

PRECIOUS APPRAISAL

No. 21

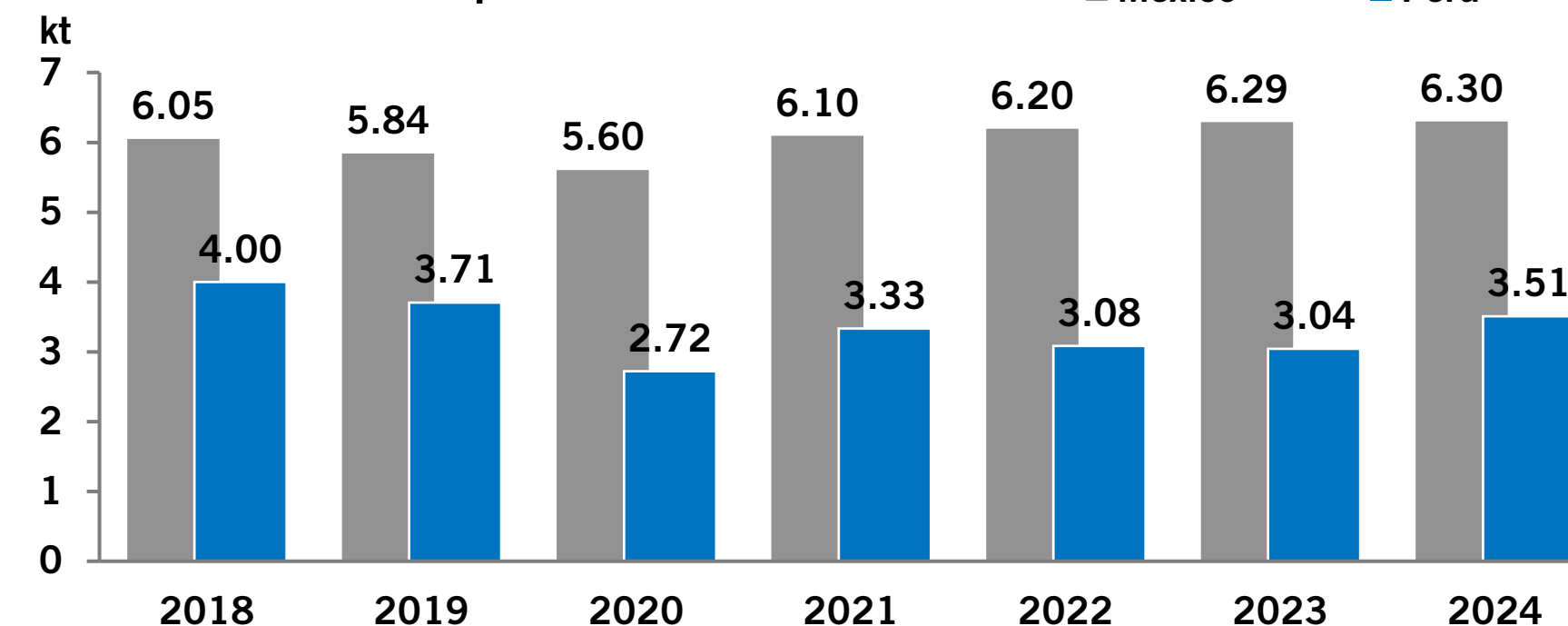
16th June 2025

MARKET SPOTLIGHT

Silver linings: A price rally despite cloudy fundamentals

The silver price is pushing up despite softer fundamentals. Current ETF holdings of 758 moz are just 6% higher than at the beginning of the year, despite the silver price performing relatively much better (+25% year-to-date). As well as ETFs, investment in physical bullion is also relatively lacklustre, with sales performance of silver coin sales at the US Mint lagging last year's by 39% year-to-date (end of May). Despite moderate recent inflows, ETF holdings are still significantly lower than at the peak in 2021 when prices were sub-\$30/oz, suggesting precious metals investors could have scope to increase allocation to silver. However, a softer supply-demand picture this year could be dissuading fundamental investors.

Mexico & Peru silver production

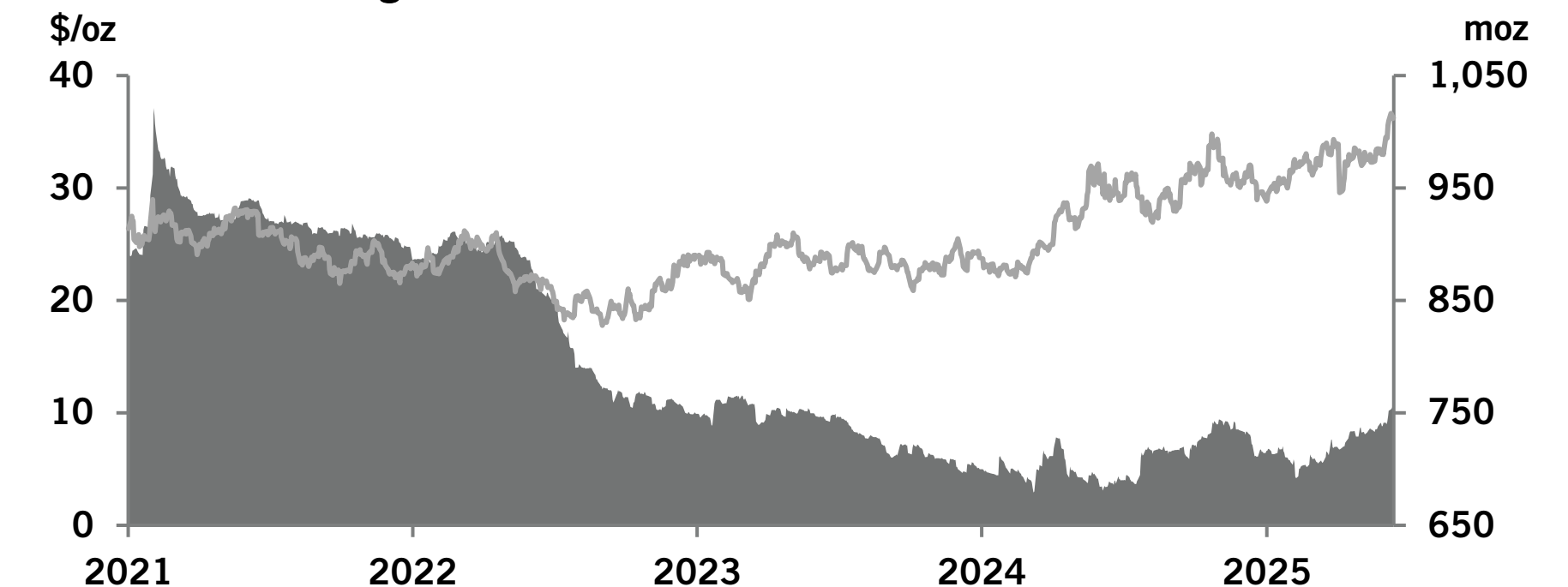


Source: SFA (Oxford), USGS, Ministerio de Energía y Minas

Mine supply is set to grow this year. Output from two of the largest producers, Mexico and Peru, is on the rise. First-quarter production data from Peru is 11% higher year-on-year, suggesting that output could rise again this year, to close to 4 moz. Mexico, the world's largest producer, is expected to see higher production this year, partly as the Peñoles mine recovers to full output after operational difficulties in 2024. Silver production from by-product mines (gold, copper, zinc etc.) is far greater than the proportion of mined silver from primary silver mines. Global copper production has seen a number of recent setbacks owing

to operational difficulties, which could offset growth in other regions, and add downside risk to global silver supply this year as approximately one-third of primary silver production comes from copper mines. Still, the growth observed in Central and South American supply should offset these issues.

Silver ETF holdings



Source: SFA (Oxford), Bloomberg Finance LP

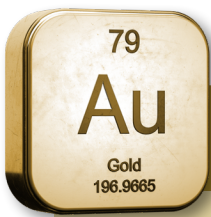
Demand is expected to fall. Thrifing of silver in solar PV applications is outpacing installations' growth, meaning demand growth is likely to be poor this year. This partly explains why total demand (excluding ETFs) is projected to fall for a third year in a row in 2025, though most non-industrial end-uses are also forecast to see moderate declines year-on-year.

The recent breakout may be a sign of what is to come. The breakout in the silver price above \$35/oz may be perceived by investors as an opportunity to enter the trade, attracting more ETF inflows – over the last fortnight this has been the case. This should, in turn, support the price further, excluding corrections which are to be expected. Additionally, the Au:Ag ratio has seldom been as high as it is at present, suggesting silver is critically undervalued. This makes silver a potentially attractive asset for relative value investors with the context that silver tends to outperform gold in the later stages of major rallies.

- 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	3,427	2.83%	3,447	13/06/2025	3,302	10/06/2025
€/oz	2,965	1.41%	2,995	13/06/2025	2,889	11/06/2025

Geopolitical risk underpins continued central bank gold purchases.

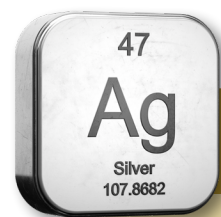
Although the latest data shows gold buying from central banks slowed in April, the global appetite from state institutions remains positive. In April, net purchases of gold by central banks totalled 12 tonnes, down from 17 tonnes in March (source: World Gold Council). Poland remained the largest buyer of gold, despite reaching its goal of 20% of total reserves in gold in the previous month. The National Bank of Poland has now added 61 tonnes of gold to its reserves so far in 2025. At Friday’s closing price, Poland’s total holdings of gold (509 tonnes) are valued at \$54.5 billion. Although this is done for strategic purposes rather than speculation, the rapid rise in the gold price may have tempered central bank purchases in recent months. However, the key drivers stimulating such a rapid increase in purchases over the last few years, including reserve de-dollarisation and increased sovereignty for emerging economies, are still in place and should continue to support purchases throughout this year.

CPI soft, USD softer. The US consumer price index (CPI) rose to 2.4% year-on-year in May, versus consensus expectations of a 2.5% increase, keeping pressure on the Fed to cut rates soon. The Fed maintains a wait-and-see policy for Federal Funds Rate (FFR) adjustments. The dollar has already fallen significantly this year, and rate cuts are likely only to accelerate this. Gold saw some strength on the back of this data release, as the probability of a reduction in the FFR at the July FOMC meeting increased. Typically, a weaker dollar leads to a stronger gold price. Therefore, gold is expected to maintain its position, with upside risk, over the next six months, particularly if tensions in the Middle East remain high. The gold price finished the week’s trading at \$3,427/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	36.21	0.40%	36.89	09/06/2025	35.46	12/06/2025
€/oz	31.33	-1.00%	32.28	09/06/2025	30.82	12/06/2025

Silver swells in Shanghai. Withdrawals of silver bullion from the Shanghai Gold Exchange (SGE) surged in April and May. Withdrawals in May totalled 352 tonnes, equivalent to more than double China’s investment demand in 2024, and 272% higher than the five-year average. This is the largest single month’s withdrawal of physical silver from the SGE since July 2022 when the silver price was sub-\$20/oz, and is an indicator of strengthening domestic wholesale demand for silver.

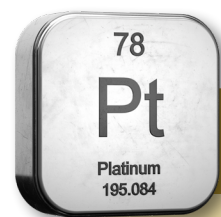
Indian silver ETFs are seeing continued interest. In terms of holdings, US-based funds still hold the majority of metal. Month-on-month, silver ETF flows have swung from 10 moz of outflows in January to 20.2 moz of inflows over April and May together, plus 17.2 moz to date in June. Indian silver-backed ETFs first launched in 2022, and physical holdings and AUM has been steadily growing. If Indian investors continue to accumulate ETF holdings, this could supplement those in more weighty jurisdictions and help to support the silver price.

The silver price began strong last week before beginning to correct. Still by the end of the week, silver managed to squeeze out a small positive move versus the previous week’s close at \$36.21/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	1,222	4.30%	1,308	13/06/2025	1,190	09/06/2025
€/oz	1,057	2.82%	1,126	13/06/2025	1,044	09/06/2025

The cost of borrowing platinum continues to rise. Lease rates for platinum breached 30% last week, significantly higher than would be expected under ‘normal’ market conditions. Despite the lease rates being in backwardation (short-term rates being higher than long-term rates), the platinum futures curve remains in contango (short-term futures contracts are cheaper than longer-dated ones), which is the ‘normal’ condition for commodities markets. This is contradictory, since in a tight market the futures curve would typically be in backwardation. Chinese traders could be the source of tightness. Platinum-exporting countries have reported a rise in exports to China in recent months. However, this data is significantly lagged, so reveals little about the current situation. SGE platinum trading volumes are spiking along with the platinum price, something that usually is coincident with a dip in the price. If both are rising at the same time, this can be a sign that activity in China is (at least partially) driving the price.

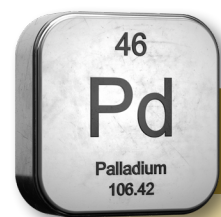
Additionally, first-quarter production results from South African platinum producers saw lower refined output across almost all operations, which tightened the market in the short term. However, refined platinum production is expected to recover throughout the rest of the year. This should help to ease physical liquidity concerns and should bring lease rates lower. In addition, platinum bars sitting in COMEX inventories have fallen by nearly 300 koz since the beginning of April, theoretically adding to liquid stocks.

The price rose the for the third week in four to 13 June, marking the continuation of the rally which is now also prompting ETF inflows. Fund holdings have grown by 193 koz (+6%) since 22 May, showing investors have jumped on the rally. Net long positioning of non-commercial speculators has risen, but is not yet stretched by historical standards, suggesting there is room for longs to increase. However, with platinum’s RSI hitting 87.4 last Thursday, it was overbought to the same degree as the early-2008 rally, making the correction on Friday seem almost inevitable. Platinum closed last week’s trading at \$1,222/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

Palladium



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,043	-0.68%	1,089	11/06/2025	1,039	13/06/2025
€/oz	902	-2.05%	953	11/06/2025	900	13/06/2025

Trump chips in to avoid a chip-crisis repeat. Last week, President Trump signalled that he had cooled tensions with China, and that rare earth element (REE) magnet deliveries to the US will restart. However, the exposure of the global automotive supply chain to niche commodities are a concern for autocatalyst PGM demand. China controls more than 90% of REE refining and magnet fabrication, and recent controls on exports have impacted automotive production in other nations. Both Suzuki and Ford were forced to temporarily close some production lines in late May as a result of issues in sourcing parts related to REEs.

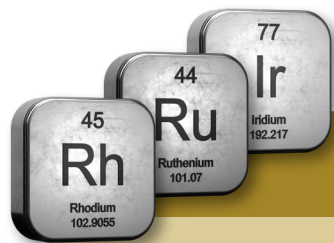
Other automotive parts manufacturers in Europe have already raised concerns that procurement strategies may have to be adjusted to account for changes in the supply chain. REEs are used in BEV motors, but also widely in essential components in ICE vehicles, meaning production of all powertrains could be at risk. In 2021, the global automotive supply chain was severely disrupted by a shortage of semiconductor chips used in cars. This resulted in a global production loss of approximately 17 million units over three years. At present, the impact on global vehicle production is negligible, but the risk of further disruption is high if trade tensions are not resolved. The eventual impact is unclear but it has the potential to be significant for both light-vehicle production and palladium demand.

The palladium price traded up just towards \$1,100/oz last week before falling back and finishing lower week-on-week at \$1,043/oz.

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

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$6,025/oz	\$715/oz	\$4,850/oz
Previous Edition	\$6,225/oz	\$670/oz	\$4,750/oz

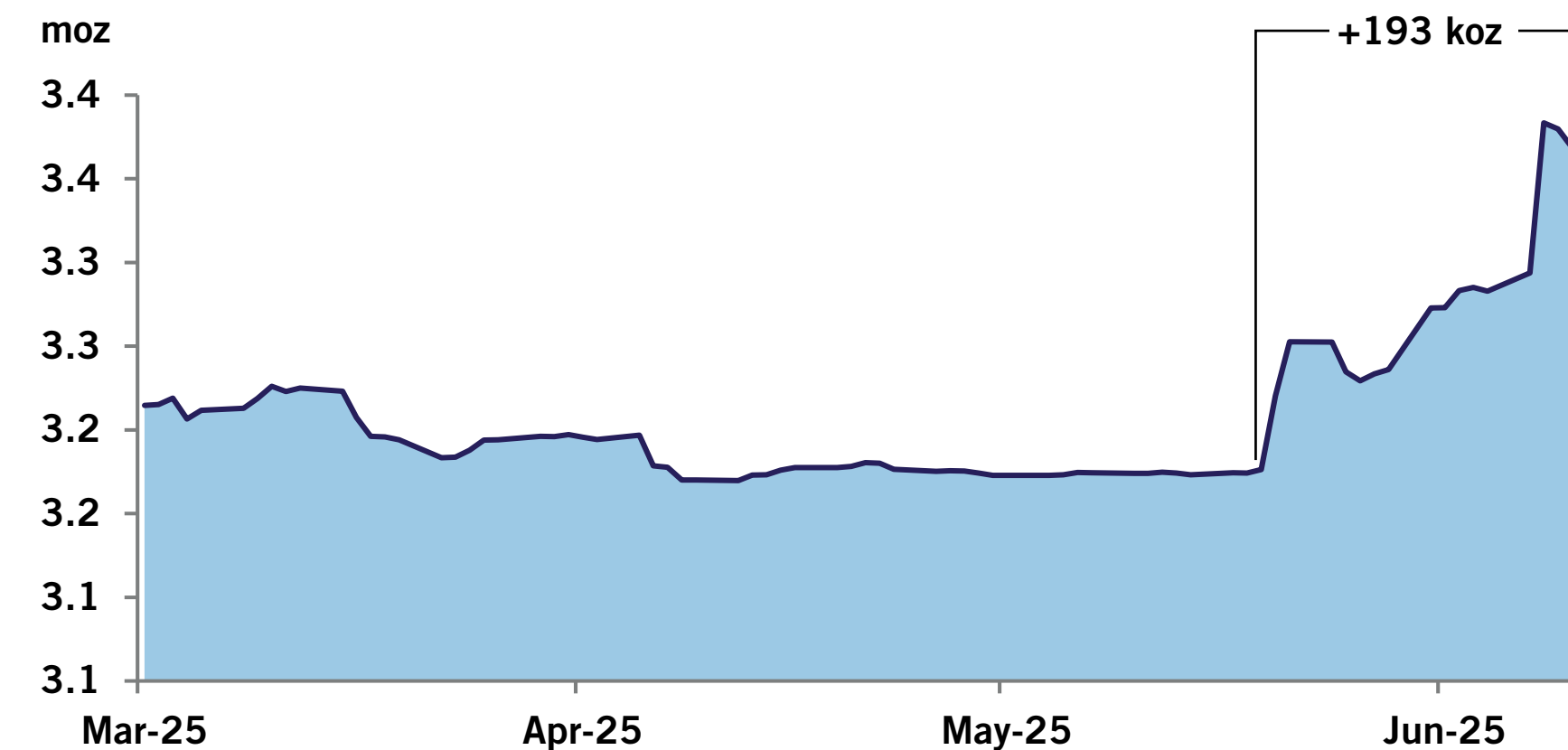
Does a rising tide raise all boats? Ruthenium certainly floats. The ruthenium price rose to a more than three-year high of \$715/oz last week against a backdrop of rising precious metal prices. Ruthenium has been slowly grinding higher since September last year when it hit a low of \$400/oz. The more recent price appreciation appears to be due to a combination of stronger fundamentals and momentum spilling over from platinum, silver and gold. Ruthenium demand is forecast to increase by more than 5% this year to a nine-year high. Demand from hard-disk manufacturing is expected to be the primary driver of this, but growth is likely across all demand sectors. Compounding this is a predicted fall in primary ruthenium production from South Africa. Looking forward, the demand outlook does have downside risk. Ruthenium’s core demand segments in electronics and the chemical industry are highly susceptible to both tariff impacts and the possibility of a recession in the US.

The rhodium price moved in the opposite direction to ruthenium and iridium last week, falling to \$6,025/oz.

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

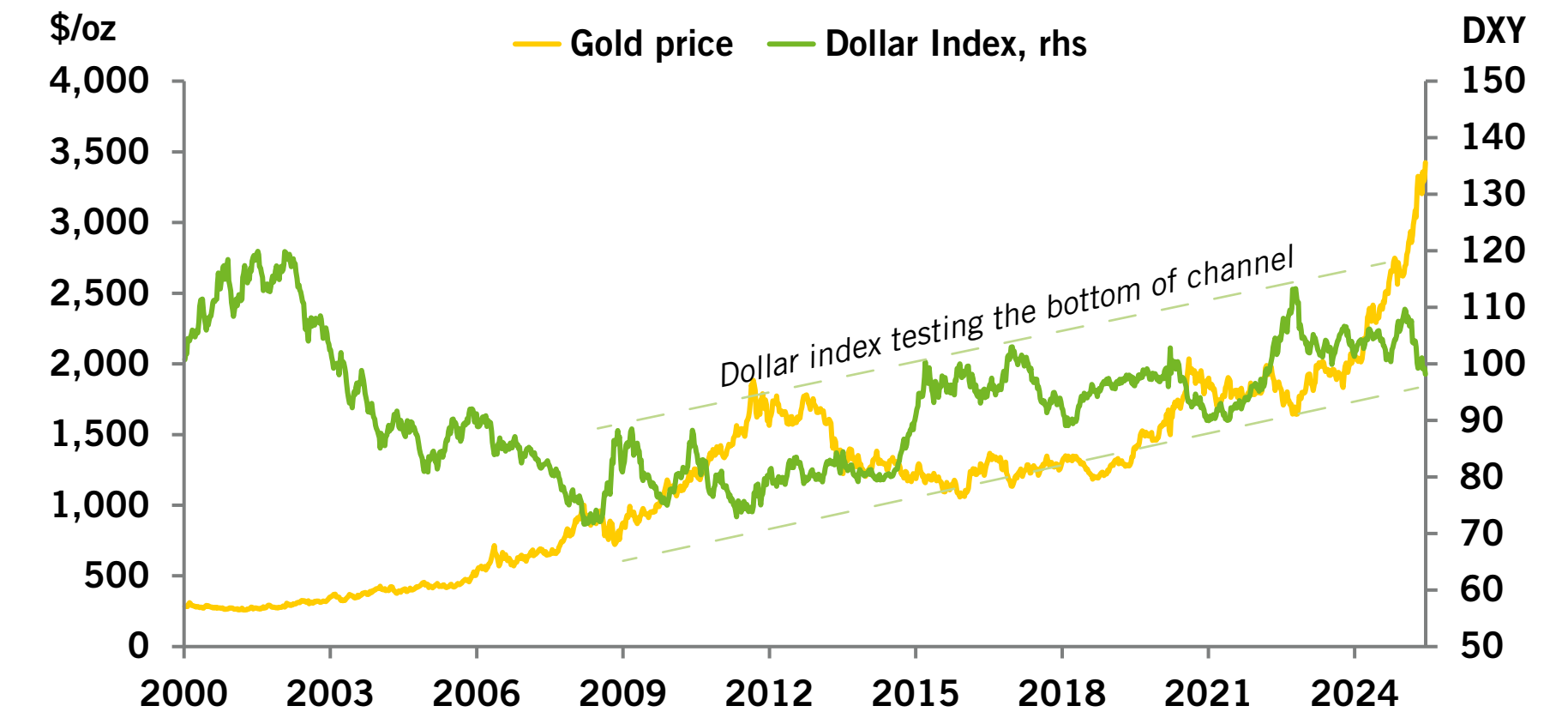
TRENDS AND INVESTMENTS

Platinum ETF holdings since 3 March



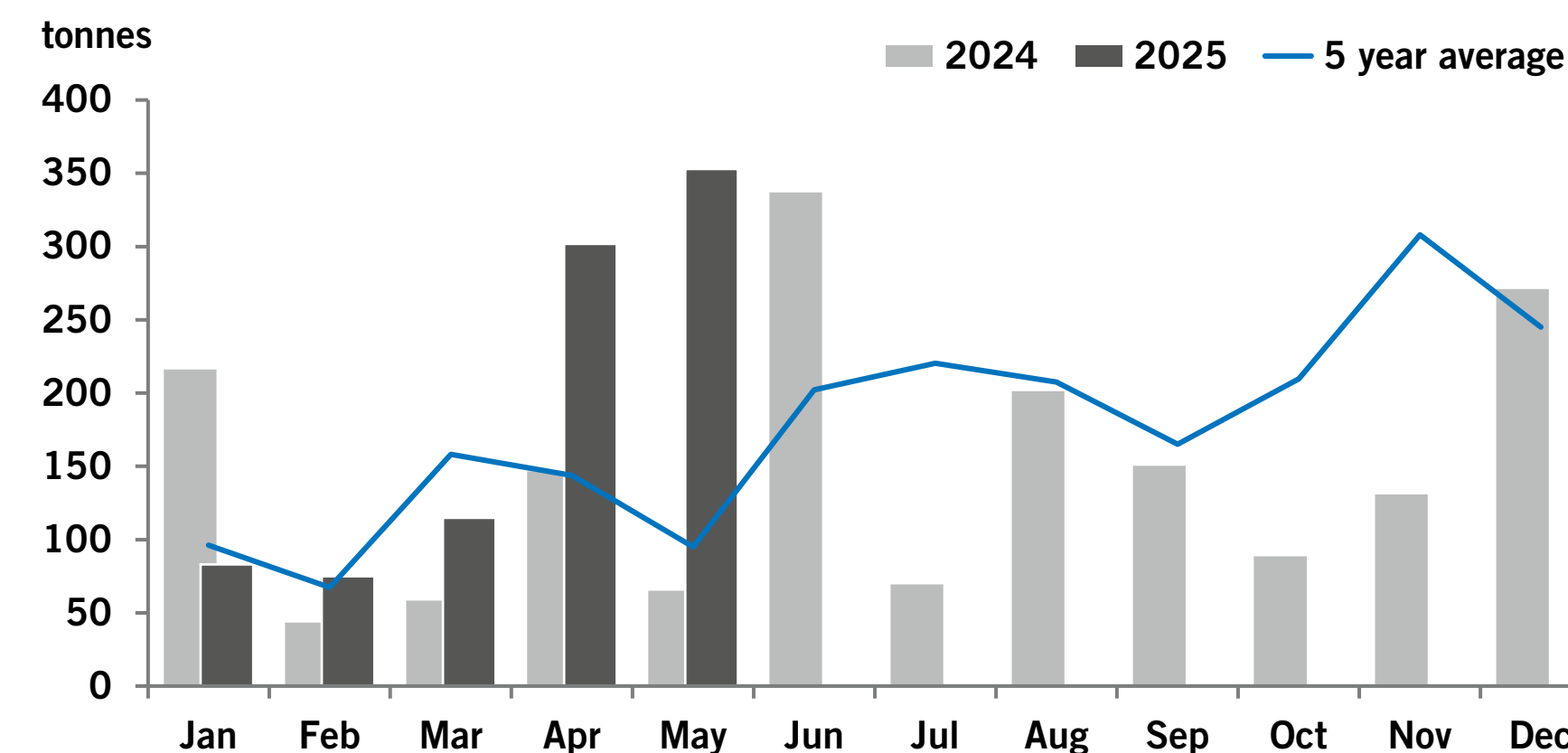
Source: SFA (Oxford), Bloomberg Finance LP

Gold price versus Dollar Index



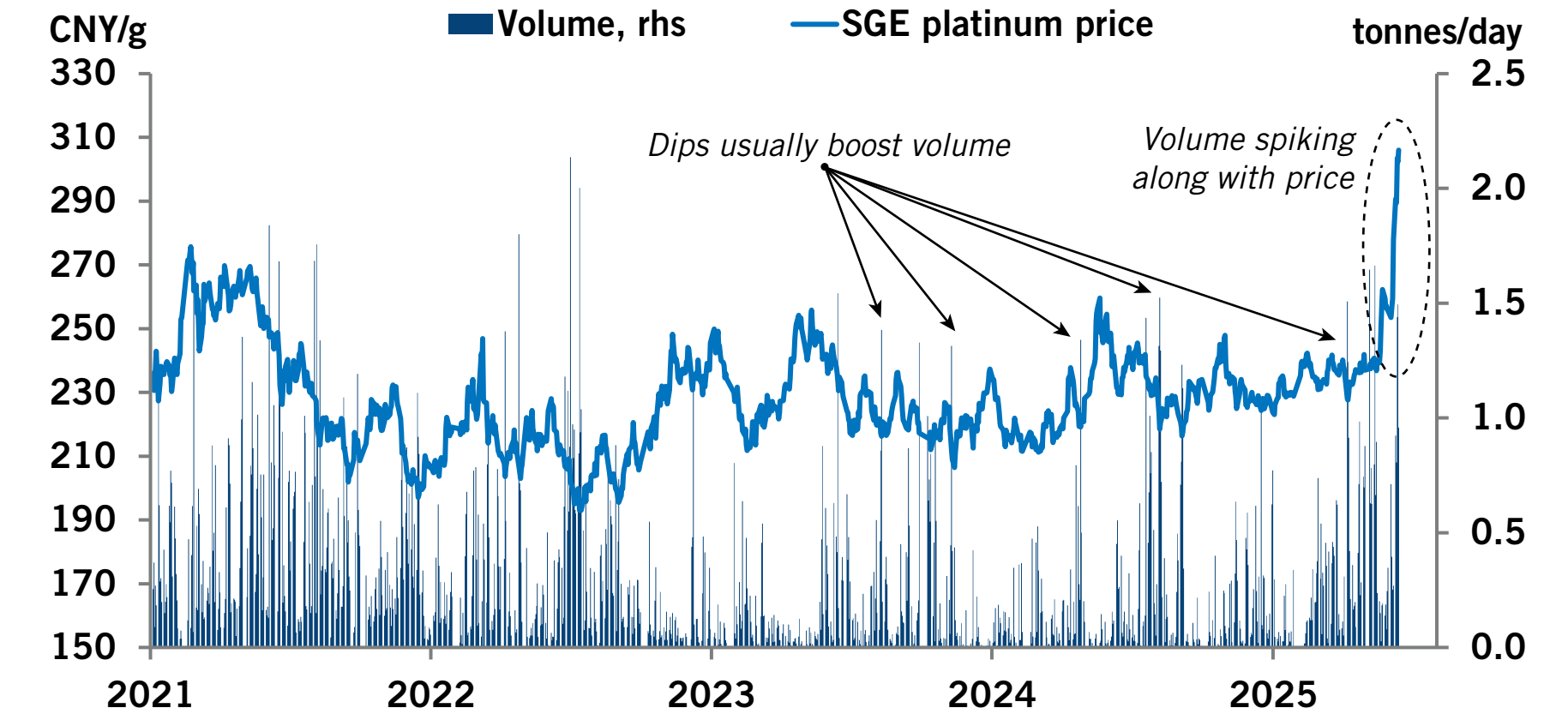
Source: SFA (Oxford), Bloomberg Finance LP

Shanghai Gold Exchange silver bullion withdrawals



Source: SFA (Oxford), SGE, Bloomberg Finance LP

Shanghai Gold Exchange platinum trading volume



Source: SFA (Oxford), SGE, Bloomberg Finance LP

PRECIOUS APPRAISAL

16th June 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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