

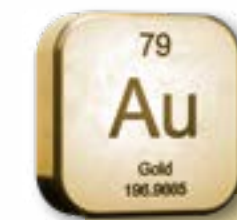
PRECIOUS APPRAISAL

No. 11
18th March 2024

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PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	2,159	-0.99%	2,186	11/03/2024	2,151	12/03/2024
€/oz	1,983	-0.50%	2,002	11/03/2024	1,969	12/03/2024

Gold demand may take a breather in the next few months. Following the typically strong gold-buying season in the first two months of the year in China due to Lunar New Year demand, March and the second quarter tend to see lower consumer demand. Over the last 10 years, Chinese consumer gold demand in Q2 has declined by an average of 21% quarter-on-quarter. Implied demand was particularly strong to start the year, indicated by 10-year highs in Chinese gold imports from Hong Kong. This may suggest that with no notable events likely to boost demand in Q2'24, a quarter-on-quarter drop could be larger – particularly if new record gold prices begin to crimp appetite for bullion. India, as the second-largest consumer gold market, could also see lower demand in March and April due to the fewer auspicious wedding dates, which are associated with a higher level of gold purchases. Local market premiums have already begun to fall, a result of high dollar gold prices, though it is possible they will stay depressed in the short term as demand falls off. Indian gold imports and demand, however, are expected to begin to pick up in the lead-up to the Akshaya Tritiya in early May as wholesalers restock in anticipation of the auspicious festival, which tends to boost the local market premium over the LBMA price.

Gold recorded a weekly loss on hotter than expected US inflation data last week. Having fallen 1%, gold finished the week's trading on \$2,159/oz.

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Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	25.21	3.57%	25.44	15/03/2024	24.01	12/03/2024
€/oz	23.16	4.08%	23.66	13/03/2024	21.97	12/03/2024

Does the gold:silver ratio point silver higher? The gold:silver ratio has trended higher so far this year, to 85.6 according to Friday's closing prices, against 87.03 on 1 January. Much of this has been due to initial gold price appreciation beating silver before both took off on 29 February. Since 2006, the gold:silver ratio has averaged 60.09 during previous gold all-time-high peaks. At that ratio, the recent peak in gold implies a silver price of \$35.85/oz, 47% higher than the silver price on 11 March when gold peaked. This would suggest silver is currently undervalued versus gold. Gold tends to be the go-to safe-haven metal for institutions, with retail investors favouring 'cheaper' silver. Secondly, the industrial component of silver demand could be holding it back if demand has been relatively sluggish early this year. The ratio between the two metals tends not to stay above 90 for extended periods of time, so could begin to fall. With gold consolidating in a new trading range, this time a decline in the ratio could be a result of silver closing the gap higher.

Silver did move higher last week, continuing to rise as gold stalled. By the end of the week, the silver price stood at \$25.21/oz. \$25.90 is the next higher zone of resistance for the silver price, being the intra-day high reached in December, and the level at which rallies were stopped in April and May 2023.

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Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	939	2.93%	954	15/03/2024	913	12/03/2024
€/oz	863	3.46%	876	15/03/2024	838	12/03/2024

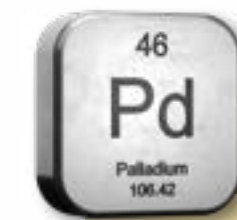
South African electricity generation could still be a risk for PGM production. In 2023, there were 335 days of load-shedding (power cuts), with frequent incidences of Stage 6 load-shedding – the point at which PGM processing plants have been impacted. The latest forecast for electricity generation from Eskom, South Africa’s state utility provider, shows the expectation of moderate power shortages (Stage 3) every week for at least the next year. At a high level of load-shedding the ability of PGM miners to process their ore is inhibited as power use is reduced by processing plants. The scale of production impacts has been relatively well mitigated by the PGM producers over the last 12-18 months as private power generation and planning have improved. Power disruptions had a small negative impact on platinum production last year. While there are various programmes underway to improve available generation capacity, a recent independent report highlighted serious maintenance issues at South Africa’s aging coal power plant fleet and the risk of plant failures and higher-level load-shedding remains. This risk could rise into the South African winter as demand increases as households begin to turn on their heating. South Africa’s platinum production is forecast to reach 3.9 moz in 2024, including ~100 koz of metal processed from above-ground stocks. Increased load-shedding could hamper the processing of this metal, however, negatively impacting refined production.

The platinum price rose for the second week in a row last week, reaching \$939/oz – the highest weekly close since early January.

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PRECIOUS METALS REVIEW

Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,084	5.71%	1,111	15/03/2024	1,005	12/03/2024
€/oz	994	5.90%	1,019	15/03/2024	925	12/03/2024

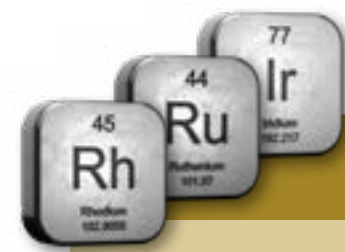
China's light-vehicle sales are expected to improve after February's slump. China's sales and production of light vehicles fell by 22.5% year-on-year in February despite the extra day (source: MarkLines), though this is not a result of waning demand, rather it was the disruption of the New Year holiday. EV sales in February also fell by a very similar amount, indicating it was a whole-market pause in buying rather than any other cause. Looking at January and February's combined sales to account for the holiday, passenger vehicle sales have risen 8% year-to-date to 3.36 million units, while the EV sector outpaced the market as a whole by improving sales by 11.7% year-on-year to 740,000 units. Sales were expected to beat those in 2023 as sales of both ICE vehicles and EVs were impacted by the expiration of tax incentives and government subsidies, respectively, last year. However, both January and February's total passenger car sales are still below those in 2022. This could be an effect of the strong vehicle sales outperformance in Q4'23 (+22.8% year-on-year) reducing the pool of willing new car buyers. Chinese vehicle sales are forecast to grow incrementally as 2024 progresses, backed by an announced government intention to boost ICE vehicle and EV sales through central policy. EVs are likely to be the primary beneficiary of any new legislation aimed at improving sales and, as a result, Chinese automotive palladium demand is expected to fall by as much as 9% this year as catalysed vehicles lose more market share.

Palladium continued to rise last week to a new year-to-date high price of \$1,111/oz intra-day Friday, following on from its rapid appreciation in the previous week before falling slightly to close at \$1,084/oz.

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Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$5,225/oz	\$455/oz	\$5,400/oz
Previous Edition	\$5,000/oz	\$455/oz	\$5,400/oz

Proton exchange membrane (PEM) electrolyser manufacturers have received \$159.9 million of the \$750 million in US Department of Energy funding for scaling up clean hydrogen production in the US. Additionally, \$50 million was awarded to a consortium that includes Heraeus. The consortium is working towards more efficient PEM fuel cell and electrolyser component recycling, which will be a key component needed to scale green hydrogen production and to meet iridium demand requirements from PEM products in the future. Combined ruthenium and iridium demand in hydrogen applications is forecast to show sustained growth in the next few years, thanks to the push to decarbonise heavy industry and the wider electricity grid.

The iridium and ruthenium prices stayed stable last week while rhodium rose slightly to \$5,225/oz.

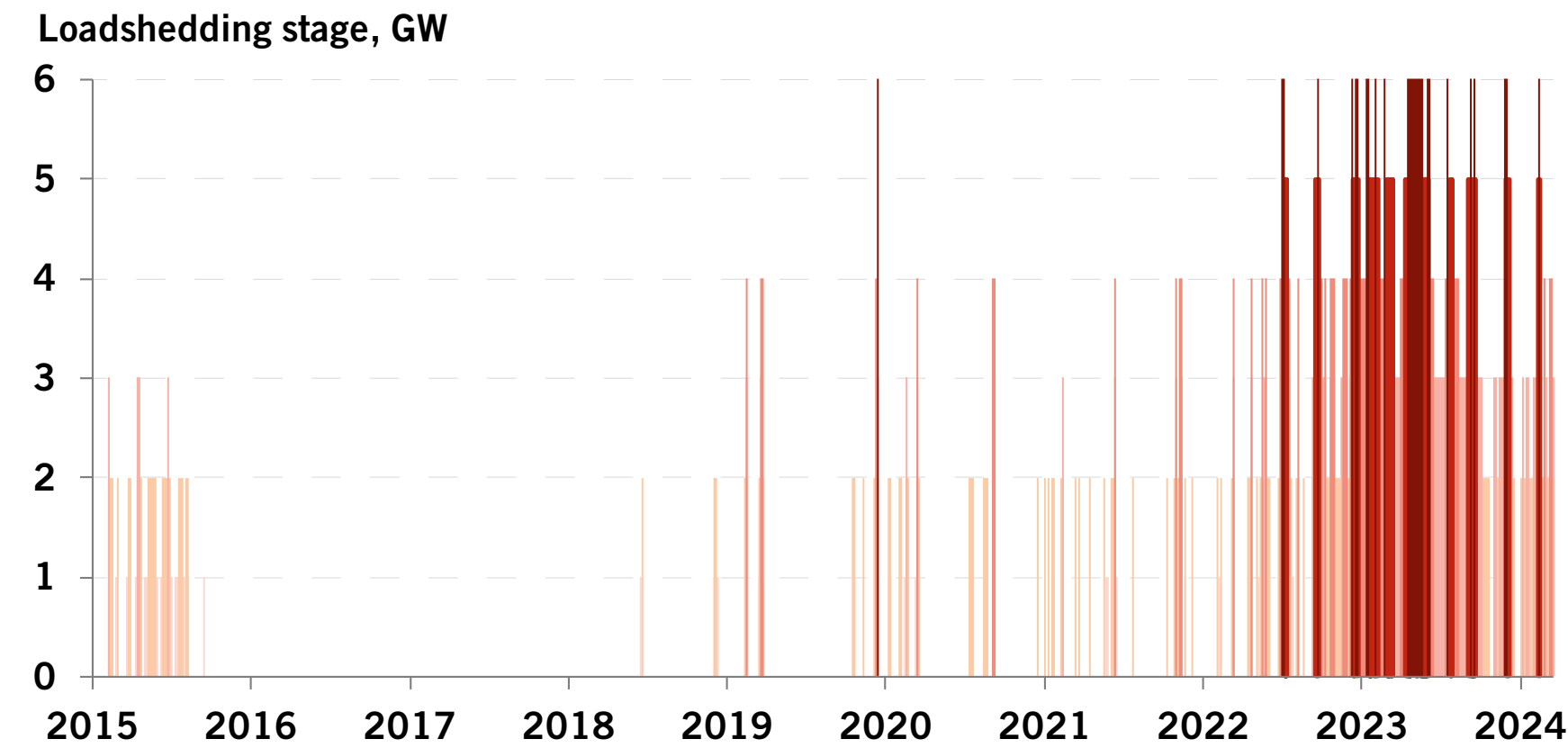
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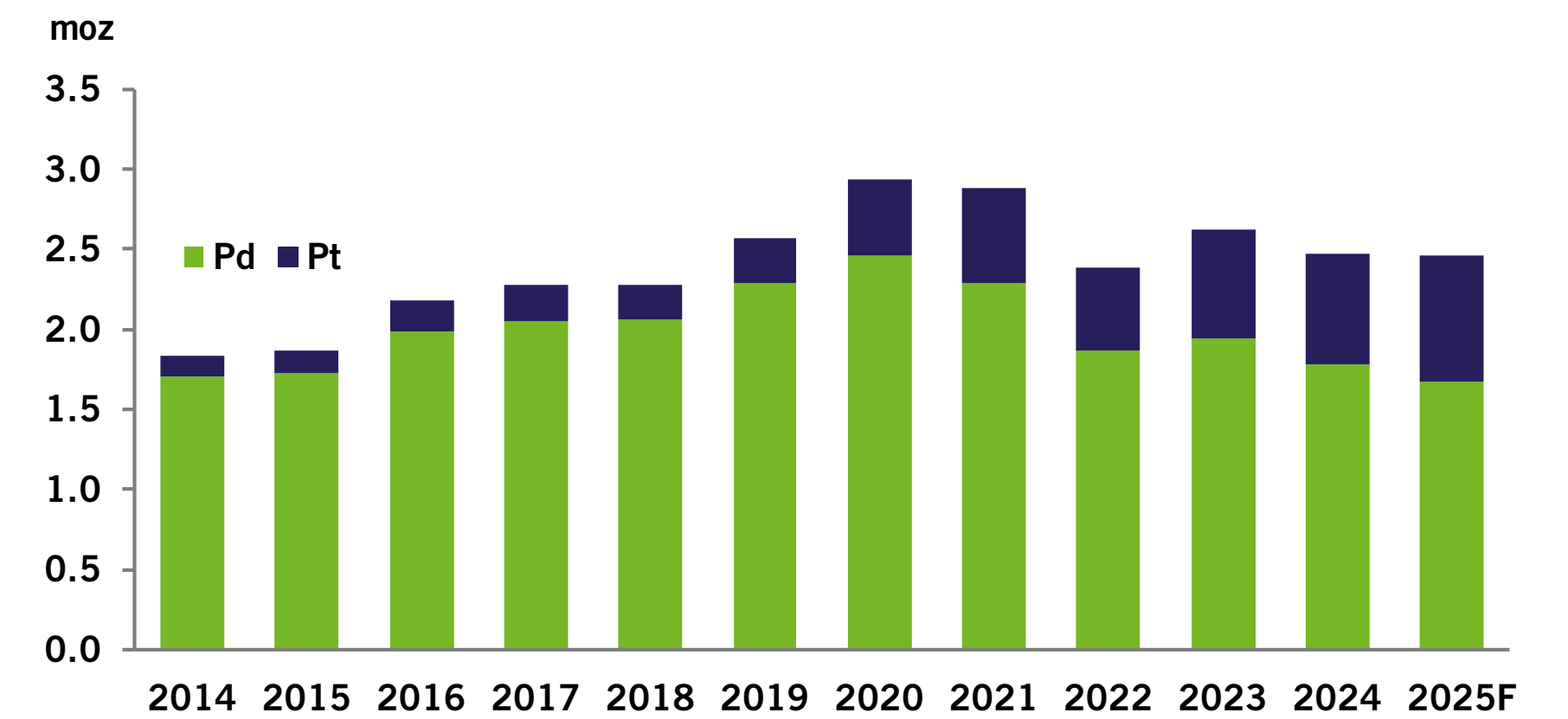
TRENDS AND INVESTMENTS

South Africa's loadshedding history



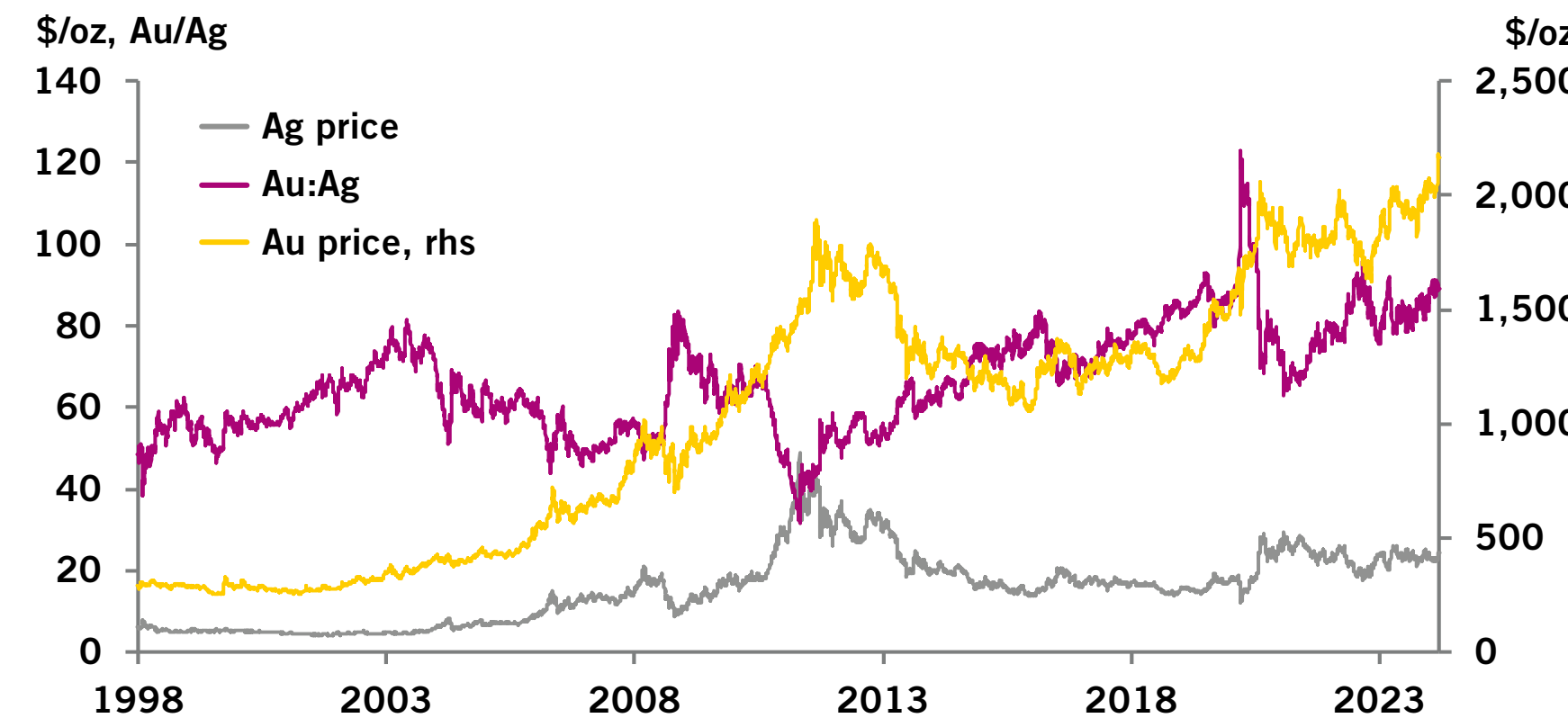
Source: SFA (Oxford), EskomSePush

China automotive platinum & palladium demand



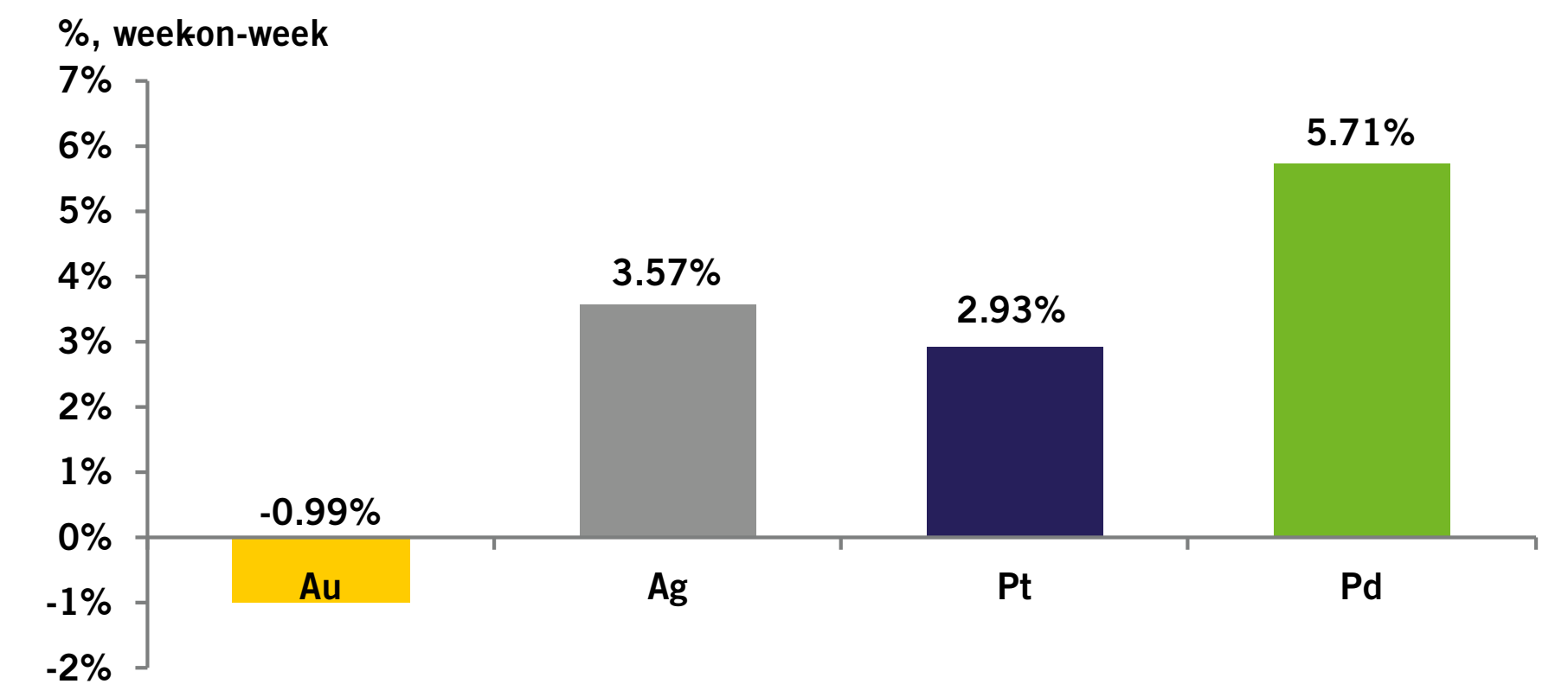
Source: SFA (Oxford)

Gold, silver and the Au:Ag ratio



Source: SFA (Oxford), Bloomberg

Precious metals price performance



Source: SFA (Oxford), Bloomberg

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