HERAEUS METAL MANAGEMENT
A UNIQUE PARTNER FOR PRECIOUS METAL SOLUTIONS

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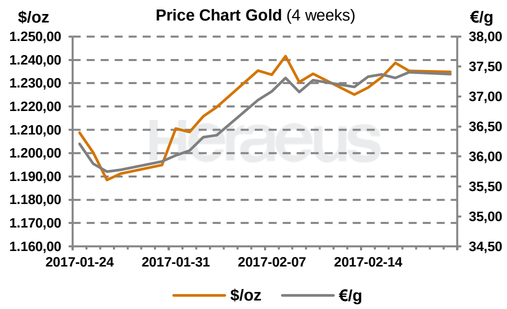
PRECIOUS METAL update

13 February - 19 February 2017

GOLD	Au	$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
	High	1.242,33	1.167,65	37,54	20 February 2017	54.661.547	0,34%
	Low	1.216,41	1.149,97	36,97	14 February 2017	54.474.306	

US economic data drives the Gold price

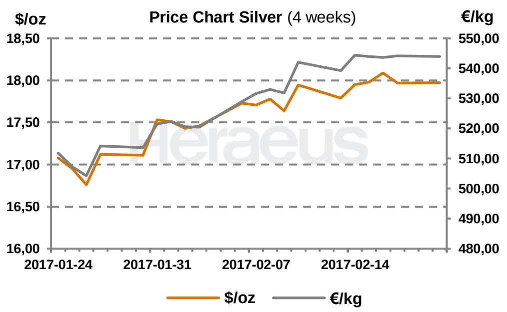
US economic data is currently the driving force behind Gold: Reports about inflation and good retail sales fuel interest rate hike phantasies and put the metal under pressure. Disappointing US data such as industrial production, on the other hand, result in price increases. This happened last Wednesday, when Gold marked the week's low at 1,217.50 $/oz in order to then close the day at 1,233 $/oz. This kind of volatility is likely to stay the same over the coming months. Fed chief Janet Yellen recently signalled that the US economy was prepared for an early increase in key interest rates. Economic data confirming this assessment will put a strain on the Gold price in the coming weeks and months. The degree of respective price corrections will ultimately depend on the behaviour of investors. They regularly used price dips of recent days for purchases. One reason for this are the real interest rates, i.e. market interest rates adjusted by the inflation rate. These remain unchanged at near zero in the Dollar zone. Regardless of these potential fluctuations, we anticipate that the generally positive sentiment in the Gold market remains intact. The uncertainty surrounding the policies of US President Trump, the forthcoming elections in the Euro zone, the ongoing discussion about the stability of Italian banks as well as new speculations regarding the economic development of Greece are only a few of the reasons that support our assessment. Gold encounters first resistance at 1,248 $/oz, after which the path is cleared up to 1,270 $/oz.



SILVER	Ag	$/oz	€/oz	€/kg	Stock/oz	ETF (abs.)	ETF (rel.)
	High	18,18	17,08	549,22	19 February 2017	627.598.264	0,01%
	Low	17,71	16,70	537,01	13 February 2017	627.509.625	

Silver influenced by economic data and strikes at copper producer

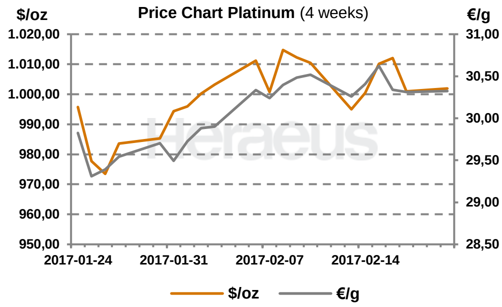
Since mid-December, when Silver found a bottom at 15.70 $/oz, the metal is back in the uptrend, boosted by an optimistic economic outlook, negative real interest rates and rising demand for safe assets in an increasingly uncertain geopolitical environment. The upcoming elections in the Netherlands and France are likely to further contribute to safety-oriented demand. Furthermore, Trump promised "phenomenal" tax cuts last week, which additionally fuel economic expectations and may spur inflation in the US market, which is marked by a full employment. In addition, the Silver price currently benefits from strikes at the world's largest copper producer in Chile, as Silver is a by-product of the base metal. Since the start of the strike, the price of copper has increased twice as much as silver. Besides, Fed CEO Janet Yellen, despite being perceived as "hawkish", was unable to sustainably lift the US Dollar or to slow down the rally on metal and stock markets - even though the likelihood of a rate hike in March rose marginally. The substantial intraday volatility is currently strongly influenced by the publication of key economic data. Below the 200-day moving average level at 17.90 $/oz we saw solid support at 17.70 $/ oz.



PLATINUM	Pt	$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
	High	1.023,60	961,85	30,92	19 February 2017	2.104.587	0,50%
	Low	983,55	931,64	29,95	13 February 2017	2.094.205	

Platinum continues its upward trend

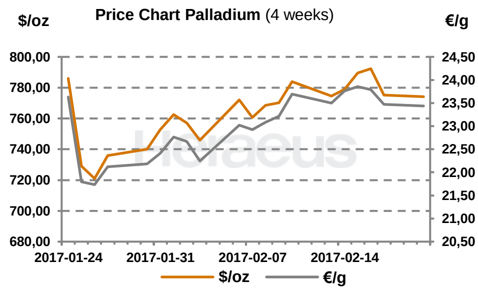
After the sell-off at the beginning of last week, mainly triggered by the declining Gold price, Platinum dropped to 990 $/oz and thus below the 1,000 $/oz mark. Support at 987 $/oz, as mentioned in last weeks' report, prevented further decline. The metal even gained momentum again, reaching nearly 1,020 $/oz. Rising long positions in the futures markets are the main driver for the upward trend of recent weeks. The better performance in relation to other metals has also led to a much improved Platinum:Gold Ratio which since October 2016 has slowly but steadily increased from its lowest ever recorded level at 0.70 to 0.80. In the near future, we expect this level to be defended or even increased. This relates, inter alia, to the South African Rand, whose current strength was last seen in October 2015, respectively in November 2016. As a result, the pressure on mines will increase and could result in declining supply. In addition, the announced tax reform for the USA could stimulate consumer behaviour, leading to appreciating PGMs.



PALLADIUM	PD	$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
	High	798,65	750,00	24,11	19 February 2017	1.478.898	1,41%
	Low	770,22	726,00	23,34	13 February 2017	1.458.280	

Palladium targets 800 $/oz

Palladium has finally left behind the shock of the price decrease at the end of January and reconquered previous levels over the course of last week, starting at around 780 $/oz to come back to the current 795 $/oz. The metal had tried to overcome the 800 $/oz mark but failed once again. On Friday afternoon, the metal dropped relatively quickly from the week's high to prices below 780 $/oz. However, we still believe that the 800 $/oz threshold is possible to overcome. Car sales in China, the most important market, declined slightly in January, mainly due to the early New Year's festival. In addition, the government has cut back tax incentives, which could also lead to a more sustainable drop in demand. Nevertheless, worldwide sales have marginally risen. Palladium is benefiting in particular from the growth in demand at commercial vehicle manufacturers. In general, metals are currently benefitting from the expected GDP boost under Donald Trump. This is also reflected in the Pd-NYMEX positions, which, after substantial decline, grew by 19,700 ounces.



RHODIUM, RUTHENIUM, IRIDIUM		Rhodium ($/oz)	Ruthenium ($/oz)	Iridium ($/oz)
	Bid	840	34	700
	Ask	940	42	800

Rhodium much stronger; Ruthenium still slow; strong demand for Iridium

The previously mentioned industrial demand for **Rhodium** did not abate and continued to push the price higher. Investors then became increasingly active again which accelerated the increase. In only three days, the price increased by more than 50 $/oz – a surprisingly rapid development even in the given environment. Overall, turnover was at a very high level. Looking ahead, the market now targets 900 $/oz, perhaps even 1,000 $/oz in the medium term, which is becoming more likely as interest from investors persists.

Ruthenium trades low volumes at unchanged levels. There are no changes to report from last week.

Iridium continues to trade higher and higher and has increased by a remarkable 5% in the last week. The still very limited supply is currently much lower than respective demand, so that the price is continuously being driven higher and there are no indications that this scenario will come to an end any time soon. The limited availability indicates clearly that the price will not - or cannot - drop in the foreseeable future.

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