

PRECIOUS APPRAISAL

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26th May 2025

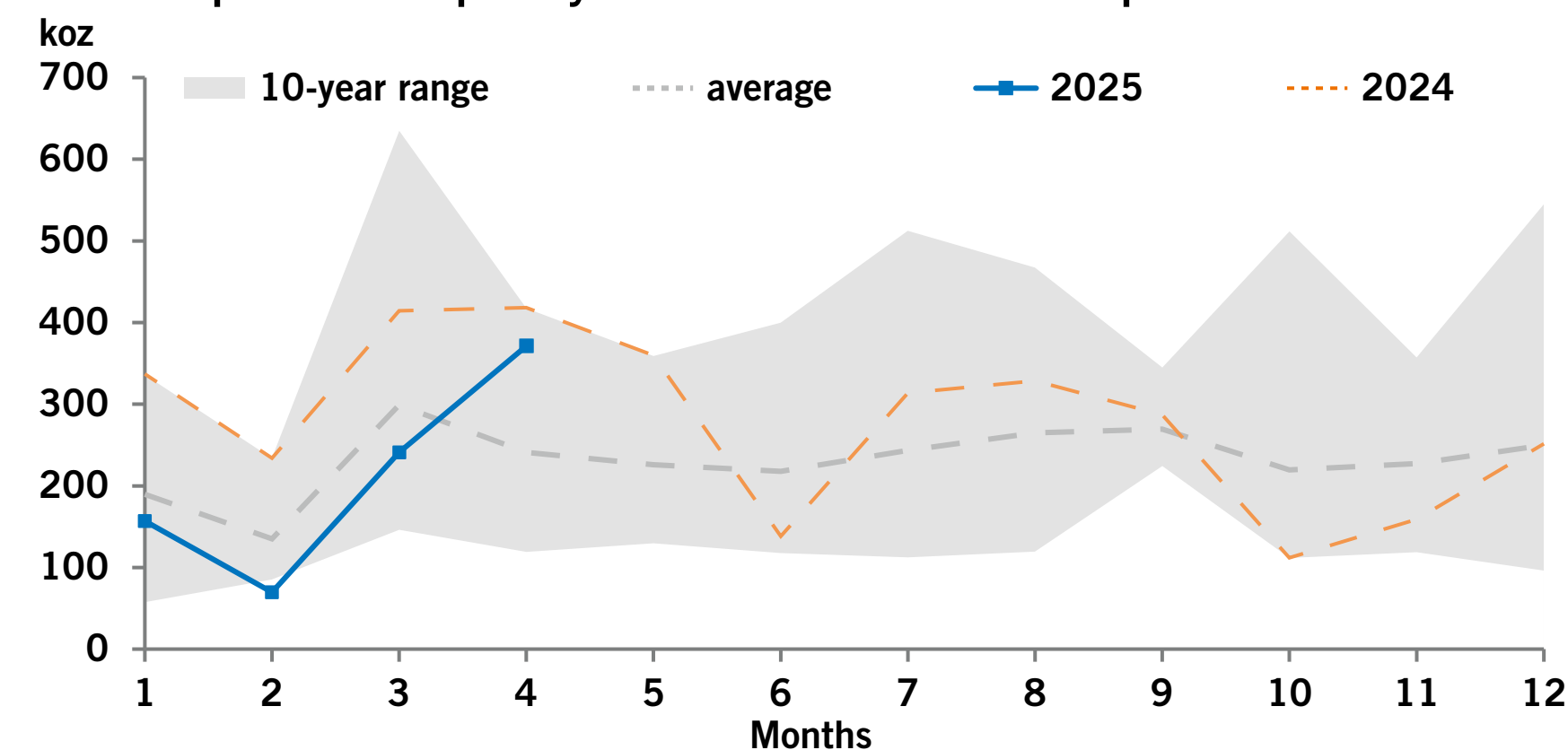
MARKET SPOTLIGHT

A golden opportunity for platinum jewellery?

Discussion of platinum's fundamentals was front and centre at London Platinum Week. Among the more prominent themes were the evolution of platinum jewellery and investment demand, particularly in China, which despite declines is still the leading consumer of platinum.

China is still the largest platinum market and dictates the global demand trajectory. In jewellery terms, China makes up more than a quarter of global demand, and investment sentiment is positive anecdotally. Owing to China's dominant position, the direction of change in the country is broadly representative of the global picture, particularly in the jewellery market.

Chinese platinum imports yet to reflect extra demand pull



Source: SFA (Oxford), Trade Data Monitor

Demand indicators are relatively healthy in China this year. Various presentations over the last week highlighted the potential for growth in the Chinese jewellery sector this year. Platinum Guild International reported that Chinese platinum jewellery fabrication returned to growth in Q4'24, with a strong indication that fabrication again expanded by ~50% in Q1'25 alone. With high gold prices now posing a serious threat to gold jewellery demand, wholesalers are beginning to look more favourably on platinum.

A number are reportedly increasing stock in showrooms throughout the country. The base-case assumption is that Chinese platinum jewellery demand could struggle this year, but these indicators add to upside risk to demand, contingent on significant conversion of consumer sales of yellow and white gold purchases to platinum, not just at the wholesale level. China's platinum import figures for April are the highest in a year, at 371 koz. However, this is still within 5- and 10-year ranges year-to-date and some 40% below 2024. A meaningful increase in wholesale demand is therefore yet to translate into trade data.

Platinum investment has potential but Chinese taxes are prohibitive.

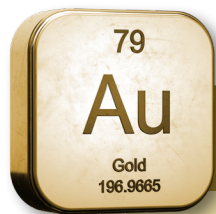
Chinese investors have no access to onshore platinum ETFs and so investment is primarily carried out in the form of bars and coin purchases. The PBoC reintroduced the Platinum Panda coin in 2022, with the vast majority of each annual mintage earmarked for sale only in China. Jewellery itself can be used as an investment vehicle and store of value, in addition to its aesthetic value. However, one point of discussion last week was the complex VAT system for platinum in China, which is seen as a discouragement for potential investors as it eats away at potential value appreciation. According to World Platinum Investment Council forecasts, investment will reach a record of 186 koz in China this year (for bars ≥500 g). An increase in bar and coin fabrication can redirect supply away from sponge production for industrial and autocatalyst end-uses.

If fundamentals are now viewed as strong enough, platinum could extend its rally. Now in its third straight year of deficits, which have been drawing down above-ground stocks of platinum, the platinum price rose markedly last week. Fundamentally in a deficit for 2025, net demand is forecast to remain stable year-on-year, with an underperformance in the supply side being the key driver. If traders and market participants view the market now as tighter, with stocks meaningfully drawn down, the price could find further support.

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

PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	3,367	4.53%	3,371	23/05/2025	3,210	20/05/2025
€/oz	2,968	3.09%	2,974	23/05/2025	2,851	20/05/2025

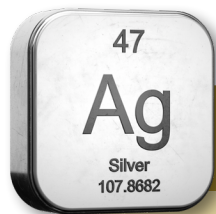
Peru’s gold production impeded by mining ban. The resumption of gold mining in Peru’s Pataz Province is still uncertain following the 30-day suspension of all mining activities implemented on 9 May. The temporary ban was in response to violence and illegal mining in the province earlier this year. The significance for Peru’s gold sector could be substantial as Pataz hosts three of the four largest gold mines in the country, responsible for 20% of Peru’s production, as well as a high concentration of artisanal mining sites. Peru was the sixth-largest gold-producing nation in 2024 (source: World Gold Council), as production hit a four-year high of 128.8 tonnes. Peru’s gold output is now likely to be significantly lower in 2025.

Bond yields across the entire medium- and long-dated section of the curve rose last week. Growing concerns over US government debt repayments plus the prospect of tricky tariff negotiations ahead this year have crimped dollar strength in the last two weeks. When coupled with a more conservative economic outlook in the US and the renewed prospect of 50% tariffs on EU exports to the US, gold found support at \$3,300/oz and is again trading higher alongside platinum and silver, which are challenging recent highs. By Friday’s close, gold was \$146 higher at \$3,367/oz.

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

PRECIOUS METALS REVIEW

Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	33.38	2.49%	34.05	22/05/2025	32.19	20/05/2025
€/oz	29.43	1.04%	30.13	22/05/2025	28.59	20/05/2025

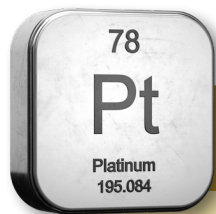
India’s sluggish silver imports suggest slower demand. Higher silver prices are likely to be behind the 63% year-on-year contraction in Indian silver imports year-to-date. In January, silver imports were comfortably above the 5-year average. However, volumes fell in February and fell further still in March and April as local silver prices rose above ₹100,000/kg. This appears to be the level above which wholesalers and consumers are less keen to make purchases. The cut to silver bullion import duties in mid-2024 resulted in a surge in silverware fabrication, though this effect has largely dissipated. If the silver price continues to perform well and remains above ₹100,000/kg, both jewellery and silverware demand could be subdued. This will be a key level to watch for global silver demand growth, as India is positioned as a significant demand centre, equal to approximately 23% of global demand (including investment) in 2024 (source: The Silver Institute).

Last week the silver price rose modestly to finish trading on Friday at \$33.38/oz.

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

PRECIOUS METALS REVIEW

Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,108	9.43%	1,109	23/05/2025	1,000	19/05/2025
€/oz	977	7.02%	978	23/05/2025	891	19/05/2025

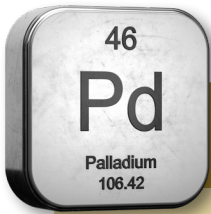
Chinese battery-makers are eyeing up the heavy-duty sector. Chinese battery-maker CATL has said that it expects up to 50% of China’s heavy trucks to be electric by 2028 – in just three-years’ time. This could have a significant impact on local heavy-duty autocatalyst demand if realised. However, based on current data, this level of market penetration seems optimistic. Year-to-date, 11% of medium- and heavy-duty trucks produced in China are BEVs, with the balance being diesel powertrains plus a small percentage of plug-in hybrids and FCEVs, and natural gas powertrains. A gain of >40% market share in three years is far more bullish than consensus forecasts. However, the impact on platinum autocatalyst demand would be approximately 100 koz against current forecasts in 2028. Heavy truck production so far this year has been robust, making a four-year high in April of 24,481 units (source: CATARC). Total Chinese medium- and heavy-duty truck production is expected to grow year-on-year, as is related platinum autocatalyst demand which is forecast to rise to a four-year high this year. Technology such as battery swapping and rapid charging is expected to improve the viability of BEV heavy trucks, but market penetration is likely to stay in the low double-digits in 2025, helping to maintain autocatalyst PGM demand.

On Tuesday last week the platinum price began to rally, which continued for the rest of the week. By Friday’s close, platinum had finished nearly 10% higher at \$1,108/oz – making it the largest one-week performance for platinum since the second week of February 2021, during which it rose 11%. Platinum is currently testing the next zone of resistance which is at the 2024 high of \$1,094/oz, and over the last few years platinum has tended to rise in the weeks leading up to London Platinum Week, then going on to decline in the following weeks.

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

PRECIOUS METALS REVIEW

Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,028	3.19%	1,061	21/05/2025	969	19/05/2025
€/oz	907	1.82%	936	21/05/2025	863	19/05/2025

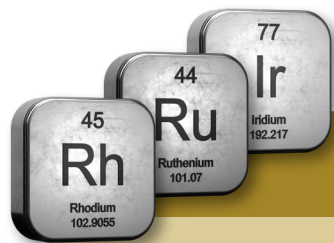
Japanese automotive demand should grow this year. Japanese new passenger car registrations have seen double-digit year-on-year growth every month so far this year. Cumulatively, sales have grown by 164,000 vehicles year-to-date, and the outlook for the rest of the year is positive for domestic car manufacturers. Currently, Japanese automotive PGM demand is estimated to rise to ~1 moz (Pt+Pd+Rh) this year. However, the increase in sales so far this year is already nearing expectations for 2025 as a whole. Therefore, any further year-on-year growth in monthly sales could exceed expectations, which would be supportive, particularly for platinum and rhodium which are currently in a deficit but also for palladium which is forecast to be in a moderate surplus this year.

Palladium rode on the coat-tails of platinum early last week to above \$1,060/oz before falling back. Friday’s close of \$1,028/oz is the first weekly close of >\$1,000/oz since the end of January.

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

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium



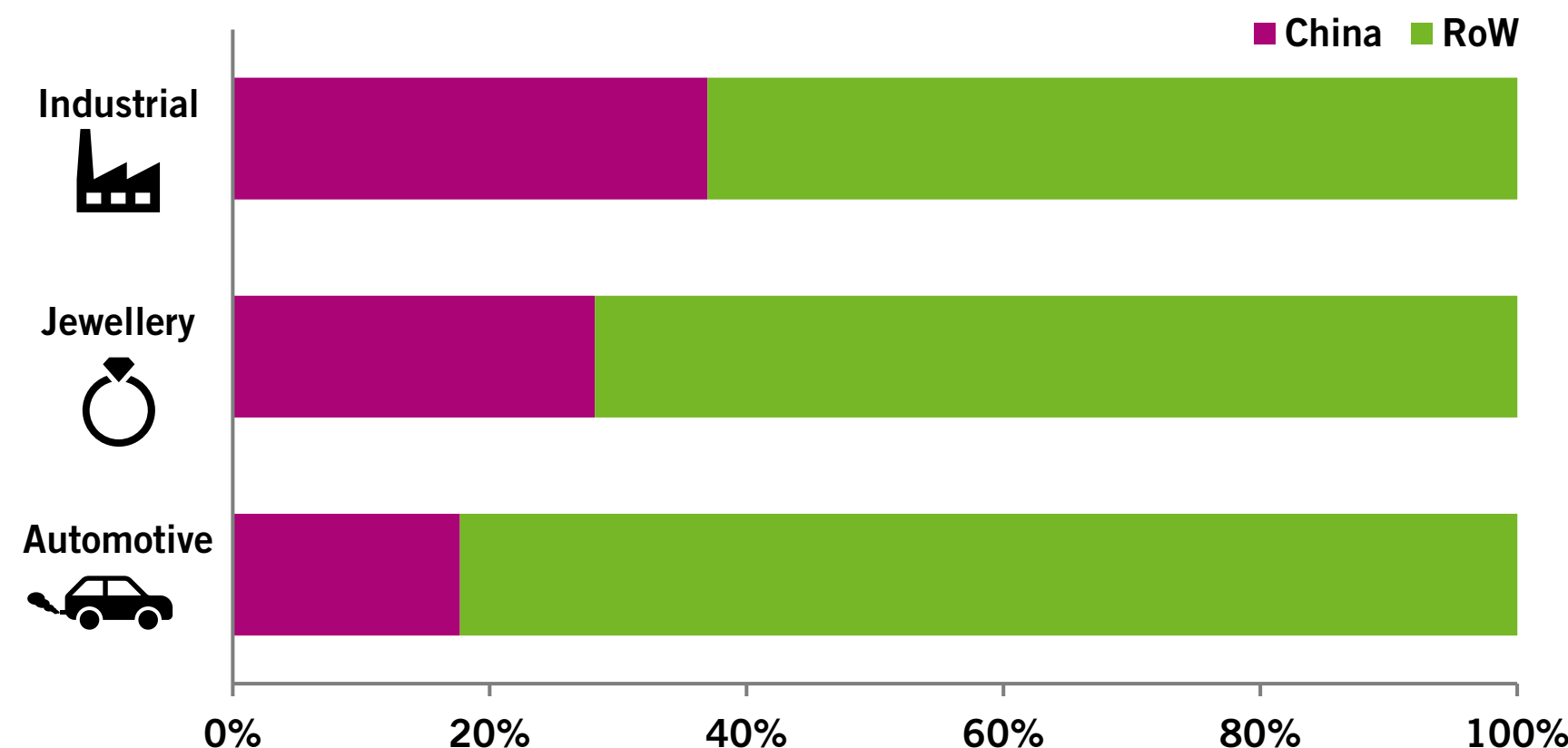
	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$5,875/oz	\$670/oz	\$4,850/oz
Previous Edition	\$5,875/oz	\$670/oz	\$4,850/oz

Japan is aiming to lower the cost of hydrogen fuel. Among a range of industry and governmental deals announced at the World Hydrogen Summit in Rotterdam last week, was the announcement that the Japanese government will subsidise the cost of hydrogen for use with FCEV trucks and buses. The aim of the programme is to close the price gap between hydrogen fuel and diesel at the pump. The subsidy is aimed at hydrogen filling station operators, and totals ¥700/kg (~\$4.85/kg). Operators will be mandated to pass on savings to the customer. Currently, diesel prices in Japan are ~¥160/litre. Hydrogen pump prices vary but are approximately ¥1,600-1,800/kg. Accounting for the fuel efficiency of each powertrain, hydrogen fuel is currently ~2.3x more expensive per mile. With the subsidy, this would fall to around 1.4x, equal to an estimated cost reduction of ~40%. By lowering the cost of refuelling, the government aims to boost uptake of heavy-duty hydrogen trucks, of which there are currently few on the roads. Fuel cells used in FCEVs contain platinum and ruthenium, but currently account for a small segment of demand for both metals. This programme, among others, could help to increase FCEV competitiveness against BEVs and result in higher sales. However, FCEVs are expected to be a minor part of the global vehicle market in 2025.

The prices of all three small PGMs were unaffected by platinum and palladium’s price movements, remaining stable last week.

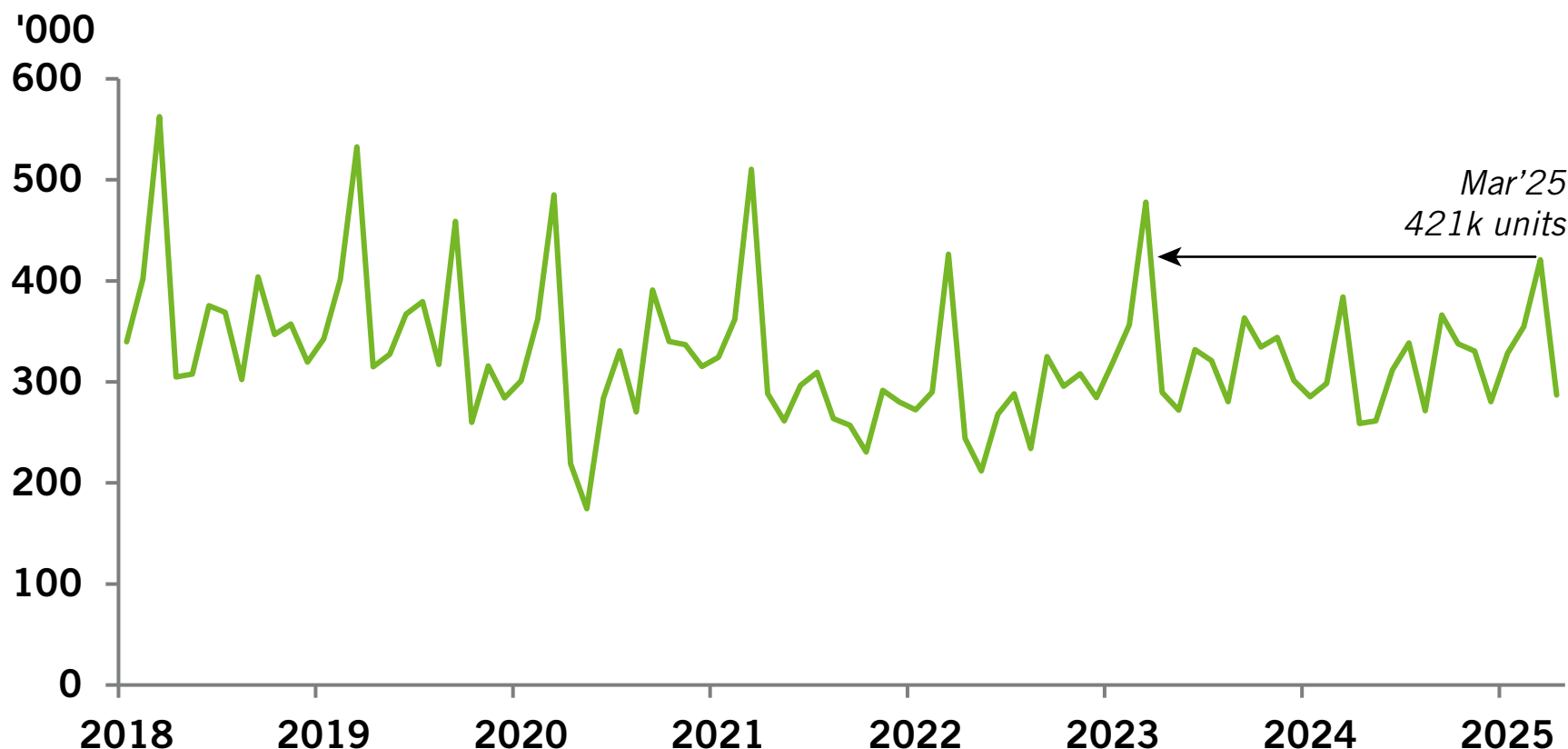
TRENDS AND INVESTMENTS

China's proportion of global Pt demand, 2025F



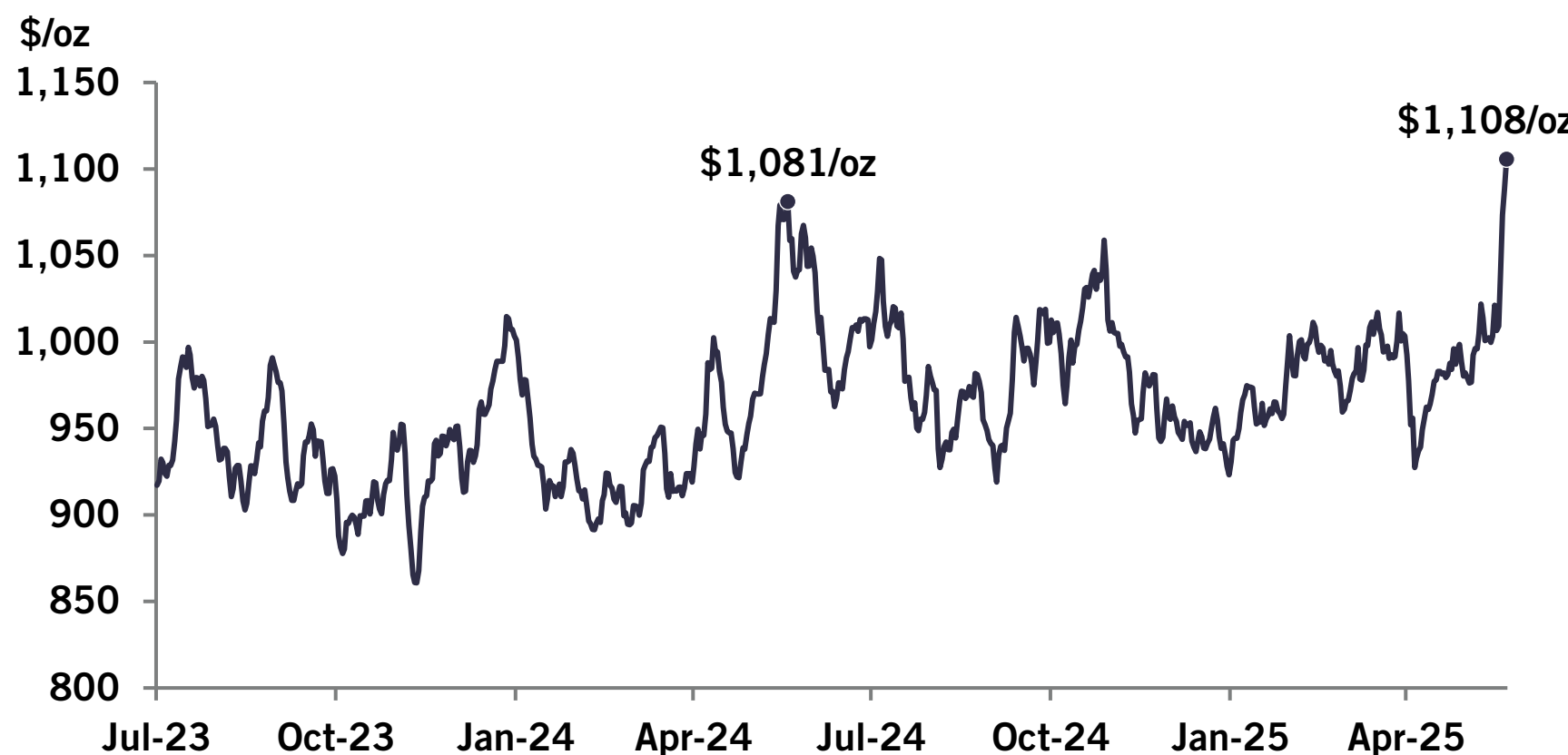
Source: SFA (Oxford)

Japan passenger vehicle sales



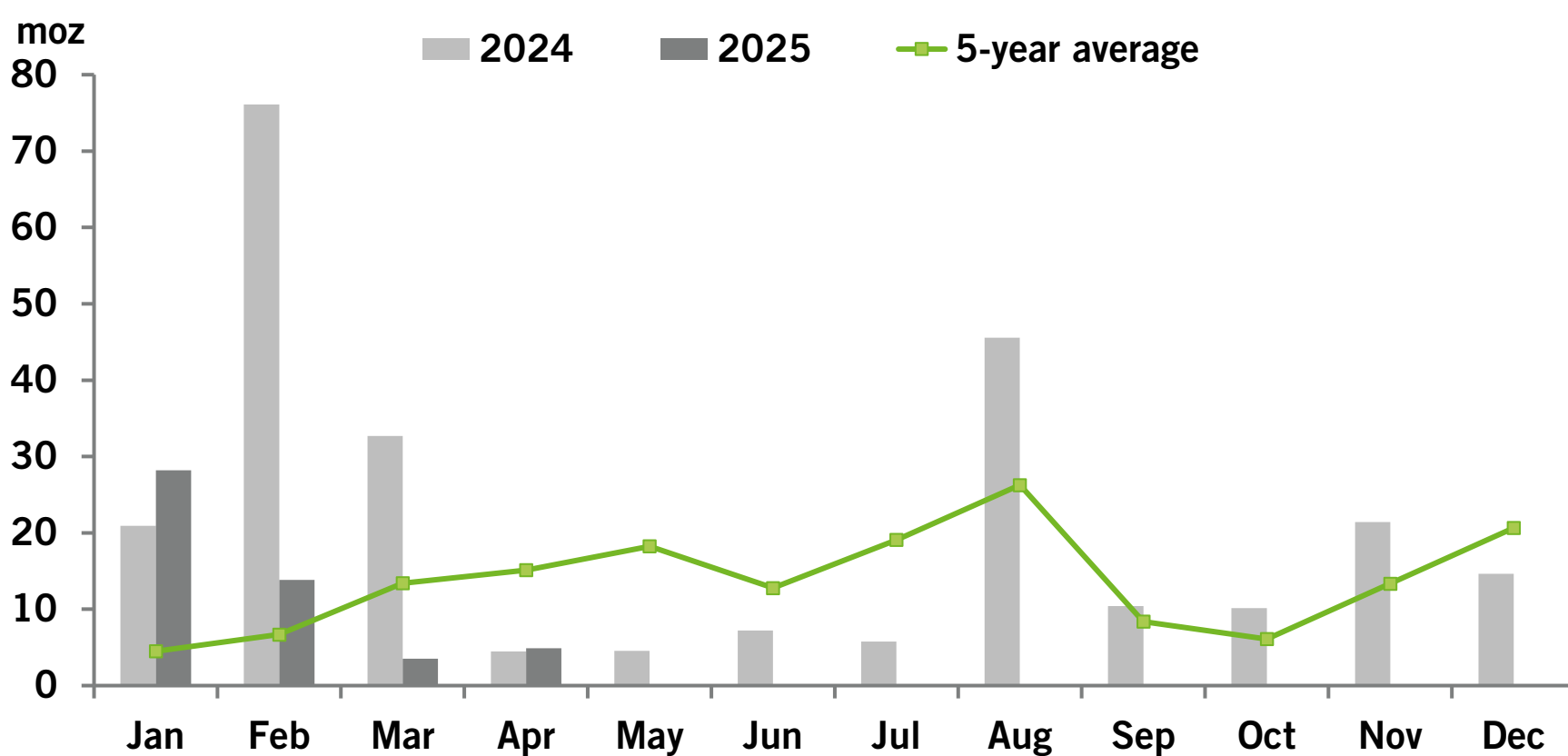
Source: SFA (Oxford), JAMA

Platinum price



Source: SFA (Oxford), Heraeus

India silver imports



Source: SFA (Oxford), India Ministry of Commerce and Industry

PRECIOUS APPRAISAL

26th May 2025

01 MARKET SPOTLIGHT

02 GOLD

03 SILVER

04 PLATINUM

05 PALLADIUM

06 RHODIUM, RUTHENIUM, IRIIDIUM

07 TRENDS AND INVESTMENTS

08 ABOUT HERAEUS

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