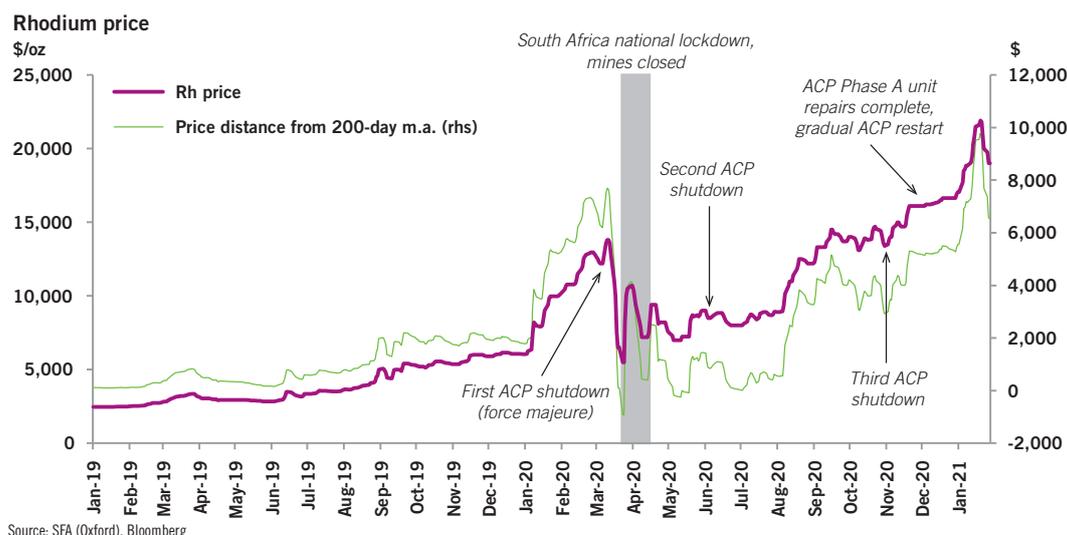




MARKET SPOTLIGHT

Respite for rhodium?

The rhodium price has pulled back from its record high for the first time since early November. The price is now at a similar level above its 200-day moving average to that in March, which was followed by a 60% drop in two weeks. Does this suggest the price has rallied too far, too fast, and further downside is possible?



Metallurgical bottlenecks are easing, and refined metal liquidity is improving now Anglo American Platinum's ACP Phase A unit is operational. The build-up of stock which resulted from the closure in 2020 can now begin to be processed. However, rhodium is the last of the three major PGMs to be released, which is expected to limit availability in the near term. Furthermore, until the ACP Phase B unit is repaired and on standby as back-up, the market remains at risk to price volatility.

As China is one of the largest regions of rhodium end-use for autocatalysts, the Chinese New Year (12 February) should provide some respite for the market. A strong rebound in China's light-vehicle market after the first wave of the pandemic in 2020 was a key driver of rhodium's price rally, exacerbated by South Africa's lockdown and smelting (converter) outages. Ongoing growth (+23%) in China is predicted for 2021 as the implementation of China 6b emissions standards continues to boost rhodium requirements. Global autocatalyst demand for rhodium is estimated to exceed 1 mozt for the first time in 2021.

Although the rhodium market deficit is forecast to narrow this year, a fundamentally imbalanced market will keep prices at historically high levels. As stockpiled concentrate is processed and metal availability improves, market tightness is expected to ease modestly. However, there is limited chance of demand abating as rhodium remains critical to reducing NO_x emissions from vehicles.



PRECIOUS METALS REVIEW

79 Au Gold

	Close	Weekly change	High	Date	Low	Date
\$/oz	1,858	0.14%	1,876	29/01/2021	1,832	27/01/2021
€/oz	1,531	0.49%	1,543	29/01/2021	1,513	28/01/2021

Gold jewellery demand drops to the lowest level on record. Gold demand hit an 11-year low last year, declining 14% year-on-year to 3,760 tonnes and marking the first year since 2009 where annual consumption fell below 4,000 tonnes (source: World Gold Council). As expected, the gold jewellery market was badly affected by the pandemic, with annual demand falling to the lowest level on record at 1,412 tonnes (-34% year-on-year). Market lockdowns and a weak economic outlook in the two largest jewellery markets of India and China kept

sales muted as demand contracted by 42% and 35% year-on-year, respectively. The slump in jewellery demand was partially offset by a record level of investment (ETFs, bars and coins) last year, which increased by 40% year-on-year to 1,773 tonnes. Investment demand is likely to remain well-supported this year, albeit possibly less strong than in 2020. Consumer demand is expected to improve, but remain subdued, as the economies of key markets continue to be negatively affected by the pandemic and the gold price remains high.

47 Ag Silver

	Close	Weekly change	High	Date	Low	Date
\$/oz	27.14	6.48%	27.65	29/01/2021	24.70	27/01/2021
€/oz	22.37	6.85%	22.75	29/01/2021	20.48	27/01/2021

Silver ETF holdings recorded a strong uptick over the last two weeks, gaining 21.8 moz in 24 hours (+2%) before reaching a record 1,054 moz a few days later. The silver price had a strong week, edging above \$27/oz and outperforming gold. The gold:silver ratio at 68.5 is still

above the long-term average of 65, so there is room for it to narrow further. The rise in the silver price seems to have been triggered by speculative traders turning their attention from forcing short squeezes in US stocks to silver.

78 Pt Platinum

	Close	Weekly change	High	Date	Low	Date
\$/oz	1,080	-2.45%	1,119	25/01/2021	1,053	28/01/2021
€/oz	890	-2.10%	920	25/01/2021	870	28/01/2021

Platinum sales from South Africa's largest producer fell by 28% last year. Anglo American Platinum's (AAP) total 6E¹ PGM sales decreased by just 19% year-on-year to 4.0 moz in 2020, despite a 38% drop in sales attributed to the Group's own production which was due to the closure of both units of the Anglo Converter Plant (ACP) at various points throughout the year. The decline was offset by additional trading activity (+235% year-on-year) which mitigated the impact of the ACP closure to its customers. PGM trading volumes accounted for almost a third of AAP's total sales last year (up from 7% in 2019). Platinum sales through trading surged by 828% year-on-year to 427.6 koz. This partially offset the 46% drop in the Group's own production and sales, meaning the total volume of platinum entering the market in 2020 contracted by 28% to 1.6 moz. The ACP stoppages during

2020 have built up a work-in-progress inventory of 1 moz of PGMs (including ~520 koz of platinum), which will be released over the next 24 months.

Combined with near-record levels of investment demand, the stock build-up at the ACP helped to reduce the platinum market industrial surplus. The majority of the surplus was absorbed in 2020 which helped to hold up prices despite weak industrial demand. However, the additional supply from AAP's work-in-progress stock is likely to see supply far outweigh demand this year which could soften prices later in the year.

¹6E refers to platinum, palladium, rhodium, iridium, ruthenium and gold.



PRECIOUS METALS REVIEW

⁴⁶ Pd **Palladium**

	Close	Weekly change	High	Date	Low	Date
\$/oz	2,215	-6.44%	2,384	25/01/2021	2,204	29/01/2021
€/oz	1,827	-6.01%	1,958	25/01/2021	1,824	29/01/2021

Palladium sales from AAP slipped by 11% last year to 1.58 moz. Additional purchasing in the market amounting to 680 koz partially offset the 41% drop in sales attributed to the Group's own production. AAP's refined palladium production was 905 koz last year, marking a 39% decline from 2019 caused by the ACP stoppages. The volume of concentrate, including an estimated 300 koz of palladium, that built up as a result of the ACP closure will be processed over the next two years. The palladium market has more diverse sources of supply than the small PGMs so the price has not been as volatile over recent months.

Sibanye-Stillwater's output exceeded guidance in 2020. PGM production from the Group's South African operations was 1.58 moz 4E, which exceeded the upper limit of revised annual guidance of 1.35-1.45 moz 4E. By the end of Q3'20, the Group's South African PGM operations were operating at a production run rate of 93%, so it is likely that efficiency improved close to 100% sooner than expected to enable it to exceed production guidance by the end of the year. The breakdown of results by metal will follow in February.

⁴⁵ Rh ⁴⁴ Ru ⁷⁷ Ir **Rhodium, Ruthenium, Iridium**

	Rhodium	Ruthenium	Iridium
Reporting week	\$19,700/oz	\$375/oz	\$4,450/oz
Previous week	\$20,700/oz	\$335/oz	\$4,100/oz

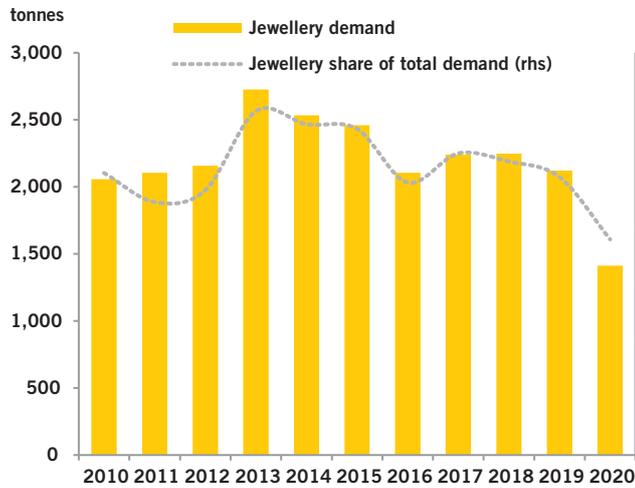
Rhodium's price rally has eased, but iridium and ruthenium prices remain elevated. Prices are expected to continue to trade above the already high average prices seen in 2020 until AAP's refined output normalises. With both of AAP's converters out of order at various points last year, the processing pipeline is likely to have all but

emptied. The repairs to the Phase A unit are complete, but due to the lengthy refining process (for iridium, in particular) and without the Phase B unit as a back-up, it will take time to refill the pipeline and for refined metal to be released.



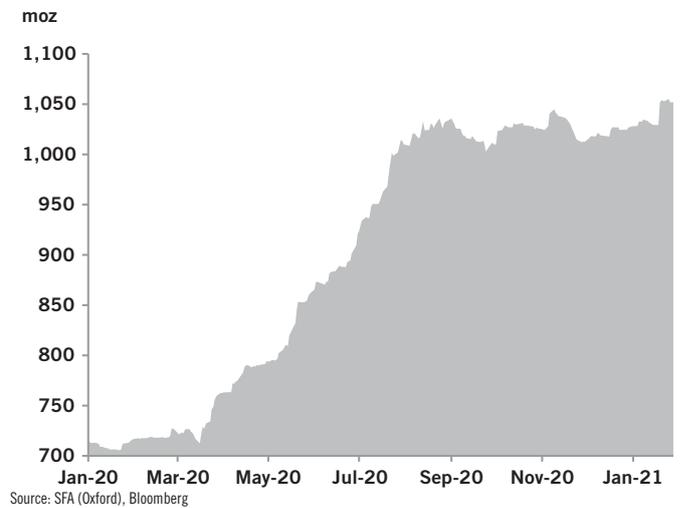
TRENDS AND INVESTMENTS

Gold jewellery demand



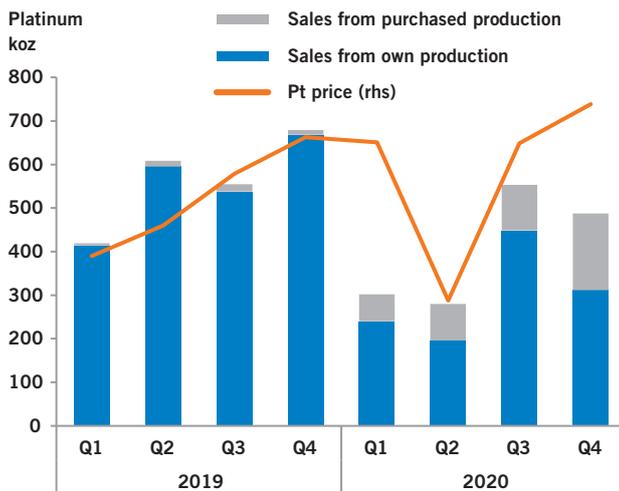
Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

Silver ETFs

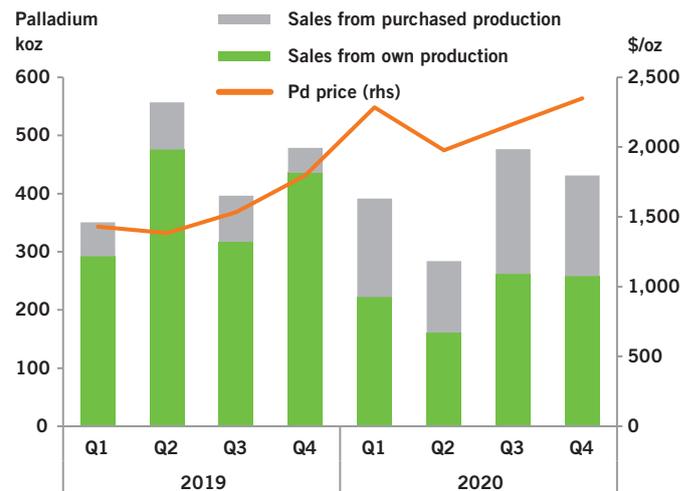


Source: SFA (Oxford), Bloomberg

Anglo American Platinum quarterly PGM sales



Source: SFA (Oxford), Anglo American Platinum, Bloomberg



Source: SFA (Oxford), Anglo American Platinum, Bloomberg

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