Heraeus

Precious Metals

PRECIOUS APPRAISAL

No. 9

3rd March 2025

PRECIOUS METALS REVIEW

Gold

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	2,849	-3.00%	2,956	24/02/2025	2,833	28/02/2025
€/oz	2,739	-2.51%	2,824	24/02/2025	2,721	28/02/2025

Gold's rally runs into headwinds as demand weakens in key markets.
India's February gold imports are on track for a 20-year low, while China's January imports via Hong Kong plunged 44% month-on-month—the weakest since April 2022. After hitting 40 fresh all-time highs in 2024 and gaining 10% year-to-date, gold's relentless climb may be feeling the drag from softening consumer demand in its two biggest markets.

In both China and India, gold has traded at a discount—China over the past two weeks and India since early January. Jewellery demand was also down year-on-year in 2024: 24% lower in China and 2% lower in India (source: World Gold Council). With prices at historic highs, the volume of gold purchased could fall further even if total spending holds steady, meaning Q1'25 demand in India is likely to trail the 139 tonnes recorded in Q1'24.

On the technical side gold had looked overstretched, as mentioned in last week's spotlight, and last week's price action delivered confirmation. After setting a fresh high on Monday, gold reversed to $2,917/oz. Pressure intensified on Thursday when President Trump announced new tariffs on Mexican, Canadian, and Chinese goods, triggering a 1.7 percentage point spike in the dollar index to 107.2. Gold closed Friday at $2,849/oz, leaving a bearish engulfing pattern on the weekly candle chart.

PRECIOUS METALS REVIEW

Silver

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	31.03	-4.98%	32.74	24/02/2025	30.81	28/02/2025
€/oz	29.83	-4.51%	31.28	24/02/2025	29.61	28/02/2025

Silver stays stuck in gold's shadow. Silver underperformed gold in 2024, and the gap is widening in 2025. Last week, silver fell 3.1%, a sharper drop than gold's 2.1% decline. Despite strong industrial demand—especially from solar—the metal's nearly 7% year-to-date gain still lags gold's 10% rise.

The risk is that silver's underperformance accelerates if gold enters a sustained correction. The gold-to-silver ratio has now held above 90 for five straight days—a rare feat. Since 2020, only May 2022 saw a longer stretch, lasting 19 days.

The same macro pressures that hit gold also dragged silver lower last week, with tariff-driven dollar strength weighing on both metals. The price of silver closed at $31.03/oz on Friday, extending its underperformance streak.

PRECIOUS METALS REVIEW

Platinum

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	943	-3.20%	980	26/02/2025	939	28/02/2025
€/oz	907	-2.69%	935	26/02/2025	903	28/02/2025

Platinum mine cost controls near exhaustion, raising closure risks. Impala Platinum’s latest results lay bare the pressure facing South African PGM miners. Over 45% of output from its flagship Impala Lease Area was unprofitable in the second half of 2024, with similar struggles across other South African and Zimbabwean operations. Impala platinum produced 1.79 moz of refined PGMs (6E) in H1 FY’25.

Eighteen months of aggressive cost-cutting have capped cost inflation at just 3% year-on-year, but Implats warned that options for further savings are running out. This raises the prospect of shaft closures—something that would both stem losses and tighten global supply, lending some support to prices.

South African platinum production is predicted to be 3.9 moz this year. If PGM prices keep sliding then further production cuts become likely, but they will take some time to implement and would have more impact in 2026.

Platinum supply also faces external risks. Last week, heavy rain forced Anglo American Platinum to suspend part of its Amandelbult mine, which accounts for roughly 10% of its output. Meanwhile, South Africa reintroduced stage 6 load shedding for the first time in over a year. While immediate impacts on production are limited, deeper winter power cuts could disrupt processing, forcing a build-up of work-in-progress inventory.

Platinum ended the week lower, continuing its drift down from the $1,000/oz mark hit in mid-February. It closed at $943/oz.

PRECIOUS METALS REVIEW

Palladium

	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
$/oz	923	-5.58%	969	24/02/2025	911	28/02/2025
€/oz	887	-4.98%	923	24/02/2025	875	28/02/2025

Weak EU car sales signal softer palladium demand. EU new car registrations fell 2.6% year-on-year in January, setting a weak tone for the start of 2025 after minimal growth in 2024 (+0.8%). Petrol and diesel vehicles lost ground, with their combined market share falling from nearly 50% to 39%, while hybrid electric vehicles (HEVs) gained share, climbing to nearly 35%.

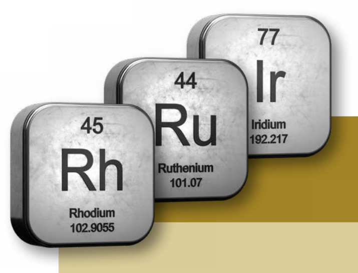
However, hybrid growth isn't enough to fully offset shrinking sales of traditional internal combustion engine (ICE) cars. In January, hybrid registrations rose by 40,000 units year-on-year, but ICE registrations dropped by over 87,000.

BEV market share seems range-bound. BEV market share climbed to 15% in January, up from 10% a year ago—but still within its 10-21% range since 2021. With BEV market share not showing strong growth, the shift away from palladium-heavy ICE vehicles may be much slower than forecast.

Palladium prices tumbled last week, closing 5.58% lower at $923/oz. The metal is now nearing support around $900/oz, a level last tested twice in December — raising the risk of a further breakdown if that level is breached.

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	$5,150/oz	$530/oz	$4,850/oz
Previous Edition	$5,150/oz	$530/oz	$4,850/oz

Robust ruthenium requirements. Furuya Metal reported over 100% year-on-year growth in sales of iridium-ruthenium electrode coatings for chemical plants in Q3 2024. Caustic soda production remains a key driver, but new demand from renewable ammonia production in China is adding momentum. With both sectors expected to remain strong, ruthenium demand is set to rise again in 2025. Prices are already up more than 25% since September 2024.

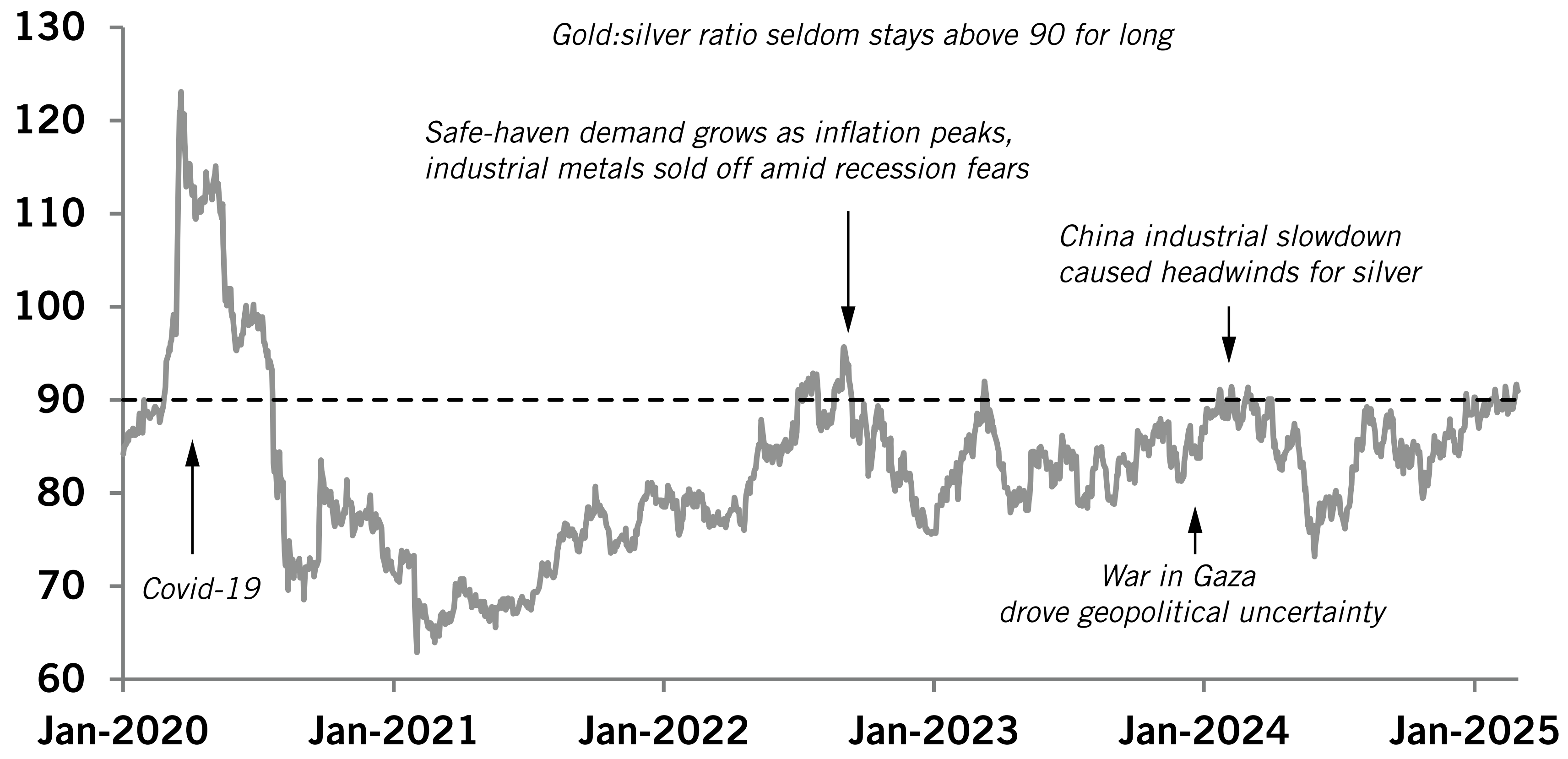
Rhodium, ruthenium, and iridium prices were unchanged last week.

TRENDS AND INVESTMENTS

Gold exports to China and imports to India

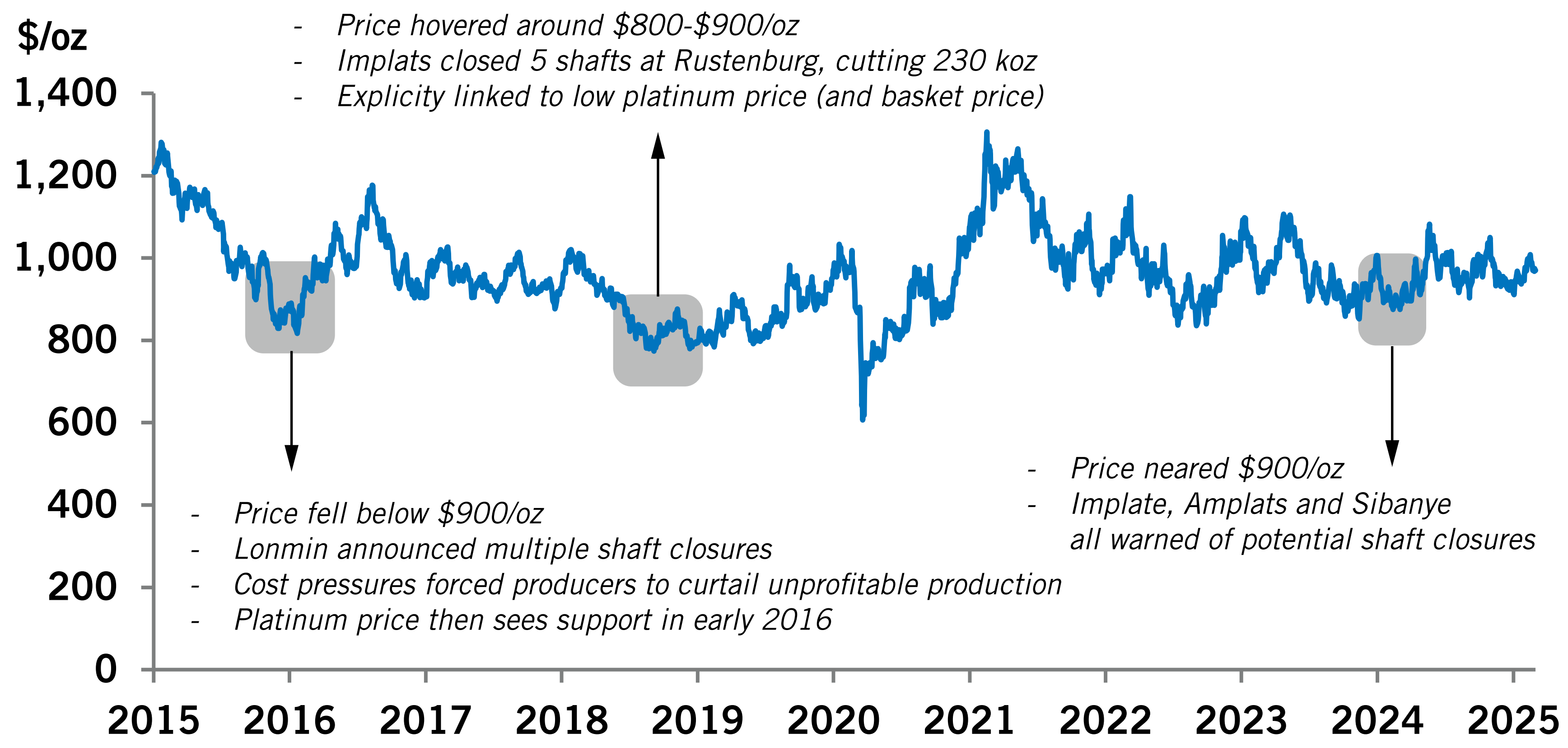
Source: SFA (Oxford),Hong Kong Census and Statistics Department, Governement of India: Ministry of Commerce and Industry

Gold:silver ratio



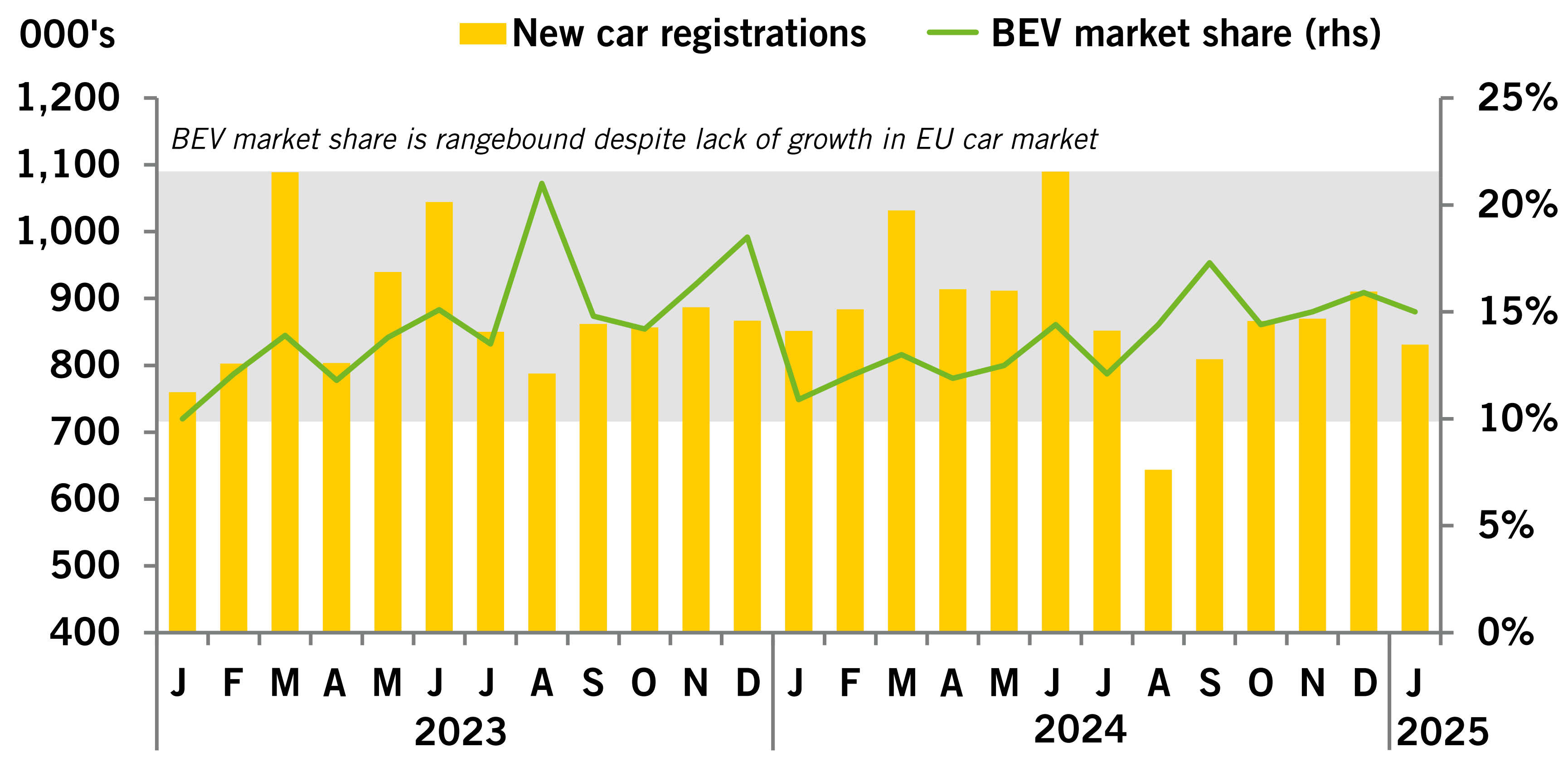
Source: SFA (Oxford), Bloomberg

Platinum price



Source: SFA (Oxford), Bloomberg

EU new car registrations and BEV market share



Source: SFA (Oxford), ACEA

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