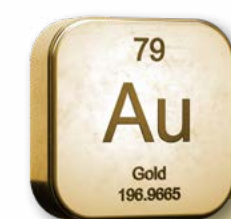


PRECIOUS APPRAISAL

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

PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	2,294	-1.84%	2,347	29/04/2024	2,277	03/05/2024
€/oz	2,130	-2.61%	2,189	29/04/2024	2,114	03/05/2024

The Fed has confirmed what the markets had already worked out. Federal Reserve Chairman Jerome Powell dismissed the possibility of a rate hike in June during Wednesday's FOMC meeting, though he reaffirmed his commitment to prioritising inflation containment given the lack of progress towards the 2% target rate. Although the dollar remains strong, the last two weeks have seen a decline. However, immediately following the meeting, the probability of a cut to interest rates before the end of the year ticked incrementally higher.

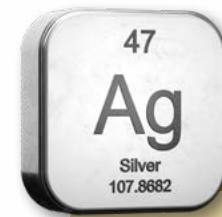
Central bank gold purchases were a record for the first quarter. Global central banks added 289.7 tonnes of gold to their reserves, marking a record high for the first quarter (source: World Gold Council). Still notably absent from the gold market are Western ETF investors, particularly European funds, which shed ~30 tonnes of gold from ETF holdings in April. Despite good recent returns for gold, it seems higher-yielding bonds are still more attractive to institutional investors. However, as the prospects of rate cuts by the ECB rise, there could be a reversal in this trend.

The gold price continued to consolidate after jumping by 20% in two months. The non-commercial net long futures position reached ~20.3 moz in the week of 23 April, similar to the highest levels seen when gold was at a much lower price in 2023. Although speculative positioning has climbed with the price, it is still well short of levels seen from 2020 to 2022. That leaves open the possibility of further expansion of positions. Gold's recent price retreat also means that it is no longer overbought. Near term, the price could continue to consolidate but in the longer term the potential for higher prices remains.

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

PRECIOUS METALS REVIEW

Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	26.32	-3.39%	27.44	29/04/2024	26.02	02/05/2024
€/oz	24.45	-4.11%	26.10	29/04/2024	24.24	03/05/2024

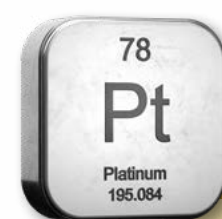
Rising demand for 5G technology may continue to offer modest upside for silver demand in the long term. Silver is used in semiconductors, consumer electronics, automobile electronics and infrastructure hardware, which would all benefit from the penetration of a 5G ecosystem, given the necessity of higher-density infrastructure for good signal coverage. In 2022, sales of 5G mobile devices marginally surpassed those of their 4G counterparts for the first time, capturing 53% of the market share compared to 4G’s 45%. In 2023, this gap widened further, with 5G device sales climbing to 60%, while 4G devices declined to 40% (source: Bloomberg). Several emerging markets are advancing ambitious plans for 5G rollout. For example, key Indian telecom operators Reliance Jio and Bharti Airtel are targeting nationwide 5G coverage by 2024, a move that could significantly enhance applications in the world’s second-largest population.

Silver continued tracking gold’s retreat. The silver price fell below the \$27/oz mark this week, with an even stronger pullback than gold.

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

PRECIOUS METALS REVIEW

Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	954	4.29%	972	03/05/2024	915	29/04/2024
€/oz	886	3.49%	904	03/05/2024	855	29/04/2024

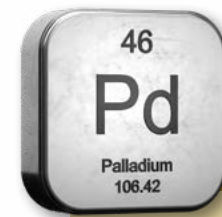
Platinum ETF holdings jump 10% in just one week. Total ETF holdings of platinum have increased by 281 koz since they reached a five-year low of 2.93 moz on 23 April, which coincided with the latest low in the platinum price of \$903/oz. This level was a fifth successful test of the upward-trending support established in November last year. It seems to have been significant for UK investors who have been the primary contributors to the increase in holdings, having added 277 koz (+60% of total holdings) since then compared to net neutral flows in the rest of the world. These inflows made April the largest positive month for global platinum ETF flows since April 2019 and have increased global holdings by 9% in the last week. The size of inflows may have also contributed to last week's platinum price appreciation of 4%, and the return of platinum-palladium price parity. The scale and speed of the position established in physical metal is unlikely to represent retail investor behaviour and so it is more likely that institutions are responsible for the increase.

Zimbabwe's platinum supply is forecast to drop slightly in 2024 to 512 koz. Output from Zimplats (~55% of Zimbabwean supply) is expected to fall as some of the older pits at the mine begin to reach their end-of-life. There are two mines in ramp-up to offset some of the loss of older pit production, though overall production is estimated to decline to 281 koz of platinum, approximately 3% lower year-on-year. In Q1'24, Zimplats produced 76 koz of platinum in matte, which is slightly ahead of the forecast production rate, suggesting that barring interruptions to production, Zimbabwean supply could surprise to the upside this year. Zimplats' cost of production is considerably lower than that of Impala Platinum's operations in South Africa, and as such has seen less impact from headcount reductions. In Q1'24, the company retrenched 1.6% of the total workforce at Zimplats. However, at the South African operations the company intends to cut total headcount by 9% to help reduce costs.

- 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	945	-1.64%	983	29/04/2024	921	02/05/2024
€/oz	878	-2.40%	917	29/04/2024	863	02/05/2024

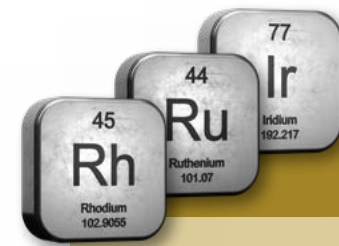
China’s scrappage scheme could boost EV sales and lift secondary palladium supply. Details of China’s newest incentive to boost sales of new energy vehicles (NEV: BEV + PHEV) have been announced. Customers trading-in combustion vehicles produced before 2013 will receive RMB10,000 towards a new NEV purchase. Trade-ins of NEVs produced before 2018 will receive a smaller contribution. This scheme will run until January 2025. Sales of NEVs have been relatively weak in the Chinese market so far this year, though this is largely a reflection of the wider domestic light-vehicle market. Year-to-date, 1.6 million NEVs have been sold in China, of which 59% have been electric-only powertrains. This scheme is expected to generate up to 800,000 new NEV sales, which at current market penetration rates would be equivalent to just under half-a-million additional BEV sales, in replacement of combustion engine vehicles this year. An expansion in non-catalysed vehicle sales incentivised by this scheme is expected to contribute to lower Chinese palladium autocatalyst demand in 2024. Demand is forecast to drop by >100 koz from ~2 moz in 2023.

In total, the China Passenger Car Association expects the scheme to incentivise the scrapping of 2 million vehicles, mostly with a combustion engine. As vehicles for trade-in must have been produced before 2013, they will be compliant with China 3 or earlier tailpipe emissions standards which means they have much lower palladium loadings on their autocatalysts than vehicles produced today. However, a boost to catalysed vehicle scrappage could help to lift secondary palladium supply from China.

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

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$5,250/oz	\$435/oz	\$5,300/oz
Previous Edition	\$5,250/oz	\$435/oz	\$5,300/oz

The EU has awarded more money to develop green hydrogen projects. The latest round of centralised subsidies released by the EU Hydrogen Bank has awarded seven EU hydrogen projects with a total of €720 million based on a rate of between €0.37 and €0.48 per kg of ‘renewable’ hydrogen produced. The EU’s REPowerEU plan targets the production of 10 million tonnes of renewable hydrogen by 2030. The selected projects have a forecast production capacity of 1.58 million tonnes over a decade, meaning there is still a large gap to fill over the next six years. Details on the projects are few and far between, and it is not clear exactly how many intend to utilise Pt-Ir loaded proton exchange membrane (PEM) technology. Nonetheless, by subsidising the cost of hydrogen production other PEM projects may be more likely to reach production, which is forecast to lift demand for iridium over the next decade.

All three small PGM prices were stable last week.

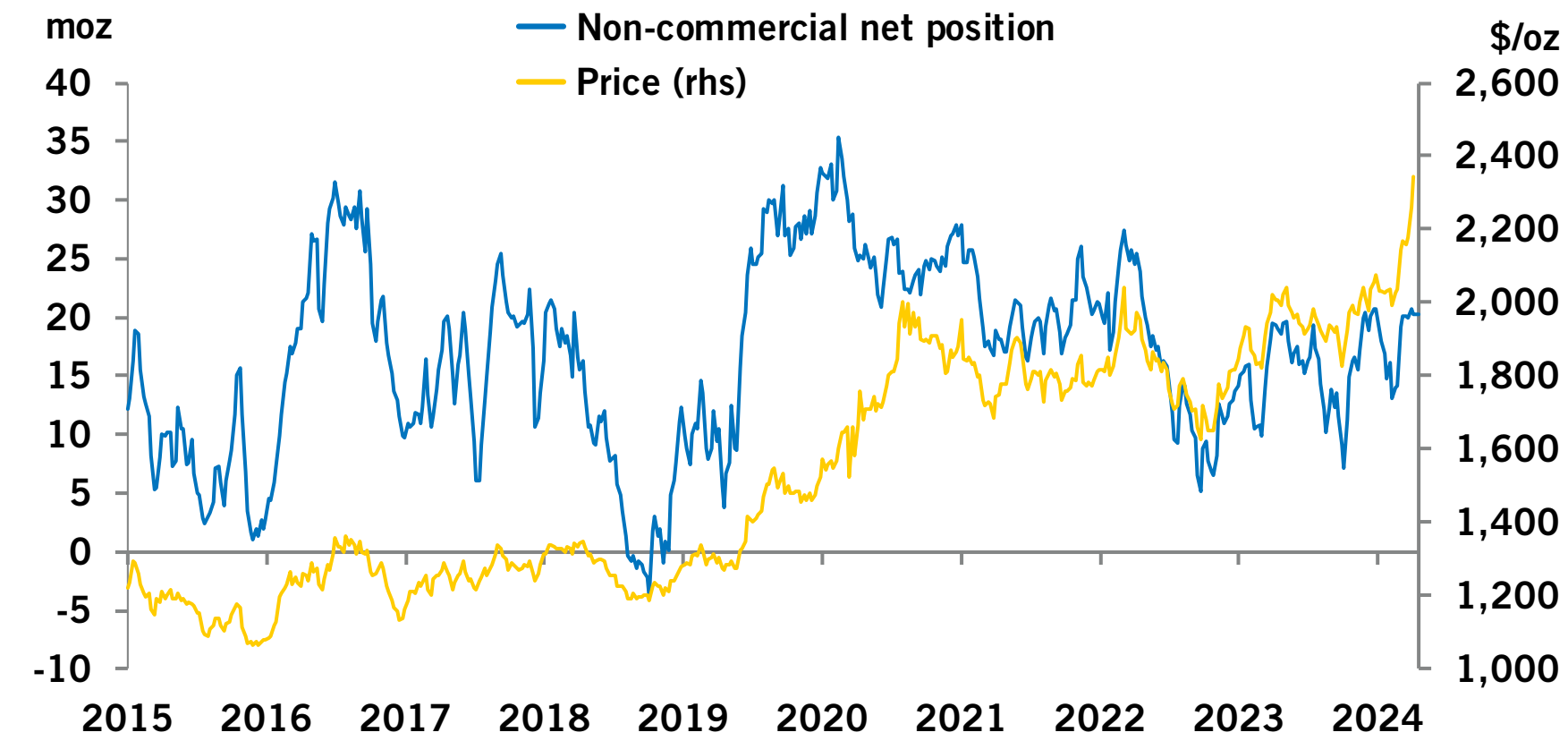
PRECIOUS APPRAISAL

6th May 2024

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

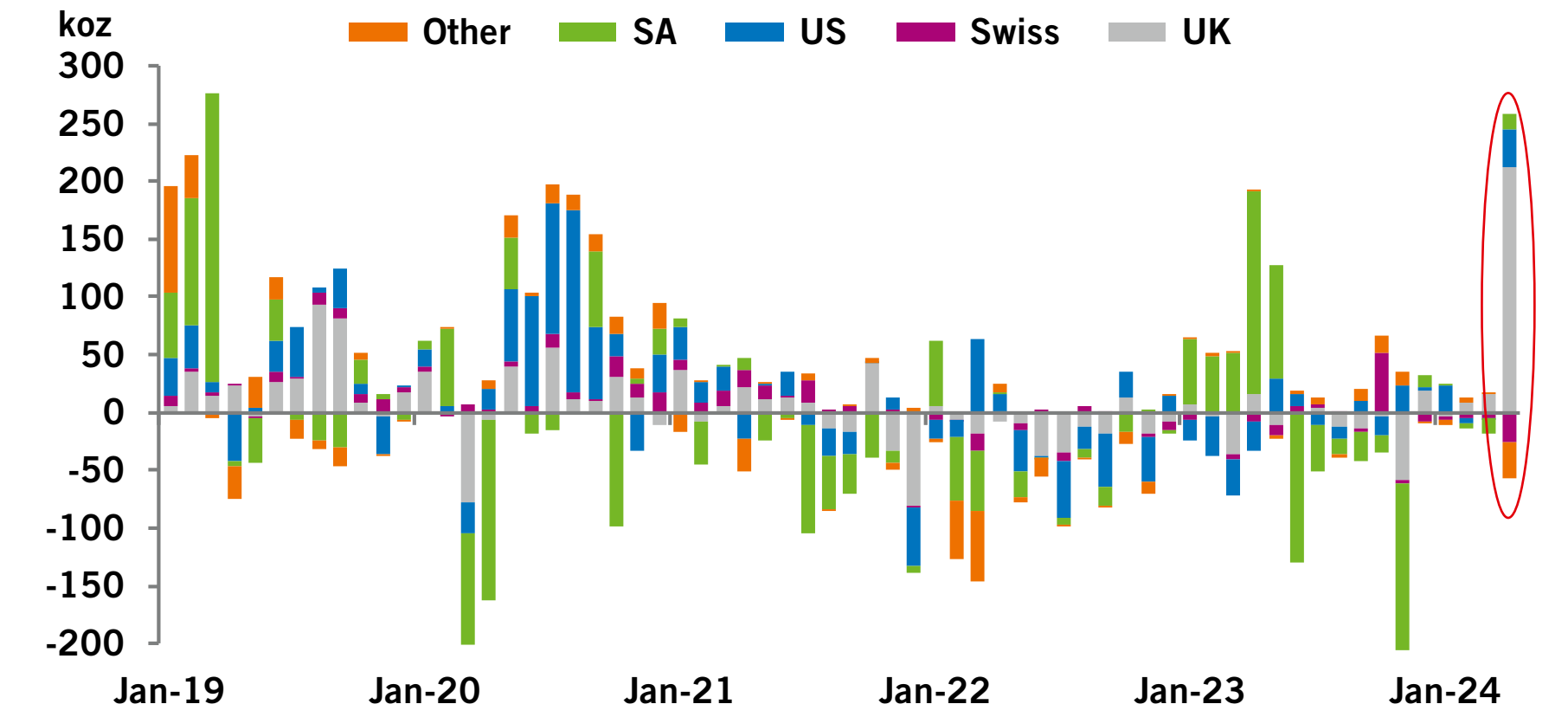
TRENDS AND INVESTMENTS

Speculators' futures positioning in gold



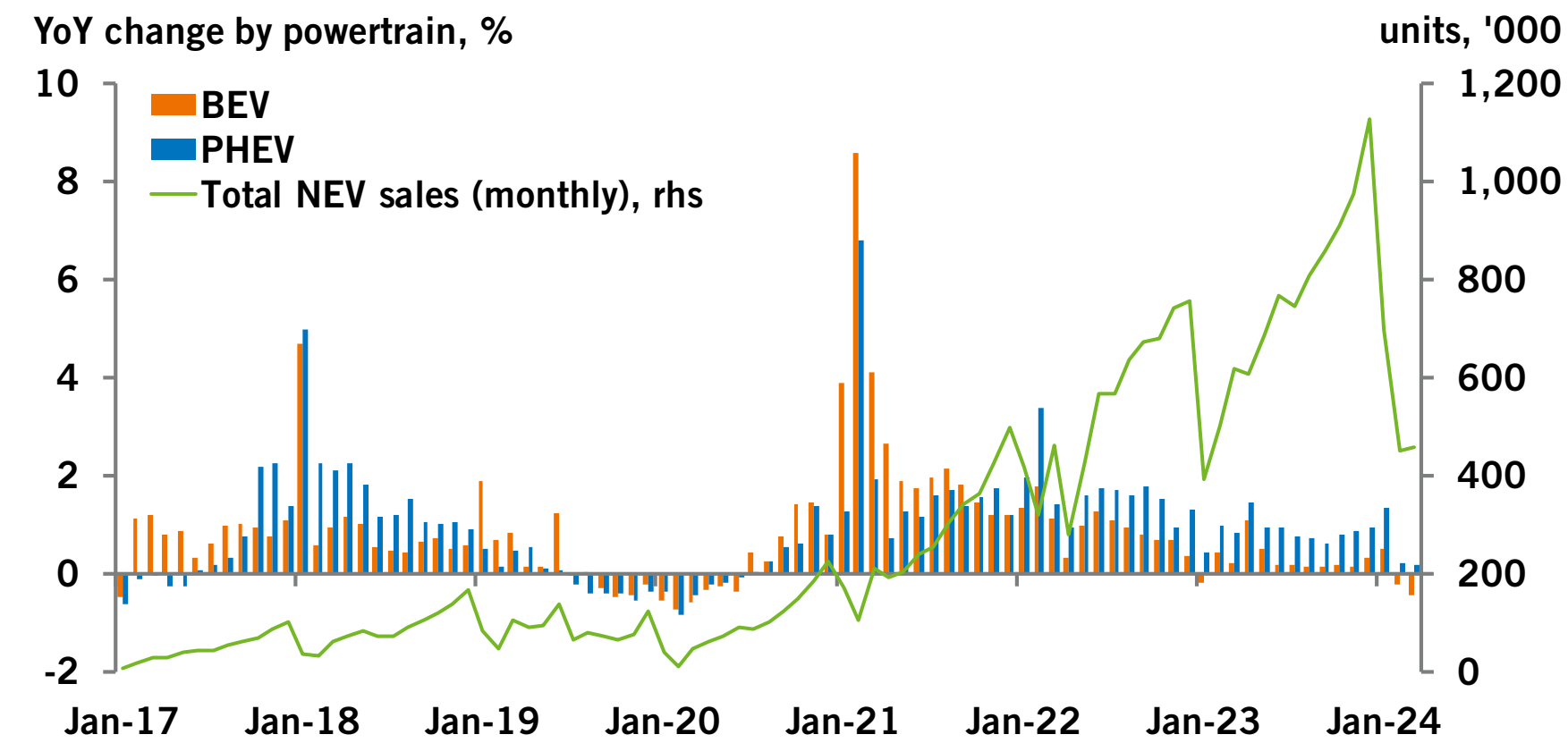
Source: SFA (Oxford), Bloomberg, COMEX

Platinum ETF holdings



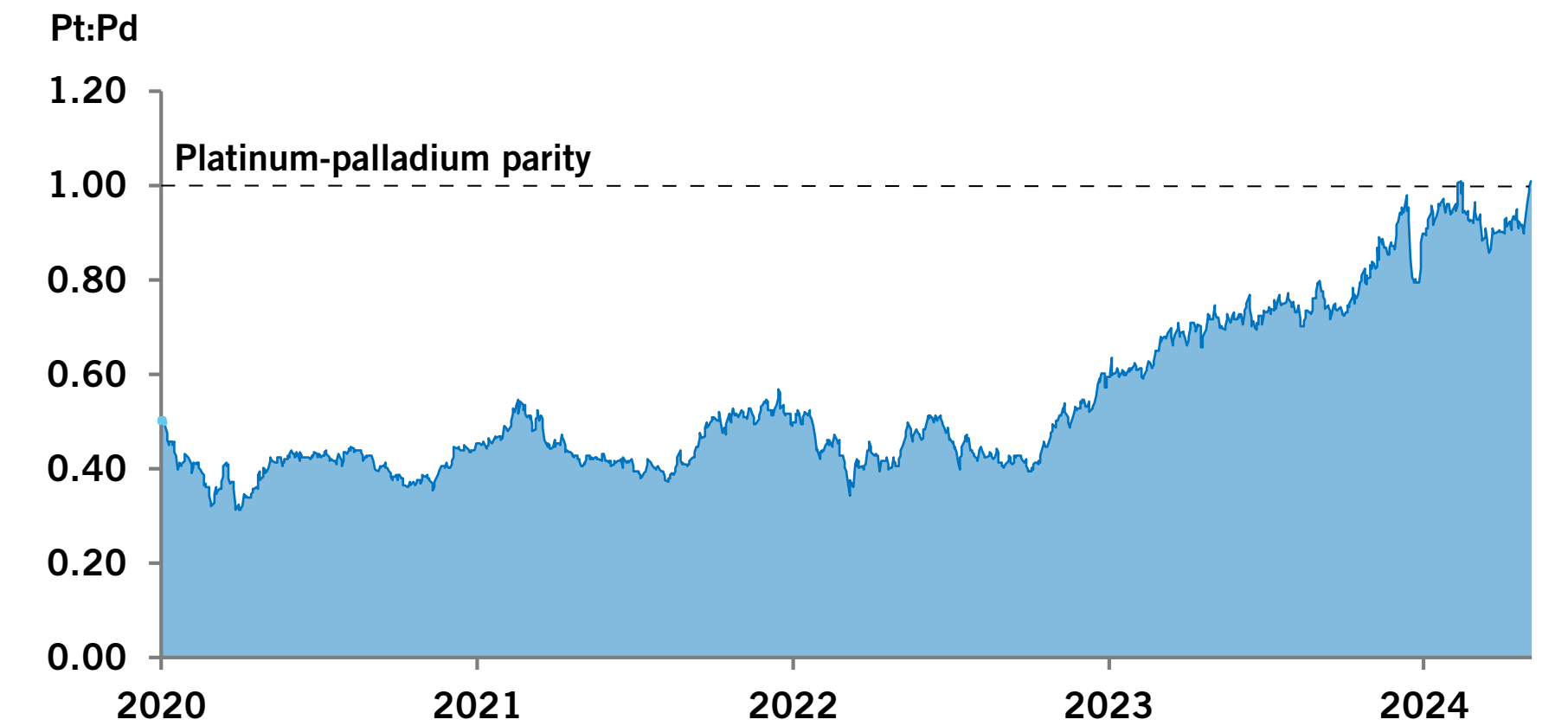
Source: SFA (Oxford), Bloomberg

China's NEV sales



Source: SFA (Oxford), Bloomberg, CAAM. Note: NEV = BEVs + PHEVs.

Platinum:palladium ratio



Source: SFA (Oxford), Bloomberg

PRECIOUS APPRAISAL

6th May 2024

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

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