

PRECIOUS APPRAISAL



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PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,891	-1.19%	1,916	14/08/2023	1,885	17/08/2023
€/oz	1,739	-0.45%	1,753	14/08/2023	1,735	17/08/2023

The gold price is under pressure as the US dollar strengthens and bond yields rise. The Federal Open Market Committee (FOMC) meeting minutes showed that the Fed no longer thinks a recession will occur and inflation risks are to the upside. Market-based odds of a further rate rise have gone up slightly, but it is still not considered a certainty. However, the US dollar has rebounded strongly, having been out of favour as the US economy has performed better than expected and the chances of another rate hike grow. The dollar index has jumped from 99 to 103 in the last five weeks and this has been a headwind for gold which peaked at around the same time as the dollar started rallying. The gold price will likely remain under pressure until yields and the dollar peak.

The drop in the gold price has led to a pick-up in jewellery demand in India. In rupee terms, the gold price has fallen from a record of over Rs61,000/10g in May to below Rs59,000/10g. This has encouraged wholesalers to stock up amid improving consumer interest. Indian jewellery demand was 207 t in H1'23 (source: World Gold Council) and usually increases in the second half of the year owing to festivals such as Diwali and the start of the wedding season. However, the first half-year total was 27 t lower than in H1'22 and the second half of last year saw demand increase to 366 t, as the price was lower than in

the first half of the year and averaged a little over Rs51,000/10g. The price will need to stay low and consumer demand will need to improve considerably for demand to get close to last year's total.

The gold price dipped below \$1,900/oz last week as it fell to its lowest level since March. After having broken this support level the next area of support is \$1,810/oz.

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Silver



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\$/oz	22.74	0.34%	23.01	17/08/2023	22.23	15/08/2023
€/oz	20.91	1.09%	21.09	17/08/2023	20.40	15/08/2023

Peruvian silver production is struggling in 2023. Hochschild's first-half silver production was 5.4 moz compared to 6.4 moz last year. Output was lower at the Pallancata and Inmaculada mines in Peru (-529 koz combined) as well as the San José mine in Argentina. Peru's official silver production statistics (source: Ministry of Energy and Mines) for the first five months of the year show yield down 3.5 moz year-on-year at 37.5 moz. Peru was the third-largest silver producing nation in 2022, with output of 107 moz (source: The Silver Institute).

Silver is still underperforming gold as the price declines, which has pushed the gold:silver ratio up to over 84 from less than 80 in July. The price is near support but if it falls below \$22/oz then the next support level is \$20/oz.

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Platinum

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Pt

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	910	-0.31%	918	14/08/2023	884	17/08/2023
€/oz	837	0.46%	842	18/08/2023	812	15/08/2023

Platinum supply in South Africa is expected to edge up to 4.0 moz this year. However, that will depend on the severity of power load-shedding in the rest of the year and whether built-up stocks can be processed. Both Impala Platinum and Northam Platinum have released production updates for their financial years which ended in June.

Impala's platinum output fell by 4.6% year-on-year to 1,360 koz. This coincided with severe load-shedding by Eskom and a period of smelter maintenance. Overall refined production was 2.96 moz (6E: platinum, palladium, rhodium, gold, iridium and ruthenium), marginally missing the low end of guidance (3.0-3.15 moz 6E). The company had 36 koz (6E) of lost production owing to load-shedding in South Africa and Zimbabwe, and 101 koz (6E) was delayed owing to smelter maintenance and power constraints. This has led to an excess inventory of 245 koz (6E), which could be added to output in the second half of the year.

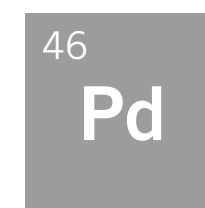
Northam continues to increase output as the Booyesdal South and Eland mines ramp up production, yielding 810 koz (4E: platinum, palladium, rhodium and gold) (~430 koz Pt). Both companies noted the operational problems caused by Eskom's load-shedding and the impact of rapidly rising costs, which, together with falling PGM prices, are squeezing margins.

The platinum price slipped to its lowest level this year last week, before recovering above \$900/oz. The rand weakened to 19.3:1US\$ before moving back to 19.0. If the rand continues to weaken, that could drag the price lower.

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Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,254	-3.44%	1,315	14/08/2023	1,206	17/08/2023
€/oz	1,153	-2.72%	1,201	14/08/2023	1,110	16/08/2023

North American palladium production is rising in 2023. Impala Canada’s PGM output increased by 15% to 291 koz (~265 koz Pd) for the financial year to June. Output in the prior period was impacted by supply chain constraints and labour availability issues, and higher-grade ore was processed enabling the large increase. Sibanye-Stillwater’s production in Montana will also be higher this year as the Stillwater mine was closed for several weeks last year owing to flooding in the region which washed away the access road. North American palladium production could climb by ~50 koz this year to almost 800 koz, representing 12% of global supply.

Auto sales in China dipped by 1.4% in July despite an ongoing price war. The decline could be due to the poor economy, or consumers may be holding off and waiting for further discounts as the price war that Tesla initiated continues. Tesla has just cut the prices of the Model S, Y and X in China. Tesla started a price war earlier this year by cutting prices which forced other manufacturers to follow suit, and this includes ICE vehicle manufacturers trying to compete with BEVs.

Light-vehicle sales were 15.6 million units, up 8% year-on-year through the first seven months of the year, but the first half of last year was particularly impacted by China’s Covid-related lockdowns. The plug-in hybrid market share has been going up while the petrol share edges down, with the BEV share holding at around 24%. Overall, light-vehicle sales are forecast to be higher this year, helping to lift automotive palladium demand in China to over 2.6 moz, but that will be dependent on better sales over the rest of the year than were seen in July.

The palladium price is holding above \$1,200/oz but if that support gives way, then there is not much obvious support until \$1,130/oz. To the upside, the nearest resistance is \$1,350/oz.

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Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$4,700/oz	\$475/oz	\$4,950/oz
Previous Week	\$4,700/oz	\$475/oz	\$5,050/oz

Fuel cell truck development is forging ahead. Ford is planning a fuel cell truck as part of the EU Zero Emissions Freight Eco System (ZEFES) project. The project was launched earlier this year and four OEMs (Ford Otosan, Renault Trucks, Scania and Volvo Trucks), their suppliers, logistics operators and research partners are advancing the development of long-range, heavy-duty trucks, with four fuel cell and five BEV trucks planned for 2025. Ruthenium demand from fuel cell vehicles is increasing rapidly from a low base and could exceed 100 koz (~10% of total demand) in a few years' time. However, thrifting and improved recycling will be necessary to enable the growth in fuel cell vehicle production, as primary ruthenium supply is unlikely to increase much.

The iridium price dropped by \$100/oz last week, its first move since June, whereas the rhodium and ruthenium prices held steady.

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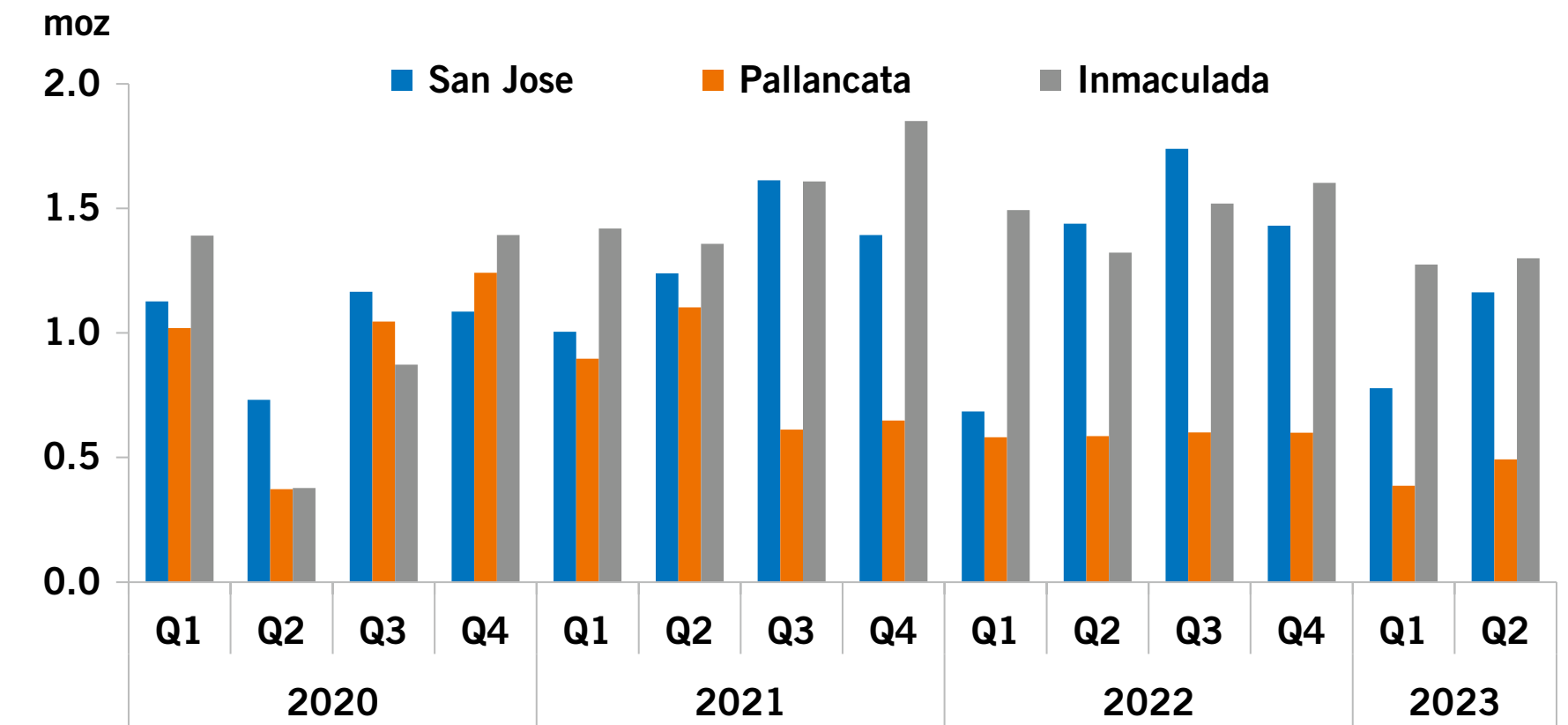
TRENDS AND INVESTMENTS

Gold price in India



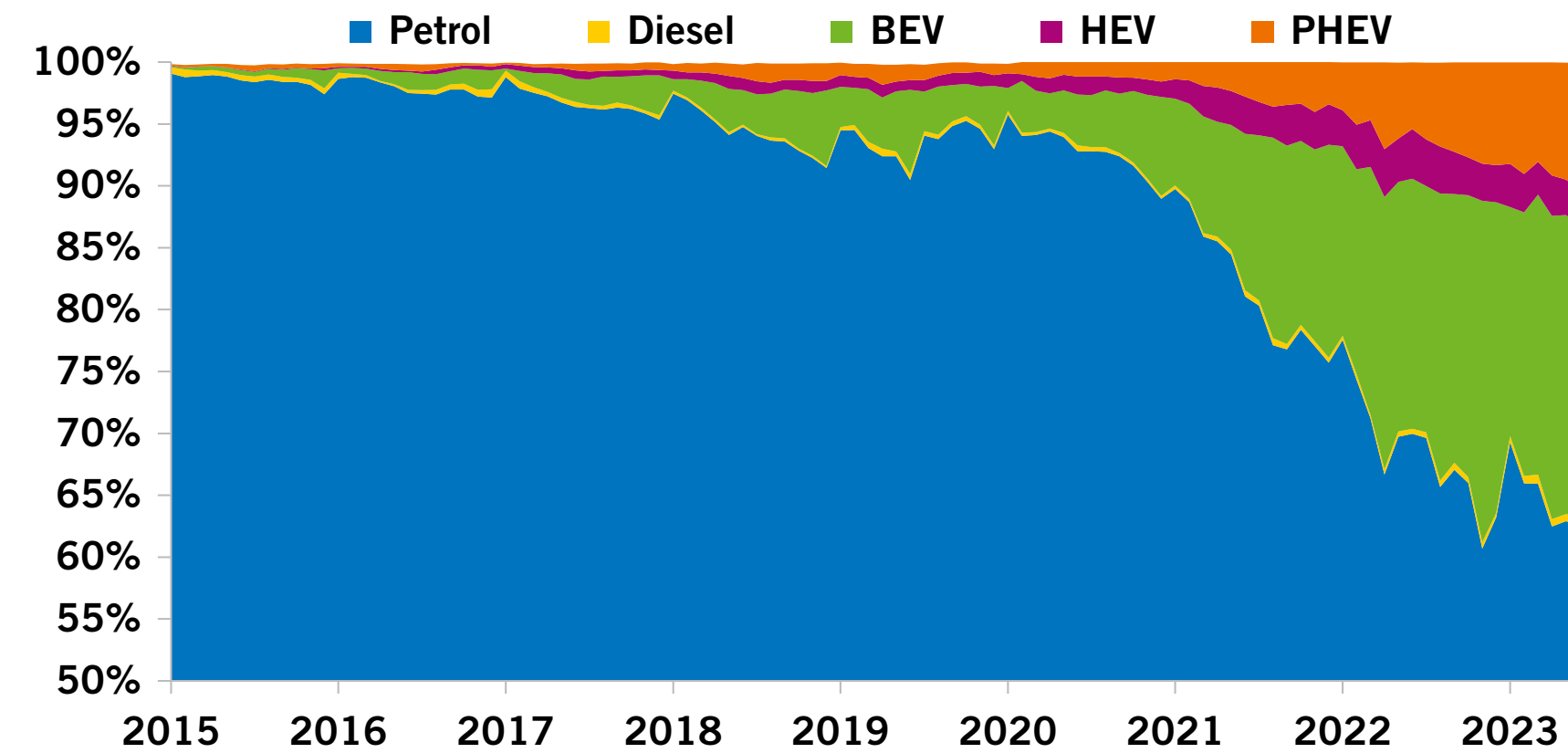
Source: SFA (Oxford), Bloomberg

Hochschild's silver production



Source: SFA (Oxford), company reports

China passenger car market share



Source: SFA (Oxford), Bloomberg

Dollar index



Source: SFA (Oxford), Bloomberg

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