

PRECIOUS APPRAISAL

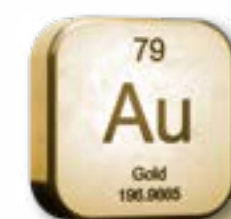
No. 7

19th February 2024

- 01 GOLD
- 02 SILVER
- 03 PLATINUM
- 04 PALLADIUM
- 05 RHODIUM, RUTHENIUM, IRIIDIUM
- 06 TRENDS AND INVESTMENTS
- 07 ABOUT HERAEUS

PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	2,009	-0.61%	2,031	13/02/2024	1,984	14/02/2024
€/oz	1,866	-0.49%	1,886	13/02/2024	1,852	14/02/2024

Sticky inflation swipes some of gold's recent gains. There was nothing in the January US CPI report to back up an early cut from the Federal Reserve. The hotter than expected CPI immediately pressured the precious metals complex, particularly gold, which dropped below \$2,000/oz for the first time this year. There has been a structural shift in the consensus outlook for US interest rates in the last few weeks, backed by hotter economic data, and resulting in a stronger dollar and thus a weaker gold price. The expected date of first cuts has been pushed out, and now rests with the June Federal Reserve meeting, thus potentially delaying the onset of any upside for gold. The sharp decline in gold stopped at the low from 12 December. The short-term outlook for gold is likely to remain very dependent on data and the US dollar. The dollar could see support in the short term from the higher likelihood of interest rate cuts in the UK, EU and other economies coming before the US, thereby contributing to the dollar's relative attractiveness versus those currencies. The markets currently expect 40 bp more cuts in the Eurozone than from the Fed by the end of the year.

Barrick expects better gold production this year after 23-year low. In 2023, the second-largest gold producer experienced a 2% decline in total gold production to 4.05 moz. This year, the company will restart operations at the Porgera mine in Papua New Guinea, which should add 50-70 koz to output, and is expecting attributable production to be up to 6.2% higher at 4.3 moz. Newmont, which reports year-end numbers this week, is set to increase production year-on-year in 2024, as the disruption that curbed output at the Peñasquito mine is now over. Globally, primary gold supply is predicted to rise this year, possibly to new record highs above 4,900 tonnes.

The support-turned-resistance level of ~\$2,000/oz may keep the gold price in check for the next few weeks.

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- 02 SILVER
- 03 PLATINUM
- 04 PALLADIUM
- 05 RHODIUM, RUTHENIUM, IRIDIUM
- 06 TRENDS AND INVESTMENTS
- 07 ABOUT HERAEUS

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Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	23.31	3.91%	23.33	16/02/2024	21.93	14/02/2024
€/oz	21.64	4.01%	21.66	16/02/2024	20.50	14/02/2024

Silver's role in communication is expected to grow. Mobile phone sales struggled last year, and by year-end were 3.4% lower year-on-year at 1.16 billion units (source: IDC). The decline was driven by a soft economic recovery (particularly in the largest market: China) and overall weaker global consumer sentiment. Silver use in phone components may have increased, however, as the share of 5G handsets grew to include 65% of new sales by Q4'23. The rising proportion of 5G-enabled handsets favours silver demand, both in the devices and in the transmission towers that accompany 5G. Electrical and electronics demand for silver is estimated to have been >400 moz in 2023 (source: The Silver Institute) and could grow again this year with two-fold support. The share of 5G handsets is expected to grow again, particularly as Indian consumers continue to enter the market. In addition, improvements year-on-year in Chinese consumer sentiment should support smartphone demand in the resilient high-end market which is almost entirely 5G-based. Silver solar demand is also likely to contribute strongly to a demand forecast of ~1,200 moz for this year (source: The Silver Institute).

Silver rose 3% by the end of last week, and looks to have broken out of the downward trend in the price started in early December last year.

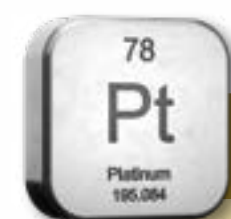
PRECIOUS APPRAISAL

19th February 2024

- 01 GOLD
- 02 SILVER
- 03 PLATINUM
- 04 PALLADIUM
- 05 RHODIUM, RUTHENIUM, IRIDIUM
- 06 TRENDS AND INVESTMENTS
- 07 ABOUT HERAEUS

PRECIOUS METALS REVIEW

Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	905	3.87%	908	16/02/2024	870	13/02/2024
€/oz	841	4.00%	843	16/02/2024	812	12/02/2024

Power problems return in South Africa. In the last 18 months there has been minimal disruption to mining as a result of load-shedding. However, ore processing has been hampered and miners have been unable to work through the stocks built up during smelter maintenance and other stoppages. Last week, power curtailment reached Stage 6 – the level at which miners’ processing plant can start to be impacted. Impala Platinum still had 330 koz 6E (~145 koz platinum) in excess inventory as of the end of December, and Anglo American Platinum appears to still be working through stocks built up during the Polokwane smelter rebuild. Though load-shedding intensity has fallen in the last few months, it is not yet possible to discount further disruption to the efficiency of processing. Impala is currently undertaking smelter maintenance at the Rustenburg operations, set to be completed in April, which may result in an increase in inventory as well. South African platinum supply is forecast to fall slightly this year to 3.9 moz, though this is dependent on the level of load-shedding experienced, and the market is expected to be in deficit.

The platinum price fluctuated between \$870/oz and \$890/oz for most of last week before rising back above \$900/oz on Thursday. It did underperform palladium, however, which had a strong move higher and pushed platinum back to a discount relative to its sister metal.

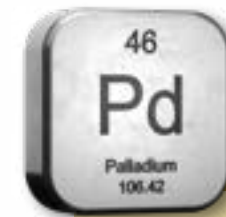
PRECIOUS APPRAISAL

19th February 2024

- 01 GOLD
- 02 SILVER
- 03 PLATINUM
- 04 **PALLADIUM**
- 05 RHODIUM, RUTHENIUM, IRIIDIUM
- 06 TRENDS AND INVESTMENTS
- 07 ABOUT HERAEUS

PRECIOUS METALS REVIEW

Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	960	10.37%	981	15/02/2024	854	13/02/2024
€/oz	891	10.55%	912	15/02/2024	798	13/02/2024

Palladium ETFs saw mild inflows last week, in contrast to the other precious metals. White-metal bargain hunters were out, pouncing on sub-\$900/oz palladium, adding 8 koz to global holdings and pushing total metal in palladium ETFs to 589 koz during the week, the highest level since March 2022.

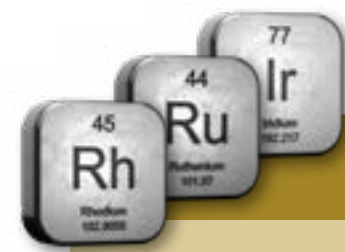
Volatility is the word of the week for palladium. The moment of platinum-palladium parity appeared to be a trigger for bargain hunters among investors and PGM end-users. Both metals rallied, and palladium outperformed after finding support at around \$860/oz. The speculative non-commercial net short position in palladium futures totalled 977 koz in the latest Commitments of Traders report (13 February). Before the short-covering rally in December that propelled the palladium price 35% higher, the specs held a very similarly sized position. At Friday's close, palladium stood at \$960/oz, an increase of 10.4% week-on-week.

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- 02 SILVER
- 03 PLATINUM
- 04 PALLADIUM
- 05 RHODIUM, RUTHENIUM, IRIDIUM**
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- 07 ABOUT HERAEUS

PRECIOUS METALS REVIEW Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$4,950/oz	\$455/oz	\$5,500/oz
Previous Edition	\$4,900/oz	\$455/oz	\$5,500/oz

The rhodium price continued to slip last week before a late rally. Unlike in the larger PGM markets, rhodium and the other small PGMs' prices were relatively subdued. There has been little price volatility in the smaller metals so far this year, despite notable volatility elsewhere in the precious metal markets. Despite rhodium demand sharing much of the same fundamental drivers as palladium (autos), the previously strong price correlation between the two has fallen away in the last six months. The rhodium market is forecast to be relatively well balanced this year and the price is forecast to remain subdued, lacking the volatility seen since 2020.

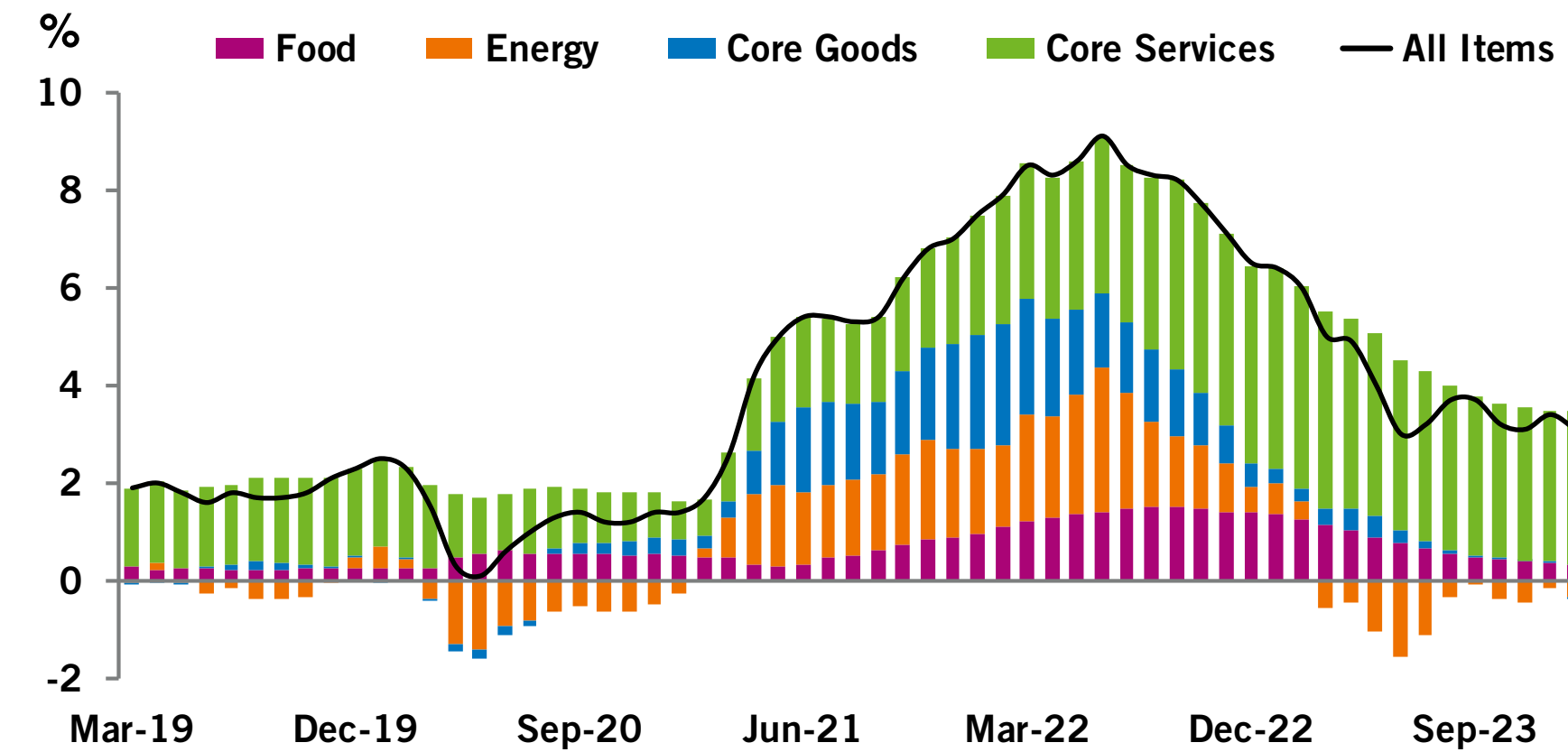
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- 02 SILVER
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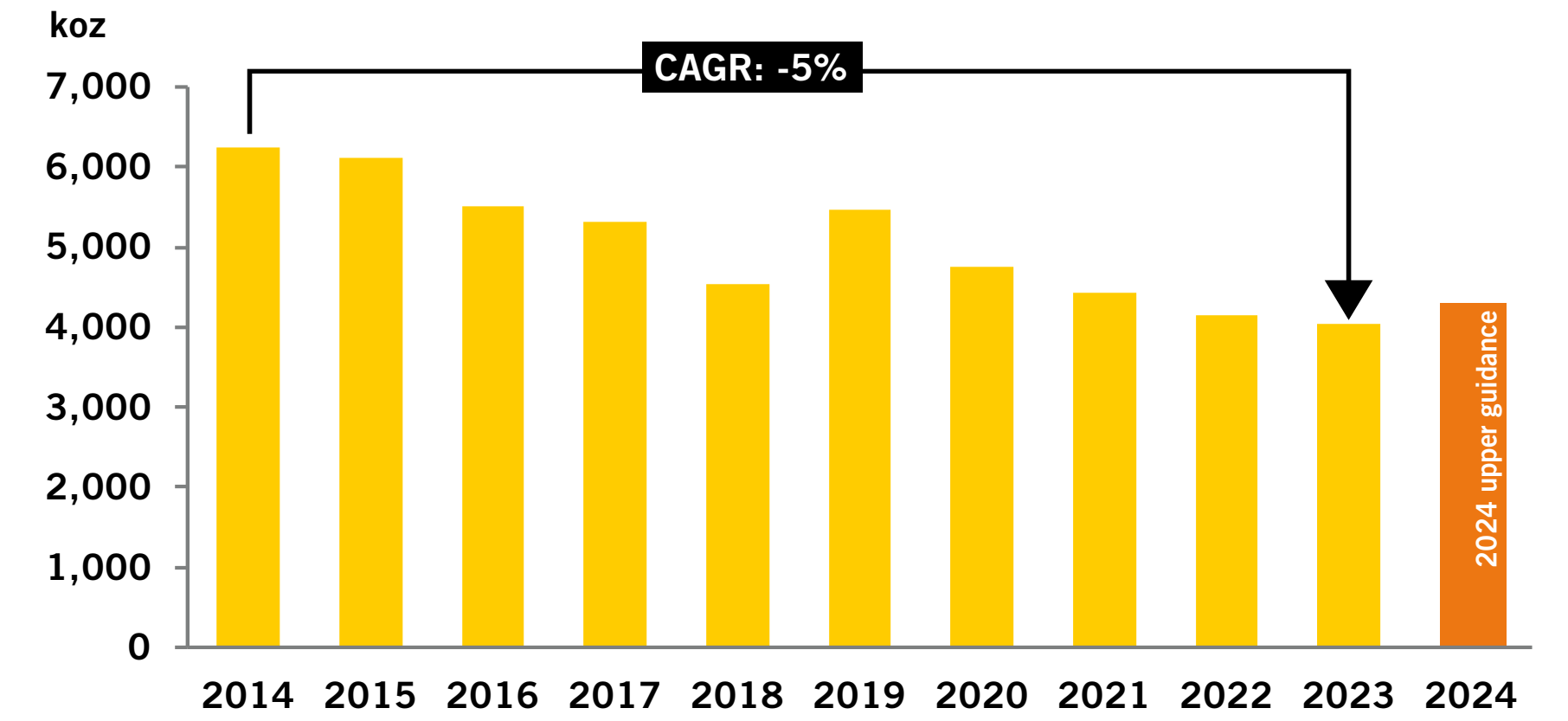
TRENDS AND INVESTMENTS

Components of US CPI



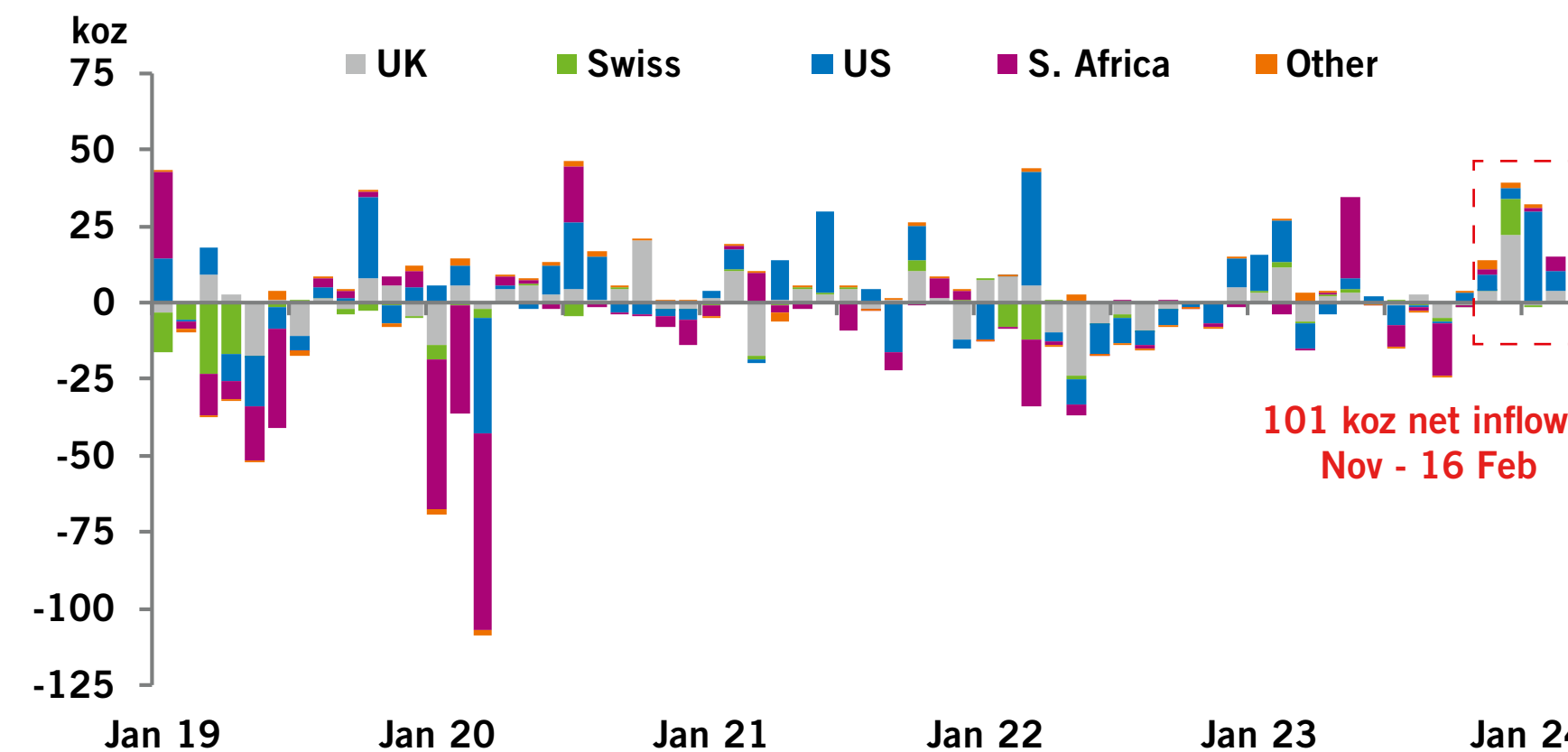
Source: SFA (Oxford), Bureau of Economic Analysis

Barrick Gold gold production history



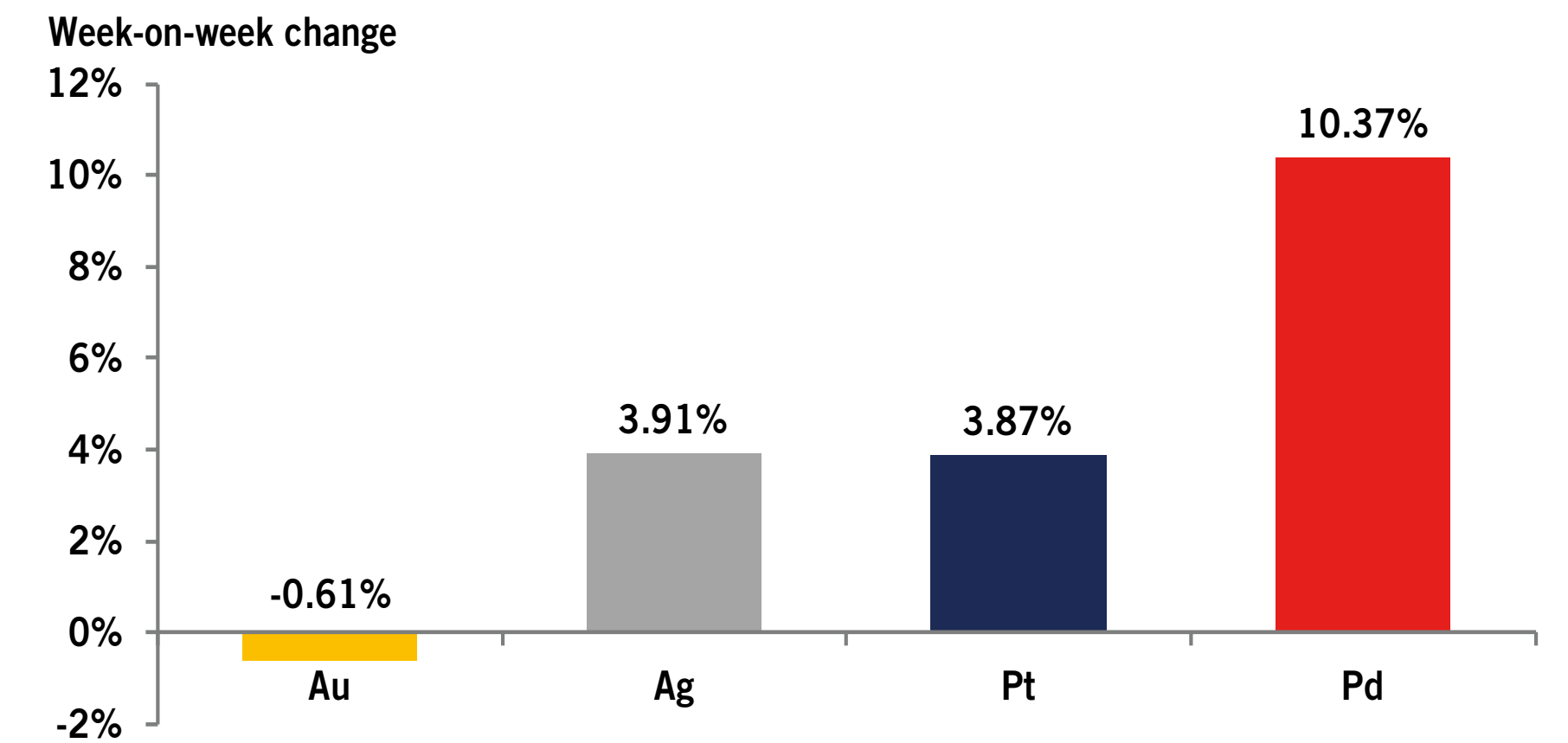
Source: SFA (Oxford), Barrick Gold Corp.

Change in palladium ETF holdings



Source: SFA (Oxford), Bloomberg

Precious metals' price performance



Source: SFA (Oxford), Bloomberg

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- 01 GOLD
- 02 SILVER
- 03 PLATINUM
- 04 PALLADIUM
- 05 RHODIUM, RUTHENIUM, IRIIDIUM
- 06 TRENDS AND INVESTMENTS
- 07 ABOUT HERAEUS

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