

PRECIOUS APPRAISAL

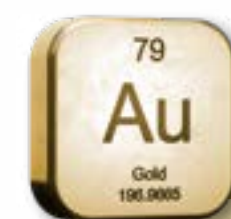
No. 1

6th January 2025

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- 02 SILVER
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PRECIOUS METALS REVIEW

Gold



| | CLOSE | WEEKLY CHANGE | HIGH | DATE | LOW | DATE |
|-------|-------|---------------|-------|------------|-------|------------|
| \$/oz | 2,640 | 0.84% | 2,665 | 03/01/2025 | 2,596 | 30/12/2024 |
| €/oz | 2,565 | 2.13% | 2,596 | 02/01/2025 | 2,500 | 30/12/2024 |

Chinese New Year tends to benefit gold jewellery retailers in Q1 with strong seasonal buying. Jewellery demand for gold in Greater China during Q1'23 and Q1'24 increased by 50% and 20%, respectively, compared to the preceding quarter. However, up to Q3'24 (latest data) cumulative jewellery demand in the country has declined year-on-year to 397 tonnes from 511 tonnes (source: World Gold Council). Despite this, the Chinese New Year celebrations at the end of January typically bolster short-term jewellery buying, and if prices remain stable demand in Q1'25 could at least match that of the previous quarter. A rebound in demand is possible but would likely require a significant pullback in the gold price, which looks unlikely given recent price consolidation.

Jewellery demand in the region has consistently dropped in the second quarter compared to the first in nine of the past ten years (with 2020 being the exception due to the Covid-19 outbreak), typically by ~20%. In recent years, the decline has been steeper, with a 52% drop recorded in 2024. This seasonal trend is also evident in global jewellery demand figures, though the decline is generally smaller – sometimes as little as 1%, with 2017 being an outlier.

Interest rates could be held steady this month. In December, the Federal Reserve (Fed) reduced interest rates by 25 basis points in an effort to stabilise prices and employment. However, the Fed has indicated that the timing and scale of further rate cuts will be carefully assessed, reinforcing expectations of a slower pace of monetary easing in 2025 as the neutral rate is approached. This cautious approach is reflected in current target rate probabilities for the next Federal Open Market Committee (FOMC) meeting on 29 January, which swaps markets indicate has an 89% likelihood of seeing no change. A slower pace of rate cuts than anticipated before the last FOMC meeting would be overall less supportive of the gold price further into 2025, as the US dollar is set to weaken at a slower pace than expected.

The gold spot price fell on Monday to \$2,596/oz but has climbed steadily since to \$2,640.

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PRECIOUS METALS REVIEW

Silver



| | CLOSE | WEEKLY CHANGE | HIGH | DATE | LOW | DATE |
|-------|-------|---------------|-------|------------|-------|------------|
| \$/oz | 29.70 | 1.00% | 29.90 | 03/01/2025 | 28.78 | 31/12/2024 |
| €/oz | 28.86 | 2.28% | 29.05 | 03/01/2025 | 27.58 | 30/12/2024 |

Perth Mint reports strong sales in November, but 2024 sales look poor.

Bullion product sales in November accounted for 1,055 koz of silver. This represents a 57% year-on-year rise and a 96% increase from the previous month of October. While this snapshot could seemingly signal an upswing in sales, the prevailing trend remains resolute – year-on-year sales are down. Sales to November 2024 amount to 8,756 koz, which is down 38% from 14,215 koz at the same point in 2023. Between 2013 and 2019, the annual sales totals were range-bound between 7,000 koz and 12,000 koz. Only in 2020 and the years following have we seen totals that were above this level. Sales figures in 2024 look more likely to fall back into the pre-pandemic range. Silver Eagle coin sales from the US Mint in November slumped by 87% to 295 koz, from 2,446 koz the previous month, and completely halted in December. However, the picture for the US Mint in 2024 is not quite as bad in comparison to the Perth Mint. US Mint full-year sales stand at 22,837 koz, down just 5% year-on-year.

The silver price fell last Monday, but through a week of disrupted trading due to the New Year holidays it gradually climbed higher to finish up 1% at \$29.70/oz

Silver ETF holdings increased last week to 716,164 koz. However, these gains amount to only a 0.3% increase from the start of the week when total holdings stood at 714,119 koz. However, holdings have fallen since the start of December. Since 2 December, total silver ETF holdings have fallen by 16,761 koz (2.3%) from 732,925 koz.

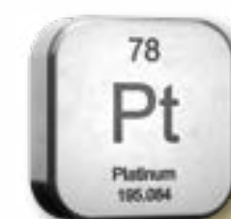
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PRECIOUS METALS REVIEW

Platinum



| | CLOSE | WEEKLY CHANGE | HIGH | DATE | LOW | DATE |
|-------|-------|---------------|------|------------|-----|------------|
| \$/oz | 941 | 2.27% | 944 | 03/01/2025 | 903 | 31/12/2024 |
| €/oz | 915 | 3.60% | 918 | 03/01/2025 | 868 | 31/12/2024 |

A reversion to rand weakening could weigh on the platinum price in 2025.

The South African rand strengthened against the dollar in the second half of 2024 after a ‘business-friendly’ new coalition government was formed. However, since reaching a peak of 17.1 to the dollar in late September, the rand has since fallen back into the range seen in Q1’24, nearer 19 to the dollar. The economic situation in South Africa remains largely unchanged, with unemployment still high (32.1% in Q3’24) and persistent infrastructure problems in the electricity and water distribution networks still evident. The platinum price tends to exhibit an inverse relationship with the rand-dollar exchange rate (i.e. weaker rand = weaker platinum price). The risk is that the rand could continue to weaken and remove some support for the platinum price.

On a shorter-term view, the platinum price tends to do relatively well in January on a historical basis, having gained an average of 1.35% in January over the last 10 years. Slow restarts across the South African platinum mining sector following the lengthy Christmas break, and depleted refinery pipelines following end-of-year production pushes can reduce the liquidity of newly refined metal early in the year. In the first partial trading week of the year, the platinum price gained 2.27% to finish at \$941/oz – an \$11/oz premium over palladium.

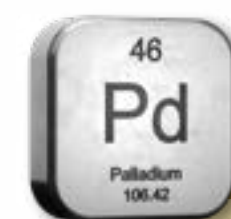
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PRECIOUS METALS REVIEW

Palladium



| | CLOSE | WEEKLY CHANGE | HIGH | DATE | LOW | DATE |
|-------|-------|---------------|------|------------|-----|------------|
| \$/oz | 930 | 1.78% | 933 | 03/01/2025 | 900 | 31/12/2024 |
| €/oz | 903 | 3.01% | 906 | 03/01/2025 | 865 | 31/12/2024 |

New car sales may fall as Chinese incentives stop and New Year holidays start. China's 'yuan for clunkers' initiative, introduced in July last year, helped to accelerate sales of electrified vehicles in H2'24 but it expired on 31 December. The scheme offered a subsidy of up to 20,000 yuan (~\$2,740) when trading in an older gasoline vehicle for a new BEV or hybrid vehicle. The scheme was successful in improving sales of new electrified passenger vehicles. Sales of BEVs rose from 516,000 units in July to 850,000 in November (latest data). Likewise, hybrid sales grew from 507,000 units to 702,000 units over the same period. It is likely that sales of both powertrains will fall back in the beginning of this year as a result of the loss of subsidies and in line with seasonal trends due to the reduced number of selling days in January and February thanks to the Chinese New Year holidays. It is possible that some form of subsidy favouring non-catalysed vehicles may be reintroduced later this year, which may be a dampener for Chinese palladium autocatalyst demand in 2025. Palladium autocatalyst demand in China is expected to contract year-on-year in 2025 to a more than 10-year low, despite overall growth in light-vehicle sales, as BEVs continue to gain ground on conventional ICE powertrains.

The palladium price fell by ~7% in December and continued to show weakness in the first trading days of 2025, dropping to \$900/oz. By Friday's close, it had regained some ground to \$930/oz.

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PRECIOUS METALS REVIEW Rhodium, Ruthenium, Iridium



| | RHODIUM | RUTHENIUM | IRIDIUM |
|------------------|----------|-----------|----------|
| Reporting Week | 5,150/oz | 505/oz | 5,075/oz |
| Previous Edition | 5,150/oz | 510/oz | 5,100/oz |

New year, same problems for the hydrogen industry. Although proton-exchange membrane (PEM) electrolyser project announcements ramped up in 2024, most of the current project pipeline is still at an early stage, and thus the expected demand for iridium used in the catalyst membrane is yet to fully materialise. On the demand side, a lack of offtake agreements between green hydrogen producers and industrial end-users is a significant barrier towards realising these projects. Alongside this, in the consumer segment sales of fuel cell vehicles (FCEVs) appear to have peaked in 2022 and struggled since, in part due to the explosion in available BEV models and a lack of hydrogen refuelling infrastructure in most regions. Iridium usage in PEM electrolyzers is expected to rise in 2025 as some projects do reach completion, but it may be some time before green hydrogen demand becomes a significant driver for the iridium price.

The festive period proved to be a quiet one for the small PGMs, with little price movement. Rhodium remains where it started December at \$5,150/oz, while the iridium and ruthenium prices saw minor declines of \$25/oz and \$5/oz, respectively.

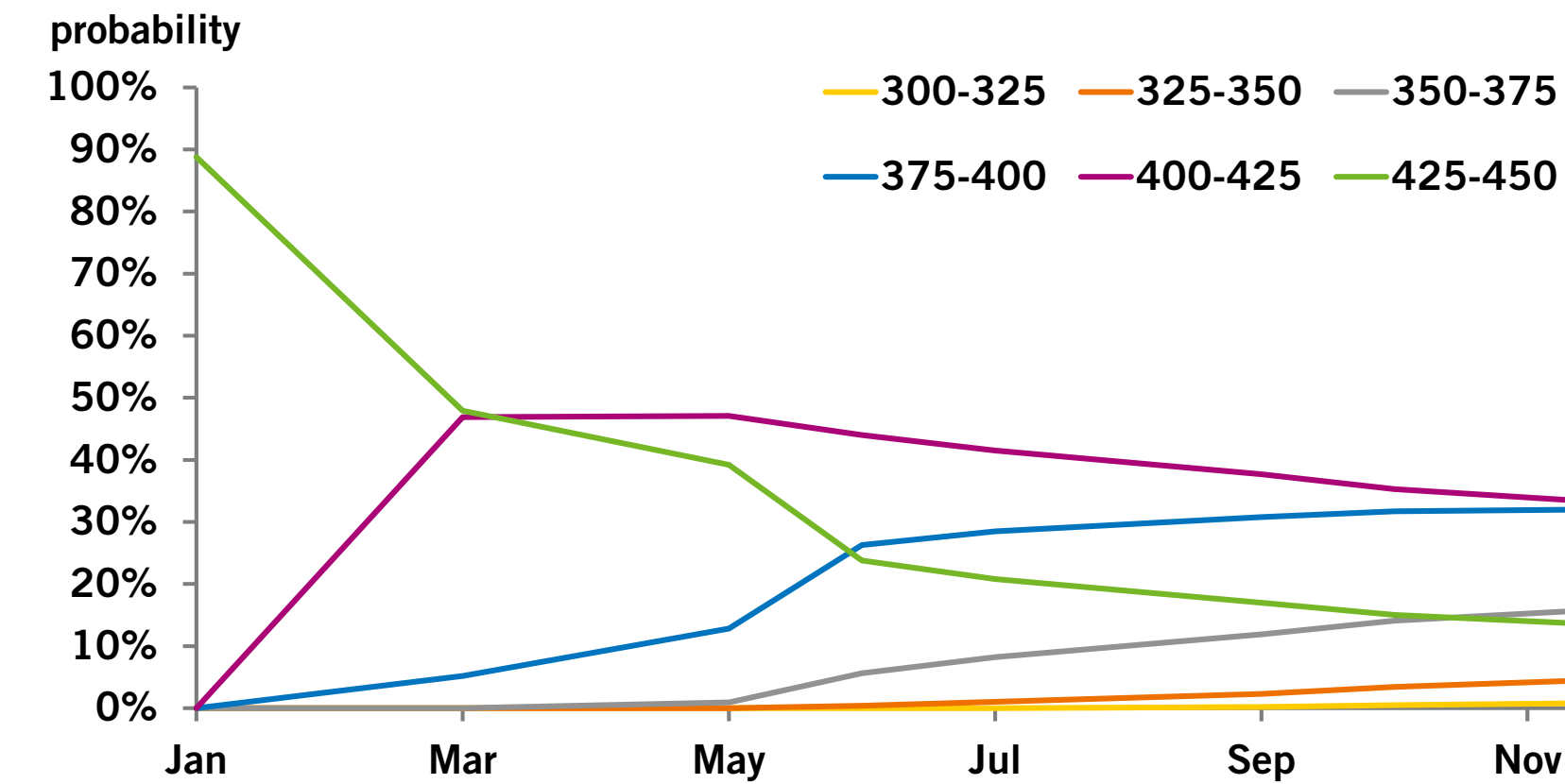
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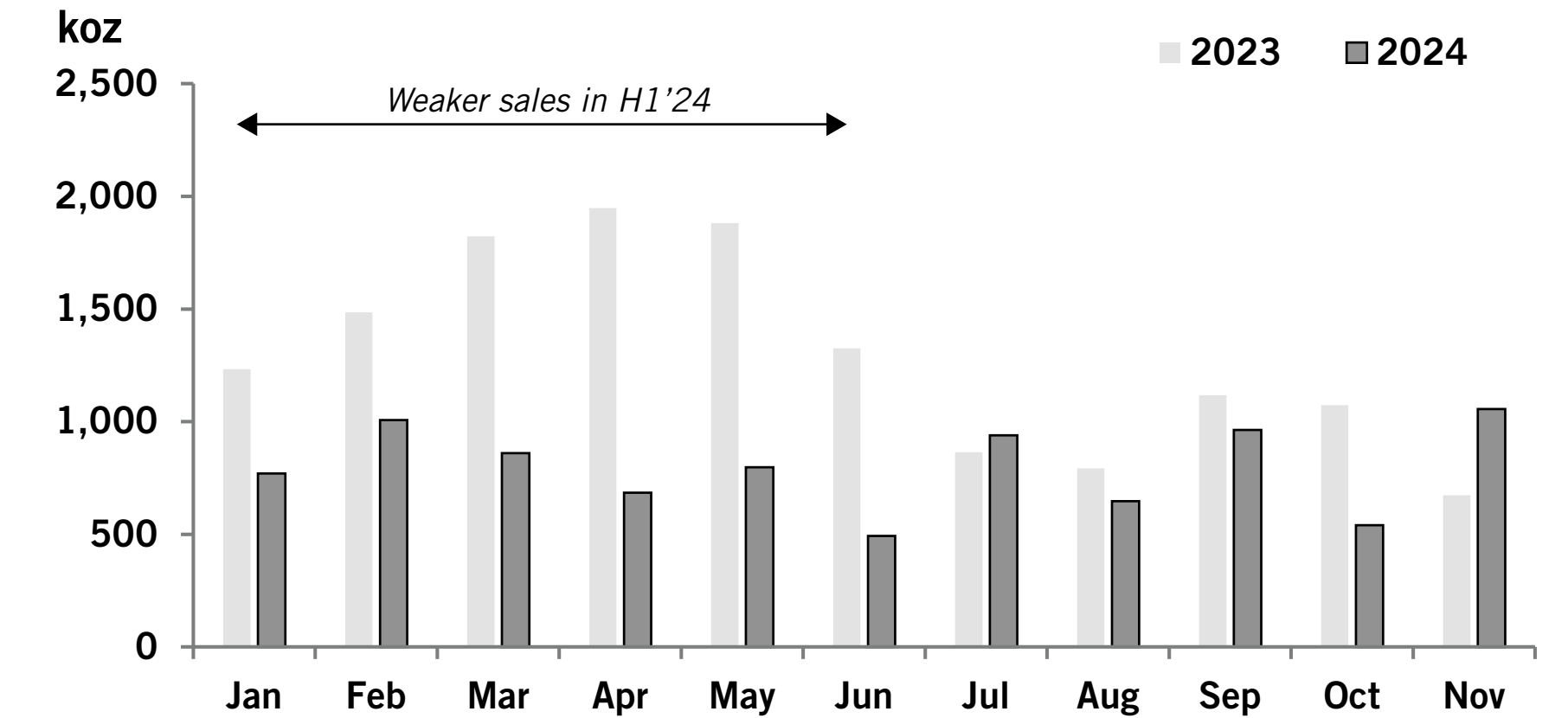
TRENDS AND INVESTMENTS

Interest rate target probability



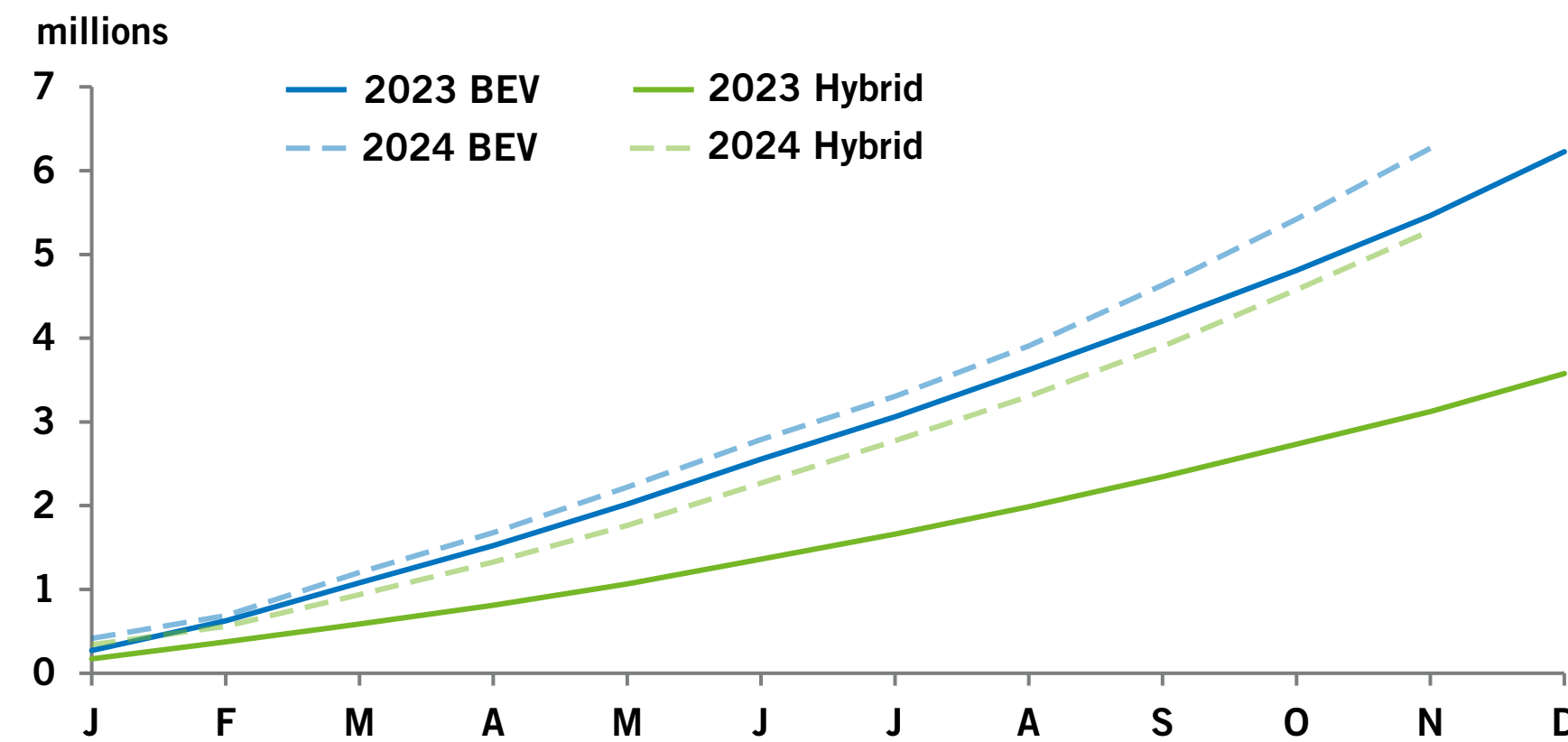
Source: CME Group

Perth Mint silver bullion sales



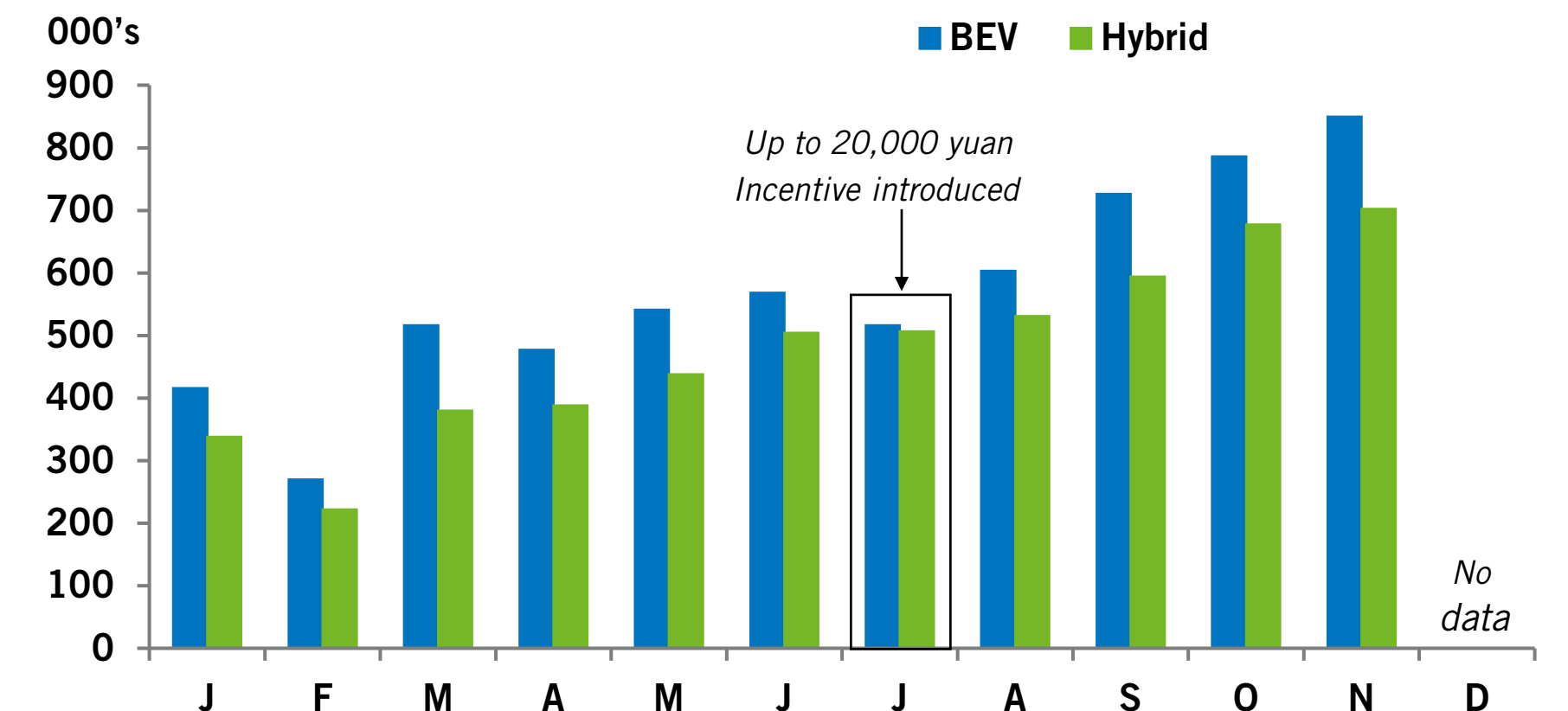
Source: Perth Mint

Cumulative Chinese passenger car sales



Source: SFA (Oxford), Bloomberg

Incremental growth in Chinese car sales, 2024



Source: SFA (Oxford), Bloomberg

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