HERAEUS METAL MANAGEMENT
A UNIQUE PARTNER FOR PRECIOUS METAL SOLUTIONS

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PRECIOUS METAL update

24 April - 01 May 2017

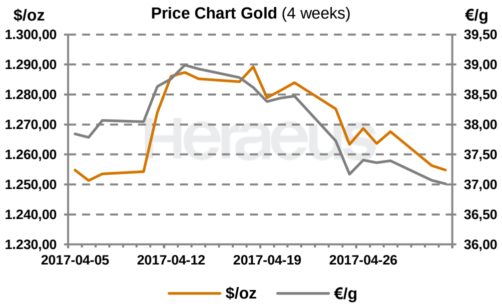
	Au	$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
GOLD	High	1.278,17	1.176,34	37,82	2 May 2017	55.123.183	-0,26%
	Low	1.259,90	1.149,54	36,96	26 April 2017	55.265.922	

Gold, the "crisis currency," experiences a setback

After reaching a 5-month high of 1,298 $/oz in mid-April, the price of Gold fell again, especially in the last week of trading, and now hovers at 1,255 $/oz, which makes last week the worst since early March.

The crucial factor was the outcome of the first round of voting in France, which sent the pro-EU candidate Emmanuel Macron into a run-off on May 7. In its wake, the start of last week brought a come back not only for the Euro, but also for riskier investments such as equities, while Gold as a safe haven plummeted. In addition, expectations of high inflation rates in the EU further strengthened the Euro. This put pressure on precious metals in general, and on Monday last week Gold fell to a daily low of 1,266 $/oz. As the week progressed, the metal largely remained unchanged, so that Gold ended the month of April with an overall rise of +1.3 %. If economic conditions remain on a positive course in the near future, we will further see increasing pressure on the strong performance of Gold in recent weeks. Now the focus turns to the next interest rate decision in the US, where a 60 % probability of higher rates is already factoring into the market and therefore also into the price of gold.

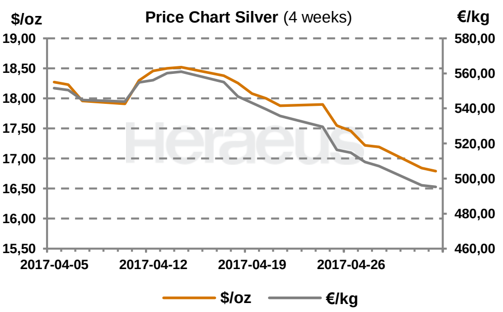
Supporting a continuation of the upward trend prevailing on the charts since December is the continuing high physical demand for gold, sustained by high imports in China and India. The COMEX long positions likewise rose to more than 32 mio oz, as most recently in November 2016. Crucial factors for this were the continuing geopolitical tensions between North Korea and the US, as well as the conflict in Syria. Should the hostilities continue to escalate, in the medium term a Gold level somewhere around 1,300 $/oz could be reached.



	Ag	$/oz	€/oz	€/kg	Stock/oz	ETF (abs.)	ETF (rel.)
SILVER	High	18,03	16,60	533,72	2 May 2017	625.214.913	0,67%
	Low	17,12	15,71	505,07	25 April 2017	621.070.388	

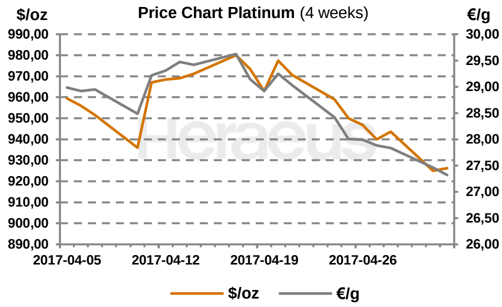
Silver weakens along with gold

Due to the aforesaid political circumstances and a returning appetite for risk in the financial markets, Silver was also affected, sliding from its previous high of 18.60 $/oz to below the 18 $/oz mark. On the charts, on Friday afternoon the metal even rose above the 100-day-average of 17.36 $/oz, with a new resistance level taking shape at 16.80 $/oz. As a result, a 6 % loss made April the weakest month for Silver since November 2016. Confirming this loss is a rise in the Gold:Silver ratio (from 69 to 73). In the medium term, Silver could rebound because of the debt situation in the United States and the sustained geopolitical crises (North Korea, Syria). The rapid price drop for Silver in recent days has put increasing pressure on speculators to close their net long positions in order to limit their losses, further increasing the pressure to sell. Based on the current trading level of 16.86 $/oz, however, we expect stable to rising prices during this trading week. Another indication of this is that China, in particular, imported large quantities of Silver during March. The imports rose by 42 % over the prior year, to their highest level in more than six years.



	Pt	$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PLATINUM	High	978,00	901,55	28,99	2 May 2017	2.125.530	0,00%
	Low	935,50	859,56	27,64	25 April 2017	2.125.590	

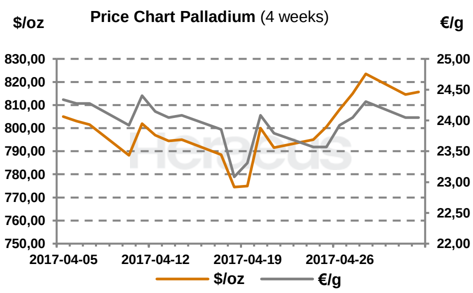
Gold:Platinum level holds steady



A look at the downward trend in prices during the past two months is causing many investors to now view Platinum as a good buying opportunity. Platinum began the week at a high of 972 $/oz, but steadily fell during the week to close at 945 $/oz on Friday. With its weak performance in recent months, Platinum has now traded below gold for two years, though by historical standards this is not uncommon. The Gold:Platinum ratio has hovered at about 0.76 for several weeks, because the two metals have generally moved in tandem. Nevertheless, we can now observe high demand from industry, which is reflected in elevated prices for platinum sponge. During the first quarter, automobile sales in Europe rose by 8.4 % over the prior year. Diesel cars also recorded a high level of demand. Nevertheless, the share of diesel cars in Europe continues to decline, which could maintain pressure on Platinum for the medium and long term. And yet, some market participants expect that since the price of Platinum is at a historically low level, it will eventually go up again. One reason is the resource scarcity of the metals; another is the fact that some mines can no longer operate cost-effectively at the current price level. A further shortage of supply could ensue, particularly because of rising demand from industry. In addition to industrial demand, Platinum is also increasingly sought after as an investment or "safe haven". As a result, the price can be expected to rise in the long term.

	PD	$/oz	€/oz	€/g	Stock/oz	ETF (abs.)	ETF (rel.)
PALLADIUM	High	835,25	766,00	24,63	2 May 2017	1.462.162	-0,08%
	Low	788,65	724,00	23,28	26 April 2017	1.463.403	

Palladium remains at a high level



Palladium has now been trading around the 800 $/oz level for several weeks. The metal started last week at approximately 797 $/oz and rose to a two-year-high of 820 $/oz on Friday.
Palladium is and remains the metal of the hour, continuing to take its own course, in contrast to its sister metal platinum. The NYMEX long positions are historically at a very high level, and interest from speculative investors remains positive. Import data from China supports the current trend. The country imported Palladium at a level last seen in February 2006. In China, automotive sales alone rose by 19 % in February, and the planned introduction of an emissions standard (comparable to Euro 5) is expected to further boost the demand for Palladium. During March, 2.54 million vehicles were sold in China, which represents an increase of 31 % over the prior month. No noteworthy developments on the supply side ran counter to this trend in demand. As a result, elevated demand is giving a definite international tailwind to the price of Palladium.

		Rhodium ($/oz)	Ruthenium ($/oz)	Iridium ($/oz)
RHODIUM, RUTHENIUM, IRIDIUM	Bid	965	60	875
	Ask	1.065	70	975

Rhodium holds stable; Ruthenium remains in demand; Iridium price rises considerably

Since our last report, already 4 weeks ago because of the Easter holidays, **Rhodium** has held remarkably steady, although experience shows that a strong price rise is always followed by a consolidation phase, which of course can be stronger or weaker depending on the market situation. Even after Rhodium broke the 1,000 $/oz barrier, buyers continued to show interest. However, because the supply increased significantly, the price did not advance further. The end of the past week brought mild interest in buying, but so far this has been quite readily absorbed. The automotive and chemical industry remains active, with continued high demand.
Ruthenium has posted a remarkable performance in recent weeks, one that we have not seen in this form for a long time. A still extremely nervous illiquid market encountered unsettled consumers and users. In the absence of price benchmarks, transparency was naturally also lacking, and the available price indications were in part quite different from traded prices. In the past week, however, this stabilized somewhat. After we saw an additional rise of 10–15 $/oz, the market has now steadied somewhat at a high level.
For **Iridium**, because industrial demand remains high, there are few if any signs that the market will calm down. Low availability, especially in primary production, offers hardly any hope for a drop in the price at this time. Because interest is still coming from all users and consumers, we expect the price to remain high for the medium term.

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