/2023
€/oz	1,136	-0.07%	1,169	28/08/2023	1,120	31/08/2023

Secondary supply from autocatalysts is forecast to fall this year.

EU light-vehicle sales continue to rise, with July making 12 straight months of sales growth. Sales reached 851,000 units, representing year-on-year growth of 15.2%. Although sales have been moving steadily higher, year-to-date sales volumes are still 22% lower than pre-pandemic levels as light-vehicle production was constrained by the semiconductor chip shortage over the last two years. The failure of new vehicle production to match demand has kept second-hand vehicles on the road for longer, in both the EU and the US, impacting the number of scrapped vehicles and hitting PGM recycling. The sharp fall in the rhodium and palladium prices has also been an unfavourable backdrop. Global secondary palladium supply from spent autocatalysts is now expected to contract this year as a result.

In the US, Sibanye-Stillwater reported a 55% decline in spent autocatalyst feed volumes in H1'23 at its recycling plant. In total, 162 koz 3E were fed in the first six months of the year, versus 361 koz 3E in H1'22. This is not representative of the overall recycling market since part of this decline was due to supplier changes, though lower end-of-life vehicle availability was also a significant contributing factor. The company also reduced its operational guidance by 100 koz 3E (~62 koz of platinum) to 350-400 koz 3E for CY'23 on low expectations for H2'23 performance.

Striking auto workers could squeeze US light-vehicle production.

The UAW union in the US has voted to allow a strike at the Detroit 3 (Ford, GM and Stellantis) over wages, pensions and working hours. If a deal cannot be reached by 14 September, the vast majority of workers will down tools. Estimates of funding suggest that the union could afford up to an 11-week strike. In this case, US light-vehicle production, and thus palladium autocatalyst demand, could be significantly impacted, though it is unlikely that a strike would last that long. A short period of industrial action would be likely to have only a minimal impact on global palladium demand.

The palladium price fell slightly last week to \$1,226/oz, marking the third consecutive week of decline.

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Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$4,750/oz	\$475/oz	\$4,950/oz
Previous Week	\$4,950/oz	\$475/oz	\$4,950/oz

Fuel cells come second in the battle of the buses. A review of tank-to-wheel efficiency of battery-electric and fuel cell buses in Italy concluded that battery-electric buses were significantly more efficient. Nearly 300,000 km were travelled by the fuel cell buses in the study, and perceptions of drivers were positive towards hydrogen-powered buses, which is likely to be an aid to adoption. Both powertrains will be used to reduce municipal transportation emissions in the next decade, as deadlines on national and international targets on emissions reductions get ever closer. As fuel cell technology improves, it will become more competitive with battery-electric vehicles. In terms of ruthenium demand, use in fuel cells is currently less than 10% of total demand. This is expected to increase rapidly in the next five years as hydrogen-powered vehicles capture more of the transportation market.

The rhodium price fell from \$4,950/oz to \$4,750/oz last week and is again less than iridium per ounce. Both the ruthenium and iridium prices were unchanged week-on-week.

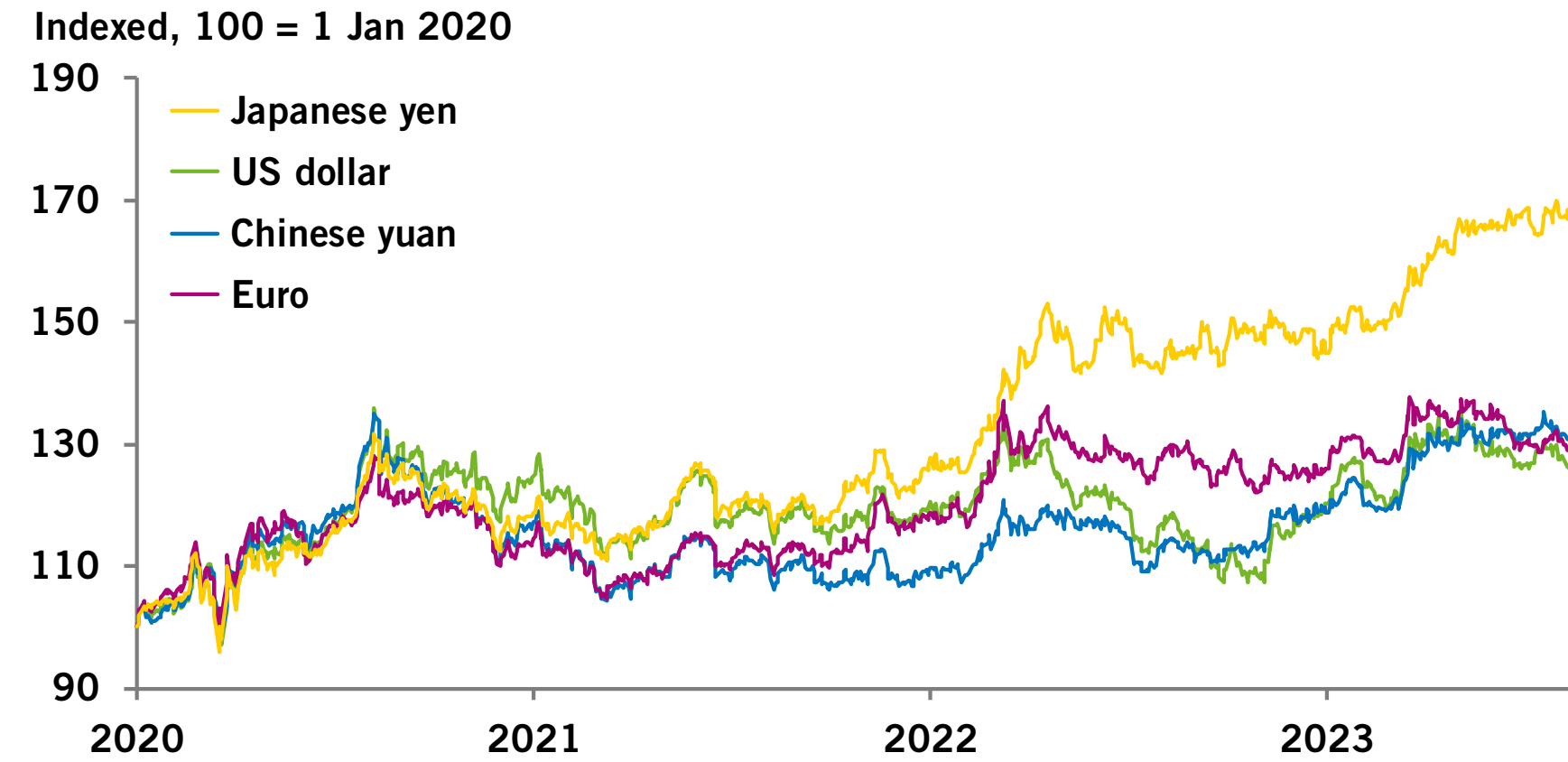
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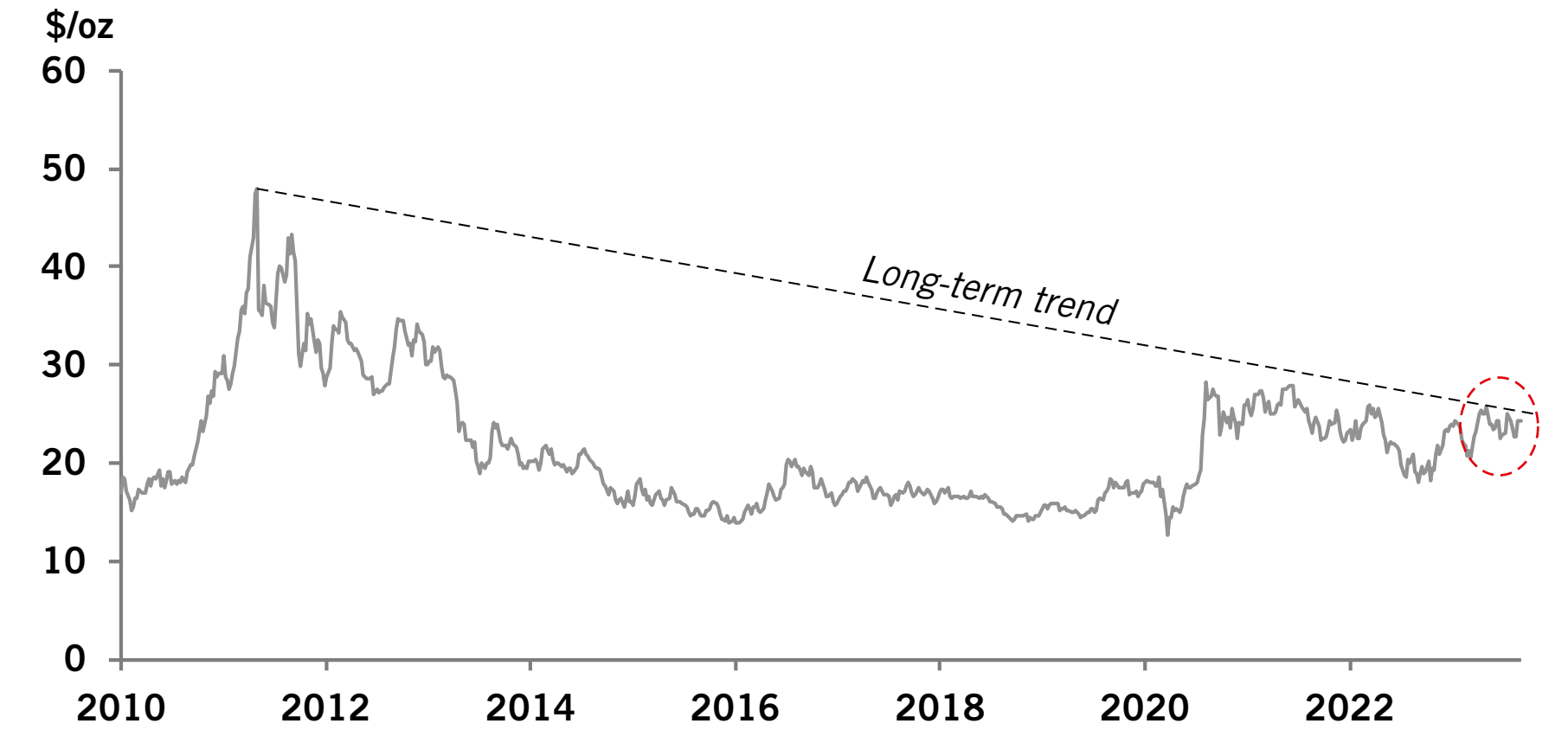
TRENDS AND INVESTMENTS

Gold price in various currencies



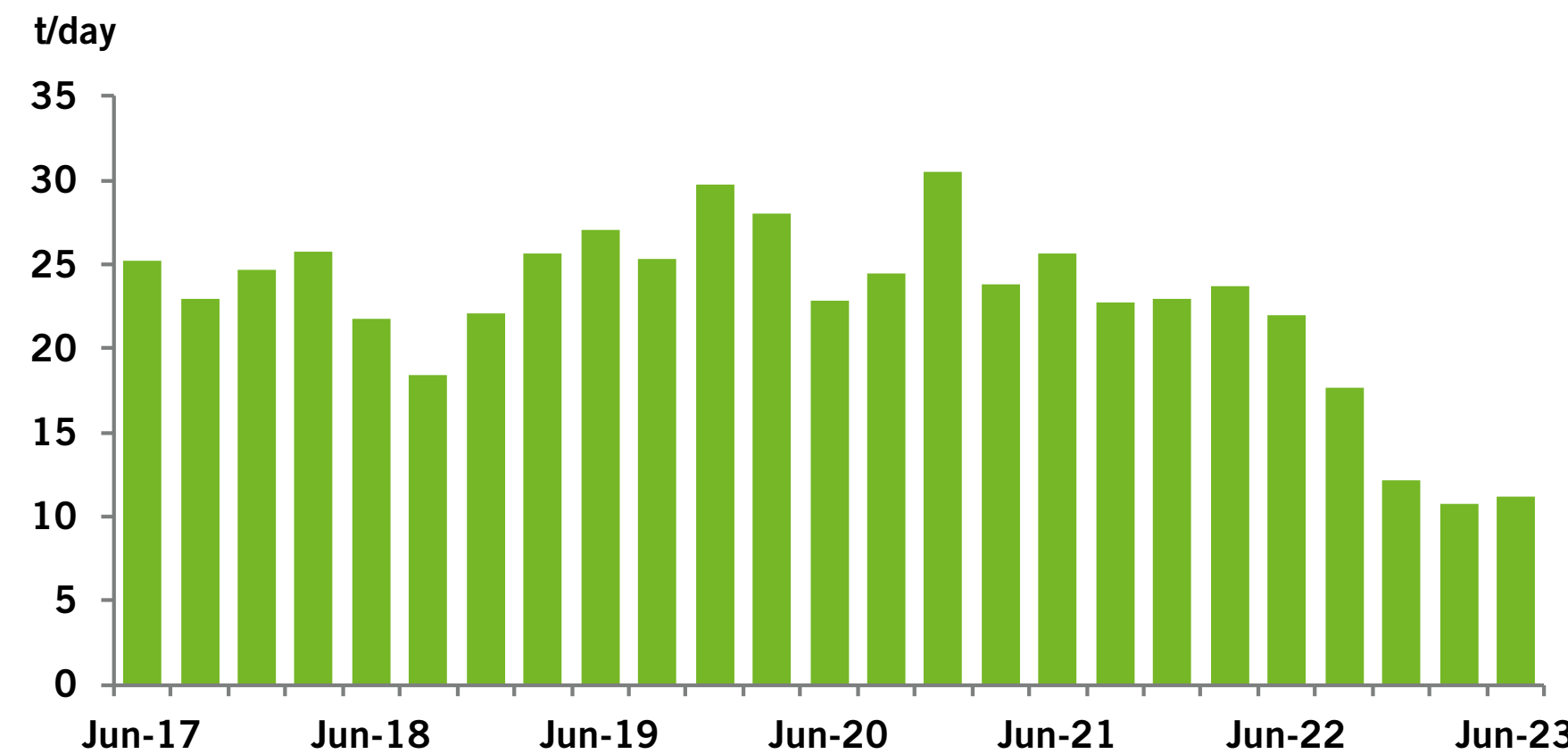
Source: SFA (Oxford), Bloomberg

Silver price



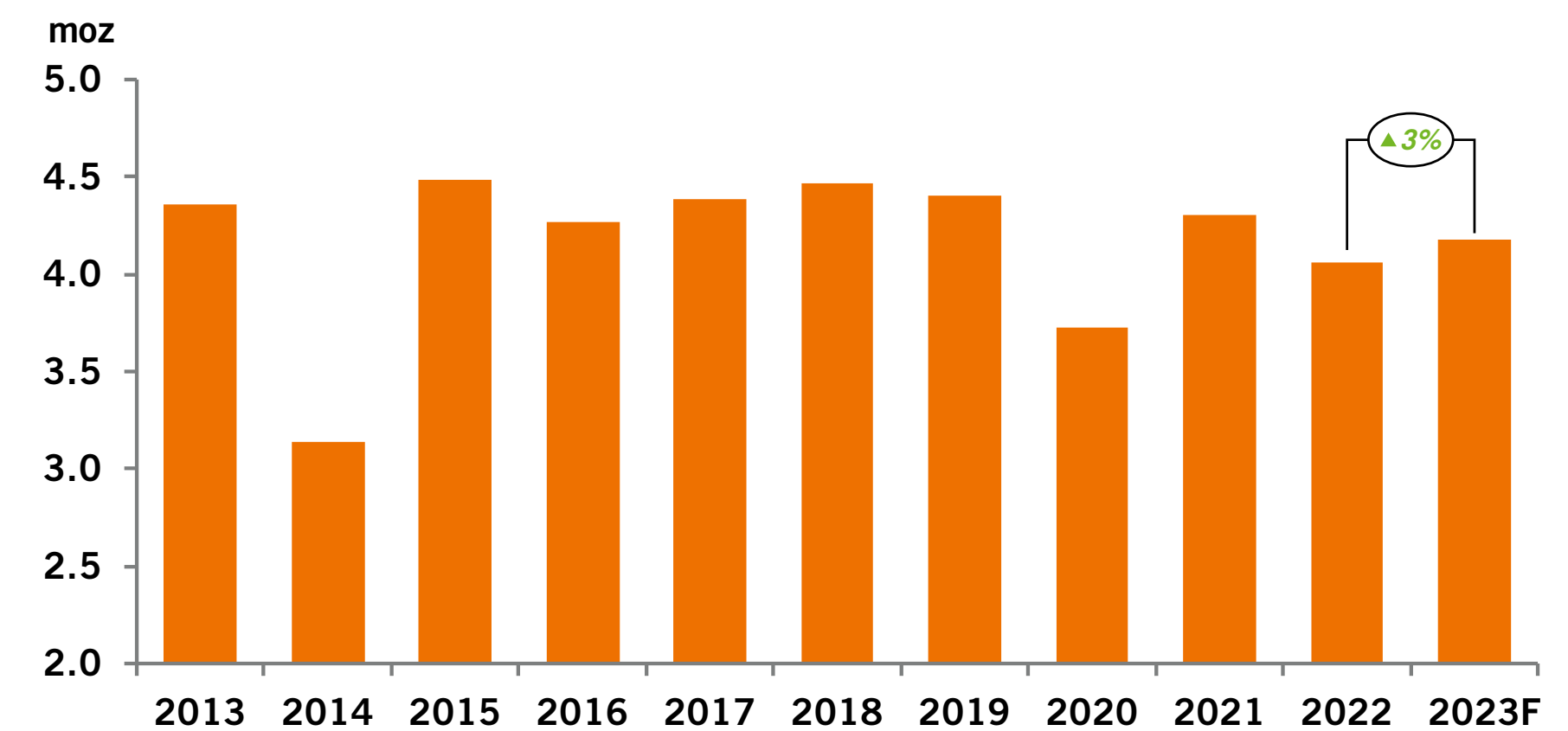
Source: SFA (Oxford), Bloomberg

Sibanye-Stillwater US recycling spent autocat feed



Source: SFA (Oxford), Sibanye-Stillwater. Note: average daily feed for each quarter.

South Africa Pt & Pd supply



Source: SFA (Oxford)

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