

PRECIOUS APPRAISAL



MARKET SPOTLIGHT

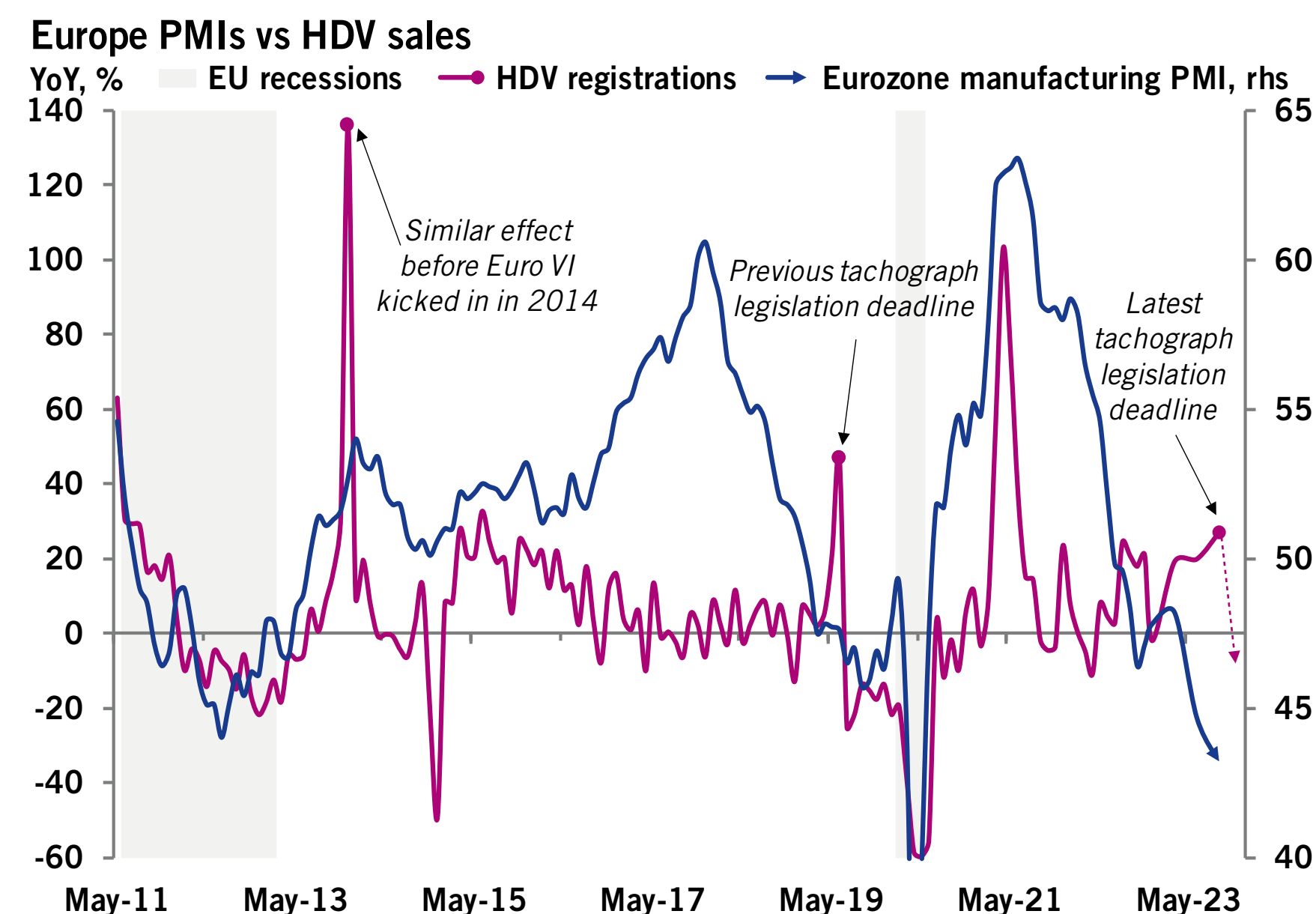
Europe's truck market could be about to hit the brakes

This year, the global medium- and heavy-duty truck market and associated platinum demand are forecast to grow by 7% and 9% year-on-year, respectively. Sales across most vehicle segments are expected to increase this year. Supply chain constraints from semiconductors have eased, and an adjustment to higher automotive loans has yet to substantially affect consumer new vehicle purchases, which have been boosted by pent-up demand.

European heavy-duty truck registrations have been resisting the weak macroeconomic backdrop. New truck registrations are 21% higher year-on-year in the European Union. Conversely, leading indicators in the bloc suggest that industrial demand drivers for trucking are weakening. The Eurozone manufacturing PMI has hit a cyclical low of 43, a level indicative of wider recession, while industrial production is also trending lower. Aside from trucking companies using greater new vehicle availability to refresh fleets, the significant year-on-year growth spurt in sales coincides with the run-up to the deadline for introduction of the new generation of Smart Tachographs that track on-road time and other driving metrics. Starting in September this year, all newly registered trucks must have the new generation fitted. Trucks with the previous generation have until 2025 to retrofit, providing incentive for truck owners to avoid upgrade costs by ordering trucks prior to this deadline and thus causing the divergence between sales growth and the manufacturing PMI.

Expect a sharp contraction in new orders this quarter and lower sales in 2024. The same pattern was seen at the last Smart Tachograph introduction in mid-2019, and in other vehicle markets as significant legislation changes loomed (Chinese EV sales spiked just before purchase incentives were cut in Q4'22). Volvo Trucks expects European truck sales (incl. the UK, Switzerland and Norway) to contract by nearly 15% year-on-year in 2024.

Heavy-duty vehicle (HDV) platinum demand is expected to be stable in 2024, though the risk is to the downside. Western European HDV production is forecast to be at similar levels to 2023 next year. However, if the elevated sales in Q3'23 mean demand has been pulled forward, levels of production could be cut and demand may fall below the level seen this year.



Source: SFA (Oxford), Bloomberg, ACEA

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Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,940	-2.55%	1,989	06/11/2023	1,937	10/11/2023
€/oz	1,818	-1.92%	1,852	06/11/2023	1,816	10/11/2023

Swiss investors buck the trend of gold ETF divestment. Funds based in Switzerland bucked the market trend in October by increasing the gold held by 691 koz, or 8% of total Swiss funds' holdings. In contrast, the rest of the global gold funds saw continued selling, though broadly across regions the pace slowed. At the beginning of November, global gold ETF holdings stood at 87.3 moz, down 0.7% month-on-month. The reasons for the apparent change of strategy may be the ECB's softer approach to monetary policy following its first month with no rate increase in 10 months, and a much weakened macroeconomic picture emerging in Europe. Swiss ETF inflow may show that institutions are warming to gold again. The opportunity cost of holding gold in an environment of historically high interest rates has been too much for investors for much of 2023, though as Western central banks near the peak of their cycles, sentiment may be shifting. This is expected to take some time, and a rapid return to ETFs would likely require a separate catalyst.

Geopolitical risk premium unwound last week, and the gold price fell to a three-week low. No significant developments in the Levant mean that gold gave back more of its recent gains. The price fell through the 200-day moving average, a bad sign for the bulls.

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Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	22.35	-3.45%	23.26	06/11/2023	22.26	10/11/2023
€/oz	20.94	-2.81%	21.64	06/11/2023	20.85	10/11/2023

Silver's underperformance relative to gold continued last week. The gold:silver ratio has been rising since August and is now just below 87, significantly higher than the long-term average of 66.3. The silver price has been consolidating since early this year; \$22/oz appears to be the key level to watch. Should this level fail to hold when next tested, the silver price will be vulnerable and could fall further, possibly sub-\$20/oz. Although price action has been relatively restrained, demand for silver coins from the US Mint continued to trend higher. The latest data for October shows 3.94 moz of new coin sales, on par with January and the second-highest monthly sales to date this year. So far in 2023, the US Mint has sold 21.8 moz of silver coins, more than 50% higher year-on-year for the first 10 months (excl. 356 koz sold so far in November).

Mirroring the trend in gold, **outflows in silver ETF holdings have slowed in the last month.** Outflows averaged 10.8 moz a month in Q3'23, though in October this slowed to only 50 koz, which is negligible when compared to total holdings of 714 moz. German funds led the change in sentiment, having added 836 koz in October.

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Platinum

Pt		CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	846	-9.70%	937	06/11/2023	844	10/11/2023	
€/oz	793	-9.10%	871	06/11/2023	792	10/11/2023	

Platinum miners continue to reposition for a lower price environment.

Impala Platinum is implementing voluntary redundancies at its Rustenburg PGM mine shafts to reduce its labour costs. The South African basket price has fallen by >40% this year, led by palladium and rhodium, both metals with demand heavily skewed towards the automotive industry. Impala’s PGM production from its Western Limb operations is ~25% palladium and ~7% rhodium. In 2022, labour costs at Impala (as well as Sibanye-Stillwater and Anglo Platinum) were repriced higher as labour unions secured a new five-year wage deal in line with mining inflation of c.6.5%. Sibanye-Stillwater has also announced potential job losses at two end-of-life shafts and uneconomic areas.

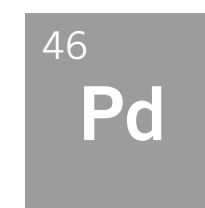
These are just early moves by PGM producers to address pressure on margins, and represent only a minor cut to platinum supply. Currently, platinum production from South Africa is forecast to total 4.2 moz this year, rising slightly to 4.4 moz in 2024. However, if PGM prices continue to slide further, cost-cutting efforts could expand and platinum output may be reduced.

Platinum ETFs saw net inflows for the first time in months as the price firmed in October.

The data shows holdings in platinum ETFs grew by 33.1 koz last month, bringing total holdings to 3.16 moz at the end of the month. However, selling from South African funds has offset these gains already in November. The price has slipped significantly in the last week as the rand weakened somewhat, which seemed to trigger sales from South African investors. Platinum closed last week’s trading 9.7% lower, falling back below \$850/oz.

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Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	985	-12.30%	1,132	06/11/2023	951	10/11/2023
€/oz	923	-11.62%	1,054	06/11/2023	891	10/11/2023

US BEV sales growth is slowing. In Q3'23, 313,000 electric vehicles were sold (source: Cox Automotive), which was still a record, and electric cars reached 7.9% of total US light-vehicle sales, up from 6.1% in Q3'22. However, sales growth has moderated to ~50% year-on-year in Q3'23, from ~75% last year. One reason for this could be consumers adopting a 'wait and see' position, given that from January 2024, Inflation Reduction Act (IRA) tax credits will be applied at point of sale for new BEVs (currently they must be filed in a tax return). This is compounded by the expectation that interest rates, and thus vehicle financing costs, will begin to fall later in 2024.

Another factor is that most major North American OEMs are now part of the North American Charging Standard (NACS) initiative. This will start to be integrated into new vehicles from as early as September 2024, and enable users to access Tesla's extensive Supercharger network which could help to reduce range anxiety in a particularly range-conscious market.

North American light-vehicle palladium autocatalyst demand is forecast to fall next year to below 1.4 moz, with the downside coming from a combination of lower overall ICE vehicle production year-on-year and more widespread use of platinum-containing three-way autocatalysts. If BEV sales growth reaccelerates next year, the impact of lower overall vehicle production on palladium demand could be compounded as the market share of autocatalyst-containing vehicles may shrink faster.

Palladium saw heavy selling last week, dropping \$147/oz (12.3% week-on-week). It crossed below the \$1,000/oz threshold for the first time in five years. Based on pre-2019 trading levels, \$900/oz could act as support for palladium.

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Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$4,800/oz	\$475/oz	\$5,450/oz
Previous Week	\$4,650/oz	\$475/oz	\$5,450/oz

The rhodium price rose higher last week thanks to more buying activity in the market. Ruthenium and iridium remained stable for another week. In its latest company report, Furuya, one of the largest of Japan's small PGM refiners, cautioned of a phase of inventory adjustment for ruthenium sputtering targets used in hard-disk manufacturing and OLED components in H2'23. This year has seen a fall in data centre investment which has been a cornerstone of ruthenium hard-disk demand in recent years. It is unlikely that the ruthenium market will see much buying activity from this sector in the short term, and thus the price is likely to remain near current levels.

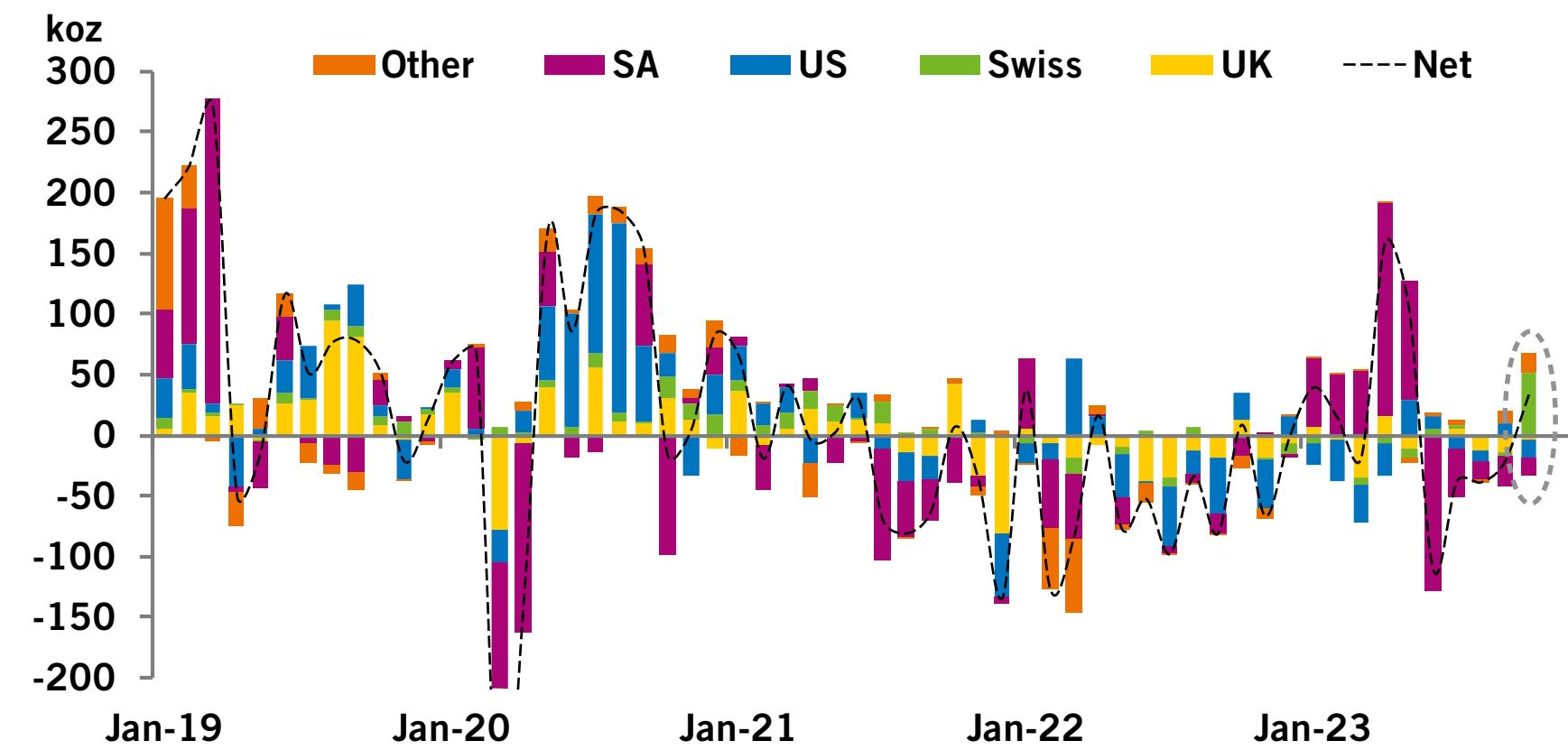
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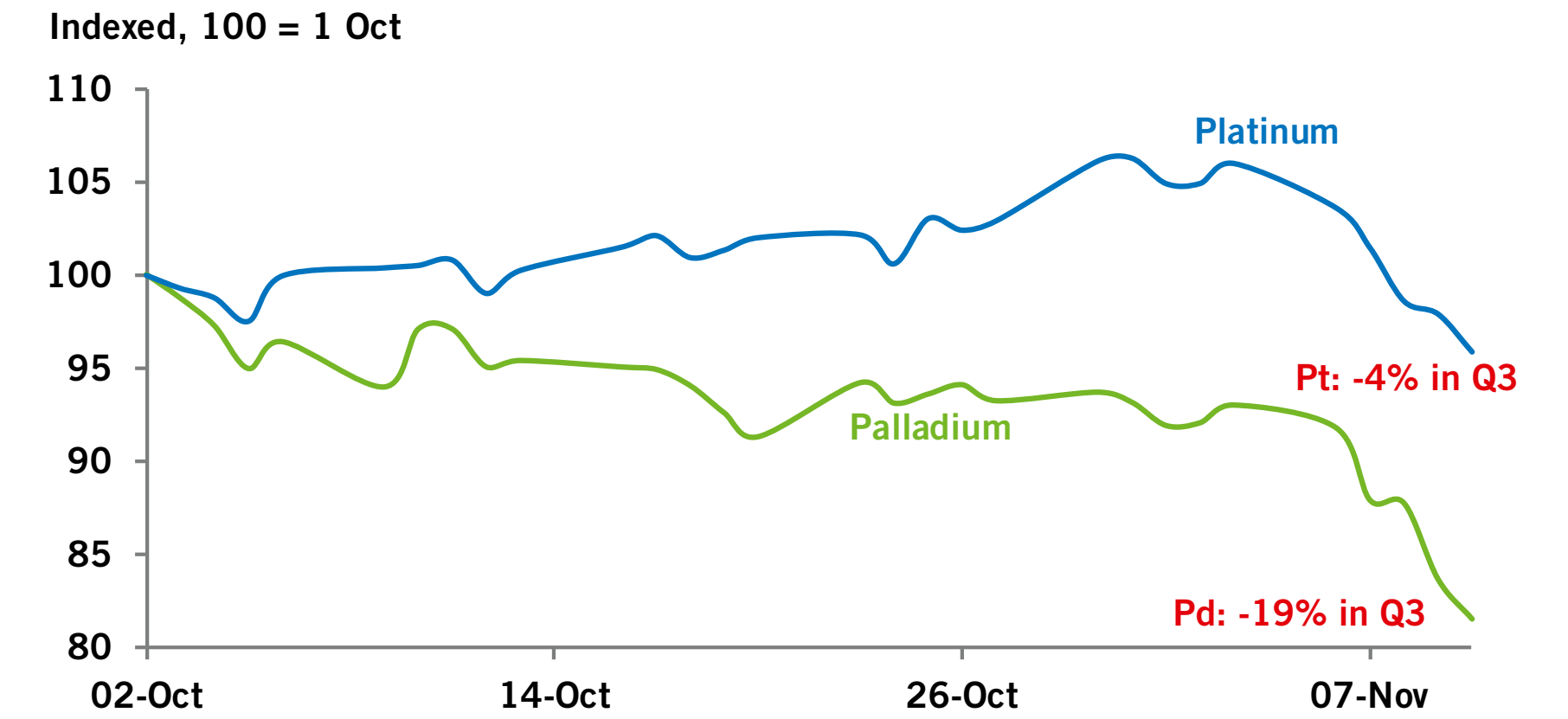
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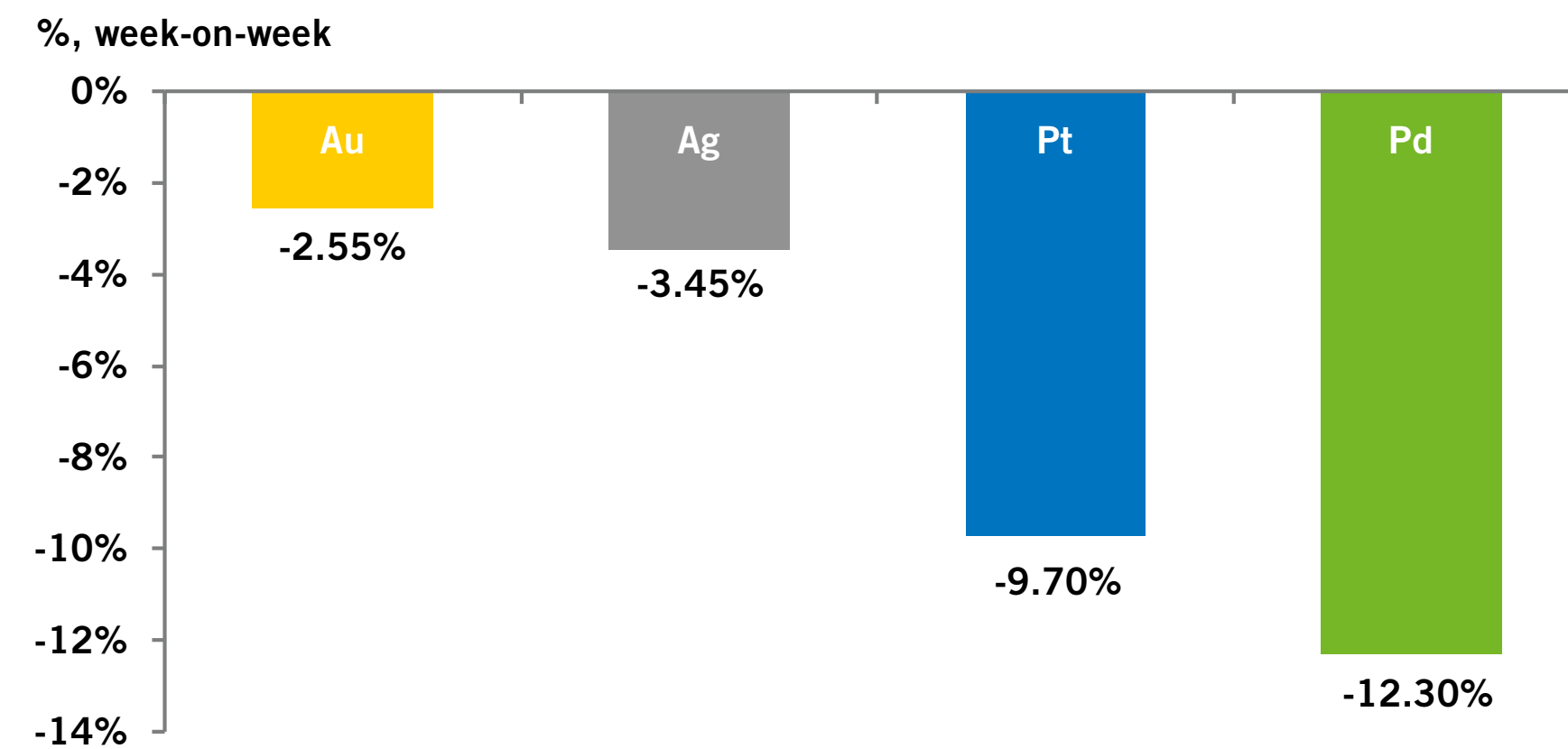
Platinum ETF investment flows by region



Platinum & palladium prices in Q4'23



Precious metals week-on-week performance



Gold:silver ratio



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