

PRECIOUS APPRAISAL

No. 39

27th October 2025

MARKET SPOTLIGHT

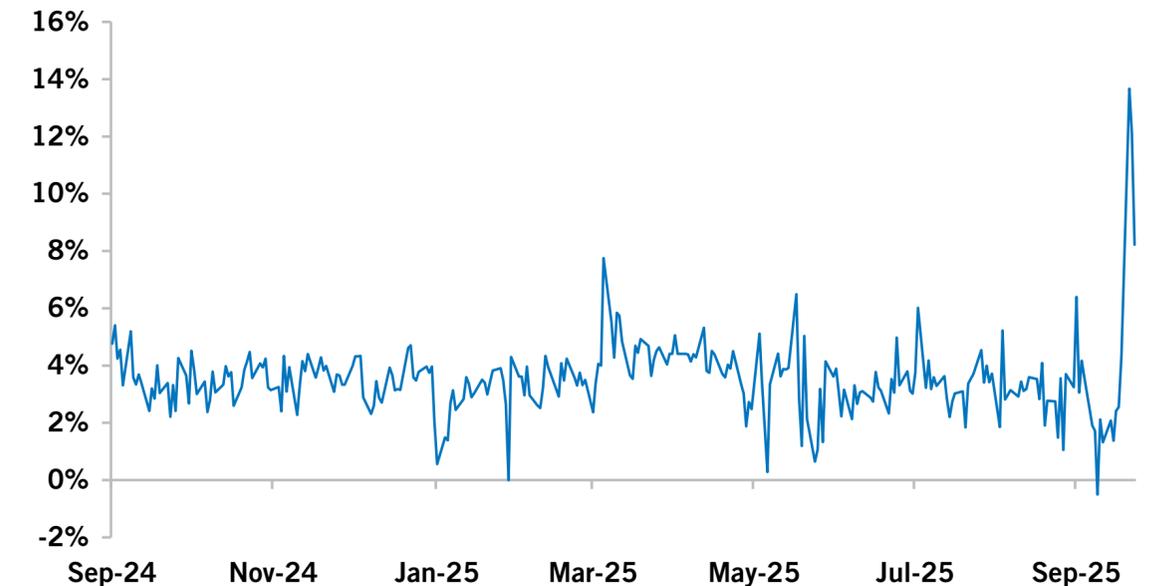
China levels the playing field with its platinum VAT reform

China announced a major policy adjustment last week with the removal of its long-standing value-added tax (VAT) exemption on platinum imports. Since 2003, platinum imported by a single state-approved entity, the China Platinum Company (CPC), has been exempt from 13% VAT, but starting 1 Nov, the government will begin imposing VAT on all imports, effectively ending a two-decade framework and creating a single-tiered system for the local platinum market.

Platinum trading in China is highly structured, with imports largely handled by the CPC before being channelled through the Shanghai Gold Exchange (SGE) as VAT-refundable metal. Platinum imported for self-use or from a source other than the CPC is liable to VAT which has created a two-tiered system. The introduction of a harmonised tax system is expected to enhance local price discovery and formalise trade among participants, driving liquidity from “off book” and informal channels to formal exchanges. However, the transition to fully realising these benefits is likely to take some time and may, in the short term, prompt some participants to continue, or even increase, informal market activity.

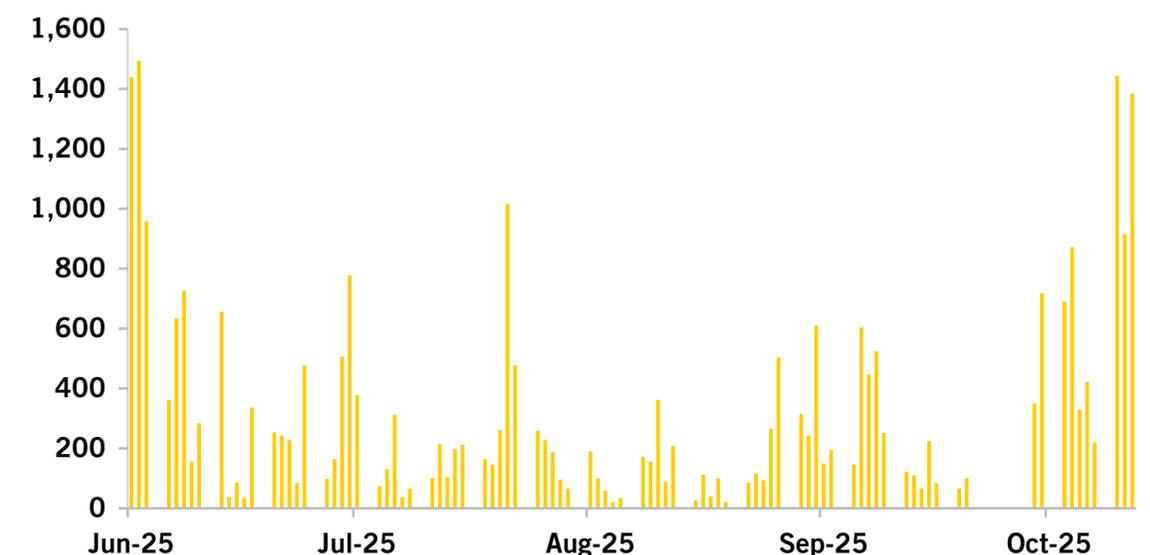
In the nearer term, volatility is expected as the market adjusts to the new tax system. Part of this was already evident last week as Shanghai platinum contracts spiked to a 13.7% (\$216/oz) premium to loco London. Trading volumes on the SGE also spiked to a more than four-month high with daily volumes averaging 982 kg last week.

SGE Pt99 premium to Loco London spot



Source: SFA (Oxford), Bloomberg Finance LP

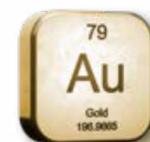
SGE Pt trading volumes kg



Source: SFA (Oxford), Bloomberg Finance LP

PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	4,130	-2.53%	4,382	20/10/2025	4,004	22/10/2025
€/oz	3,553	-2.13%	3,764	20/10/2025	3,451	22/10/2025

Gold's rally takes a break. The gold price suffered its largest one-day percentage decline since 2013, falling by 6.8% from its record high of \$4,382/oz to the low on 21 October. This followed a blistering rally that had seen the price rise 66% this year and more than double in 18 months after it broke out to new highs in March 2024.

Retail demand for bars and coins has been strong in many regions. Now Diwali has passed, the surge in Indian buying is likely to have eased. Globally, gold ETFs gained 723 koz in the week of 13 to 17 October, with almost as much being added in just the first two days of last week, including 371 koz on 21 October as some investors' enthusiasm remained undimmed even as the price fell.

The underlying reasons for investing in gold are intact and the rally could continue after a short correction if investors continue to add exposure. However, as noted in the spotlight two weeks ago, precious metal prices had risen far above their long-term moving averages. Once again it will ultimately prove to be too far, too fast. It remains to be seen how far the price might fall and how long the correction may last. If the origin of the rally is dated to the end of 2015, then most corrections have lasted for a few months, but the price traded sideways for almost four years after reaching its high in 2020 before breaking out to new highs. The CBOE gold ETF volatility index also hit a more than five-year high last week, with volatility even surpassing the start of the Russia-Ukraine war.

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Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	48.83	-5.96%	52.78	20/10/2025	47.55	22/10/2025
€/oz	42.00	-5.57%	45.30	20/10/2025	40.99	22/10/2025

Investors took heed of a severely overextended market. Silver fell 6% over the week, with most of the losses concentrated in a single session on Tuesday, when prices dropped by nearly 9%, or \$4.50/oz. With no single catalyst behind the event, it appears investors decided not to get too carried away with their optimism. Warning lights had been flashing for some weeks with prices trading well above their 200-day moving average. The 14-day average true range reached \$1.90 during Tuesday's sharp-sell off, likely triggering a wave of stop-loss orders, fuelling further profit-taking. Despite the sell-off, evidence of dip-buying emerged with net ETF inflows of 13 moz last week.

Market pressures eased as liquidity conditions improved. As Diwali came to an end last week and festive buying wound down, some of the heat was taken out the Indian market. On the other hand, liquidity in London continued to improve as metal flowed out of COMEX and Asian warehouses, easing short-term borrowing rates and spot premiums. Backwardation of the forward curve continued to moderate, with the nearest contract narrowing to -0.7% to spot by the end of the week. The short squeeze was further eased by 8 moz exiting COMEX warehouses, bringing the total to 33 moz this month, following an extensive period of inflows. Similarly, silver has been exiting the Shanghai Futures Exchange at a record pace, with 1,495 tonnes of outflows last week, and the largest single day outflow on record observed on Wednesday at 338 tonnes. With the US government shutdown ongoing, the Section 232 review is yet to be concluded which may reverse some of the recent improvements in liquidity conditions.

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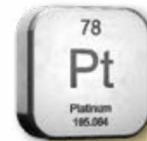
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Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,621	-0.07%	1,663	23/10/2025	1,499	22/10/2025
€/oz	1,394	0.34%	1,433	23/10/2025	1,293	22/10/2025

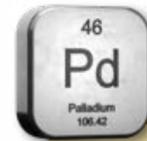
Platinum gets swept up in the broader sell-off and a major tax reform in China. Prices fell by nearly 6% early in the week to a one-month low before recovering some ground as dip-buyers stepped in. The markets also turned their attention to China's upcoming VAT reform, which will impose 13% VAT on platinum imports from 1 November. The move is likely to trigger a short-term surge in China's imports as buyers front-run the change ahead of the implementation deadline.

Sibanye-Stillwater's newly enhanced agreement with the Glencore-Merafe joint venture is expected to accelerate the development of its chrome projects, enabling the company to deliver contracted chrome volumes sooner and begin realising higher chrome revenue from the new arrangements earlier than initially anticipated. This increase in chrome volumes is also likely to come with incremental gains in PGM output through higher material throughput at its chrome recovery plants. However, any uplift in PGM production is likely to be modest given the relatively low PGM grades in the chrome tailings feed. Surface chrome projects are low capital and can be ramped up quickly. That said, timings and volumes remain unclear for now.

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PRECIOUS METALS REVIEW

Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,462	-2.83%	1,520	21/10/2025	1,381	22/10/2025
€/oz	1,258	-2.43%	1,304	21/10/2025	1,194	22/10/2025

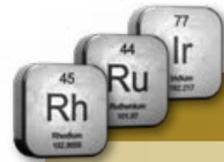
Palladium’s recent rally was not immune to last week’s shift in sentiment. The metal had been a latecomer to the broader precious metals run, struggling for much of the year to break convincingly above key resistance levels and remaining largely range-bound. However, palladium staged a sharp breakout from its consolidation phase to reach \$1,562/oz on 16 October, the highest level since May 2023. The move was largely driven by a catch-up trade, as investors sought relative value outside the already overstretched gold, platinum and silver markets. Despite last week’s pullback, the palladium price has still delivered impressive year-to-date gains of around 56% – a sharp reversal from 2024, when the metal lost 19% over the year.

Nornickel’s palladium output falls on mining equipment transition. Total palladium production reached 617 koz for the quarter and 2,016 koz for the first nine months of the year, marking a 6% year-on-year decline. The company maintained its production guidance for 2025 at 2,677-2,729 koz of palladium.

The automotive sector faces a renewed chip shortage. The disruption stems from Beijing’s decision to block Dutch chipmaker Nexperia – a wholly owned subsidiary of Chinese company Wingtech – from exporting chips produced at its Chinese facilities, following the Dutch government’s takeover of the company. Germany’s VDA automotive lobby group has warned that the situation could lead to significant production curbs or even temporary shutdowns. European, US and Japanese automakers are bracing for potential supply disruptions, though some solutions have already been found. VW’s German plants announced their production is secure for the week ahead. Valeo has already announced that it has found and validated chips from other manufacturers to replace those currently sourced from Nexperia. If production schedules cannot be maintained, manufacturers are likely to prioritise higher-margin vehicle models over production volume. This shift would translate into lower autocatalyst PGM demand than previously forecast, as fewer total vehicles are produced even if profitability is preserved.

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$8,500/oz	\$945/oz	\$5,025/oz
Previous Edition	\$8,650/oz	\$945/oz	\$5,025/oz

Toshiba sends a strong signal to the market with advancement of conventional drives. The company is set to launch its 12-platter, 40 TB microwave-assisted magnetic recording drive in 2027, reaffirming its commitment to a dual strategy that supports both conventional ruthenium-containing drives and next-generation heat-assisted magnetic recording (HAMR) technology. While there is widespread speculation that HAMR will displace conventional disk drives soon – and, by extension, reduce ruthenium demand – the transition is proving to be far from immediate. Major drive manufacturers continue to invest heavily in both technologies, maintaining production of conventional drives to meet near-term demand for high-density, cost-effective storage, while gradually building out capacity for HAMR’s longer-term deployment.

PEM electrolyser costs are coming down fast. ITM Power has unveiled a new 50 MW PEM electrolyser that is expected to be more cost-competitive than comparable European systems built with Chinese alkaline electrolysers. Historically, high costs have constrained PEM adoption, but costs are now falling rapidly, driven by both European and Chinese companies. China has set a target to reduce PEM electrolyser costs to \$330/kW. Given the speed and scale at which cost reductions have been achieved in alkaline systems, reaching this target seems well within reach. Wider adoption of PEM systems should follow, supporting increased demand for iridium and ruthenium.

Ruthenium and iridium prices held steady last week, while rhodium dropped by \$150/oz

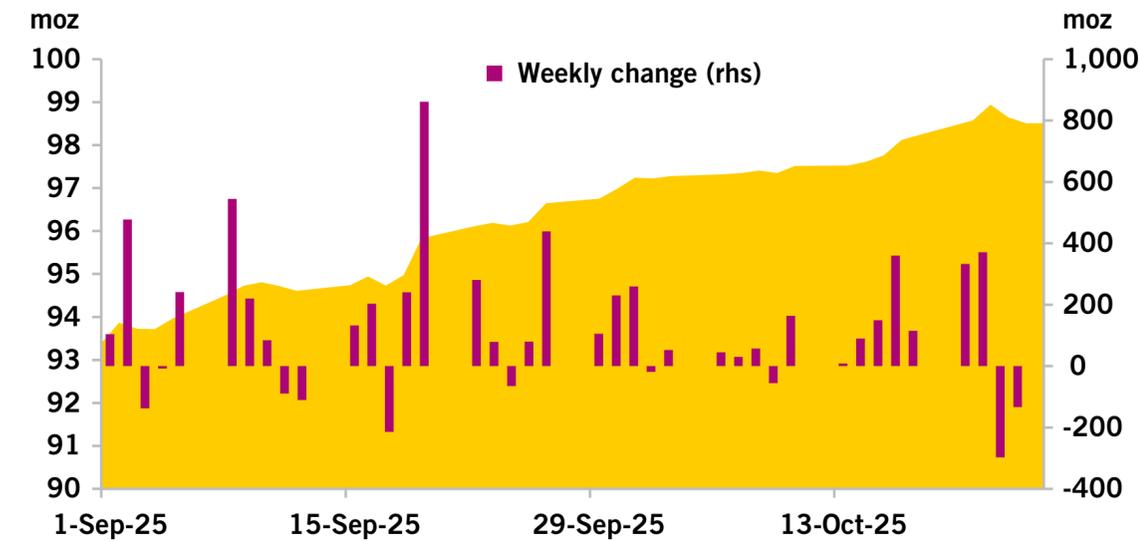
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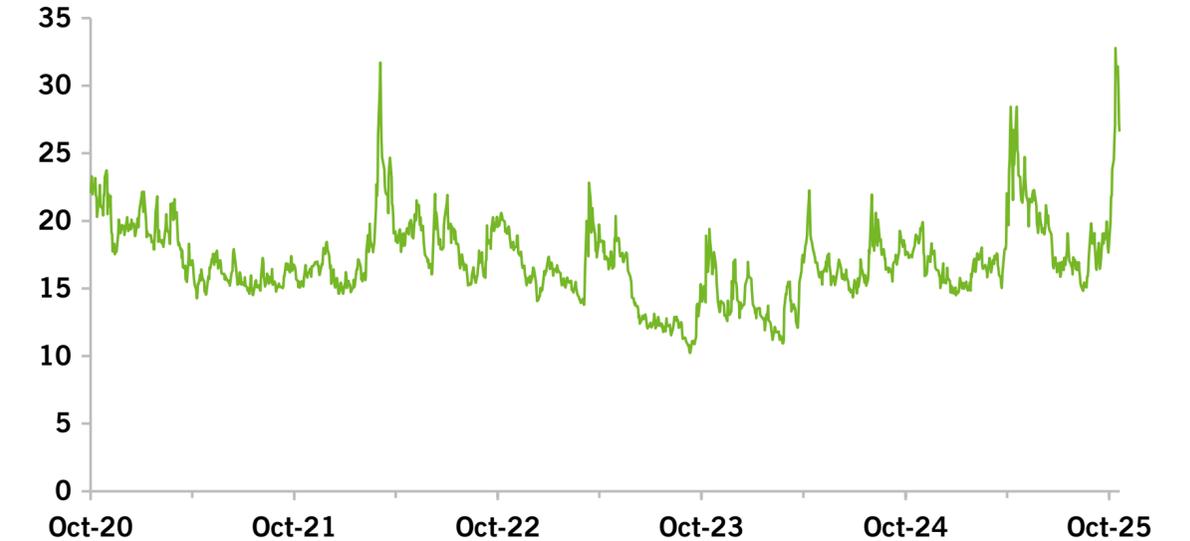
TRENDS AND INVESTMENTS

Gold ETF holdings



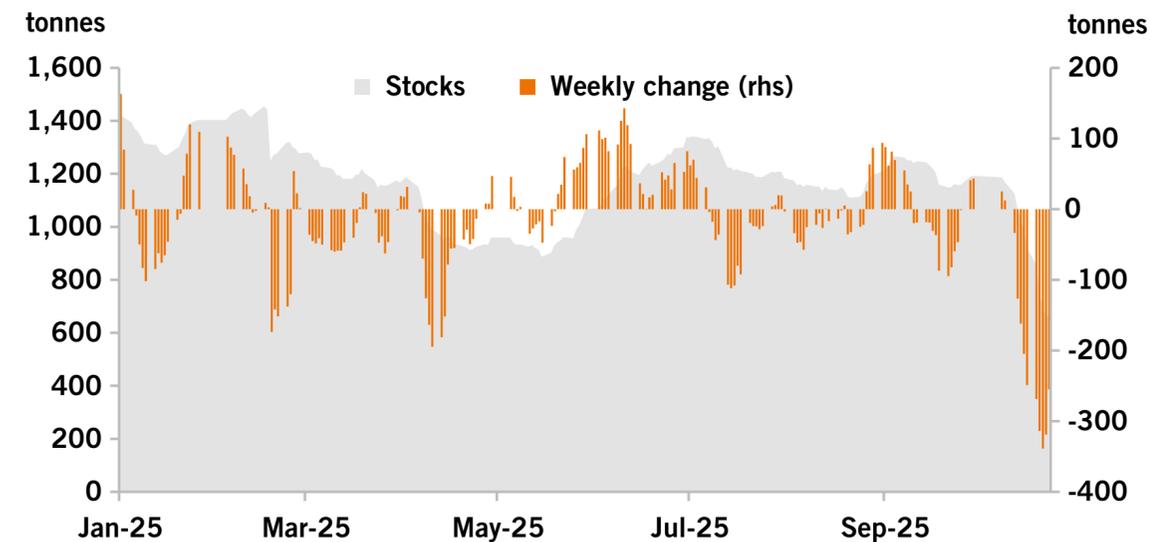
Source: SFA (Oxford), Bloomberg Finance LP

CBOE Gold ETF VIX Index



Source: SFA (Oxford), Bloomberg Finance LP

Shanghai Futures Exchange on warrant Ag stocks



Source: SFA (Oxford), Bloomberg Finance LP

Forward contract (vs spot silver)

Date	Spot	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
16/10/2025	0%	-1.12%	-0.05%	0.64%	1.28%	1.88%	2.73%	3.56%	4.14%	4.72%	5.31%
17/10/2025	0%	-3.50%	-2.41%	-1.71%	-1.05%	-0.44%	0.42%	1.29%	1.89%	2.49%	3.11%
20/10/2025	0%	-1.64%	-0.55%	0.14%	0.79%	1.40%	2.26%	3.12%	3.72%	4.31%	4.92%
21/10/2025	0%	-1.55%	-0.38%	0.35%	1.03%	1.66%	2.54%	3.44%	4.07%	4.69%	5.30%
22/10/2025	0%	-1.24%	-0.09%	0.65%	1.34%	1.99%	2.89%	3.78%	4.42%	5.05%	5.66%
23/10/2025	0%	-0.70%	0.45%	1.19%	1.90%	2.55%	3.45%	4.34%	4.97%	5.58%	6.19%
24/10/2025	0%	-0.73%	0.33%	1.27%	1.64%	2.27%	2.94%	6.42%	7.06%	7.69%	8.31%

Source: SFA (Oxford), Bloomberg Finance LP

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