

PRECIOUS APPRAISAL

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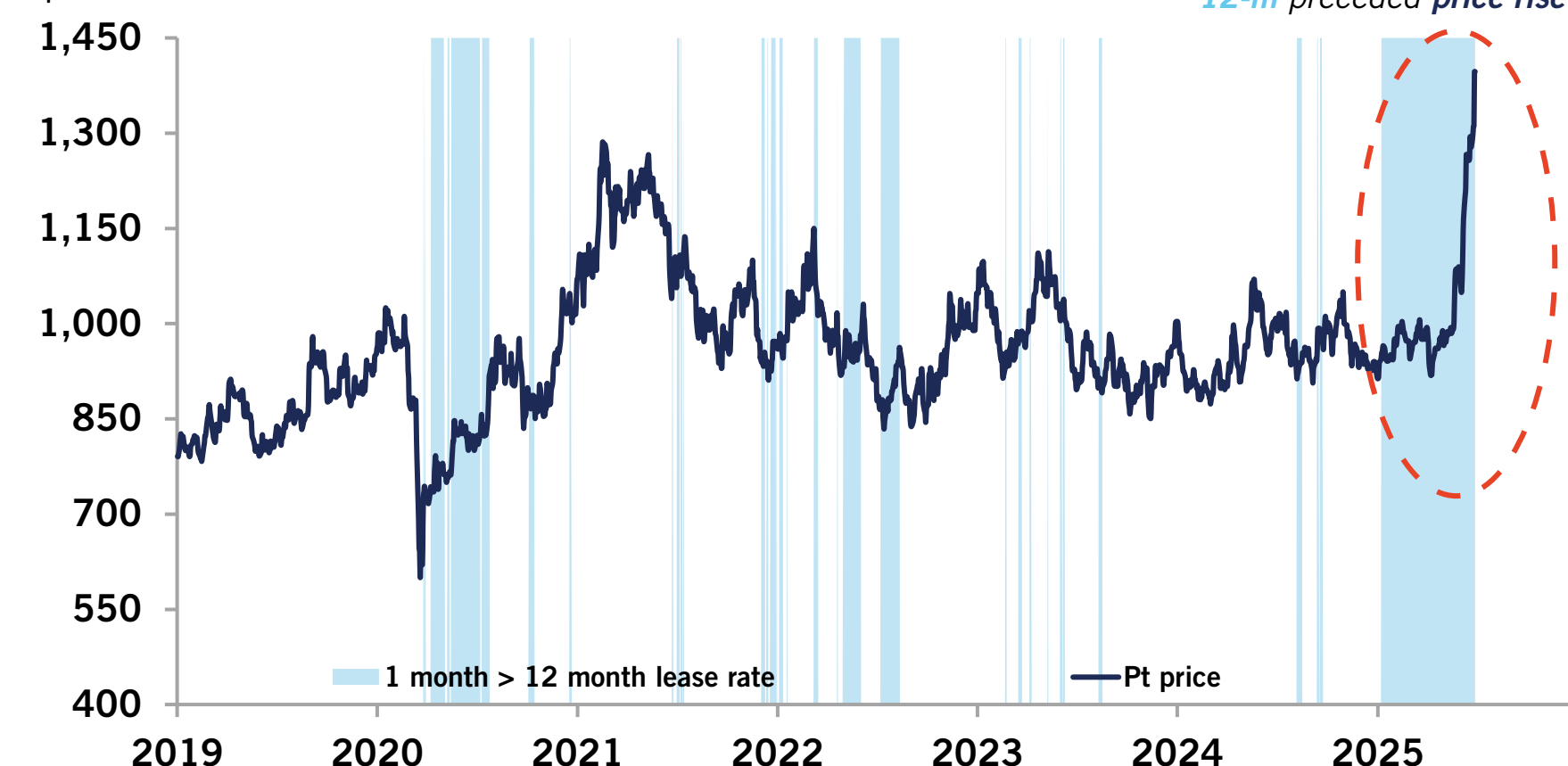
MARKET SPOTLIGHT

How tight is the platinum market really? Quite!

Platinum lease rates were initially elevated at the tail end of 2024. This was related to concerns over the then unknown US tariff regime which led to physical flows into CME warehouses in the US. Early this year, short-term platinum lease rate indicators rose above longer-dated ones, signalling that short-term availability was more of a concern than on a 12-month basis. Also, the platinum futures curve has been flattening (smaller spread between the spot and 12-month forward prices), even becoming backwardated at times. There has been little relief on borrowing costs since.

Platinum liquidity indicator

\$/oz



Source: SFA (Oxford), Bloomberg Finance LP

Supply slipped to start the year. The supply side may have been a big driver behind initial tightness in platinum, sparking the price breakout above \$1,150/oz, but easing of pressure on the supply side may also be why the platinum price is forecast to trend lower in H2'25. First-quarter refined platinum production in South Africa is usually lower than during the rest of the year, but in Q1'25 it was much lower than expected.

Data from Statistics South Africa show that, in fact, PGM production had yet to recover to normal levels as of April, despite some of the disruption stemming from Valterra's (Anglo American Platinum) triennial refinery stock count, which was a temporary interruption to refined supply. Bottlenecks in production should have eased which would reduce tightness and improve liquidity in physical platinum markets.

Chinese demand has also been cited as a key driver for the recent performance.

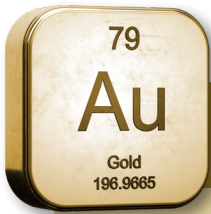
Significant investment in large (≥ 500 g) bars and a jewellery fabrication revival in China are attracting strong imports into China from platinum-producing nations. Alongside increased speculative trading evidenced by SGE trading volumes, this has added fuel to the fire. However, we are yet to see data confirming that wholesale Chinese jewellery demand is converting to consumer purchases. This is the key to unlocking 'real' demand. Export data from platinum-producing nations to China shows a jump in March-April. However, year-to-date totals are still below 2023 and 2024 levels, suggesting the recent uplift could simply be making up for lower levels during the Chinese New Year. The increase in imports from March was not just a platinum phenomenon. Palladium also saw a spike, making it more difficult to ascribe the jump in flows to a boost in platinum jewellery or investment alone. The June number will be a telling indicator of short-term Chinese demand, as imports in May did not capture the most recent price climb. Imports tend to be inversely related to the platinum price, so if they remain elevated, it is a sign that demand is truly growing.

The platinum price rally is looking stretched. The market may be tight in the short term, but with normalising supply from South Africa, liquidity should improve. Further evidence is needed to show how demand in China responds to the price hike, and whether jewellery sales are growing faster than anticipated. Therefore, it is likely that the platinum price will correct over the second half of the year.

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PRECIOUS METALS REVIEW

Gold



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	3,275	-2.83%	3,394	23/06/2025	3,256	27/06/2025
€/oz	2,793	-4.52%	2,949	23/06/2025	2,776	27/06/2025

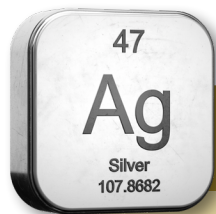
Indian demand continues to succumb to high gold prices. India is the world’s second-largest gold market where it is used largely in jewellery. In 2024, India consumed 803 tonnes of gold – 70% of which was for jewellery (source: World Gold Council). This was a 5% increase year-on-year, despite the gold price rallying by more than 26% last year. The gold price has risen by another 27% so far this year, and demand has begun to respond in India. Demand in Q1’25 declined by 15% to 118 tonnes, and preliminary gold import data for April and May has continued to look weak, falling by 27% and 38% year-on-year, respectively. June and July tend to be slow months for gold demand in India, before picking up again towards the end of summer in anticipation of Dhanteras and Diwali in Q3 and Q4. August is usually the month in which imports peak. Should the gold price rise further over the next month, August imports and demand may underwhelm, which would point towards a decline in annual Indian gold demand this year.

The gold price declined for a second week last week. Military activity in the Middle East was not shifting global commodity markets, as the oil price also returned to its previous price level. By Friday’s close, gold was down 2.83% week-on-week at \$3,275/oz.

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Silver



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	36.13	0.43%	36.83	26/06/2025	35.28	24/06/2025
€/oz	30.81	-1.33%	31.61	23/06/2025	30.45	24/06/2025

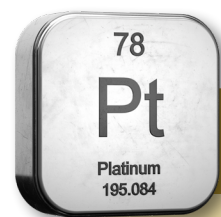
Chinese solar installations continue to break records, but clouds are forming. New installations of solar panels in China reached 93 GW in May, the highest ever monthly total, and more than double the installation rate in April. The majority of the new installations were large industrial projects as companies rushed to complete construction before regulatory changes take place that limit the ability of new commercial and industrial installations to sell power to the grid, rather encouraging self-consumption. This, and the halt to guaranteed grid pricing from 1 June is expected to reduce incentives for new large utility solar PV projects in the second half of the year, and so the momentum of the last couple of months is forecast to slow. Year-to-date, China has already installed 71% of last year’s total new solar capacity. Assuming that the second half of the year sees a lower rate of installations, this year’s total may be in line with 2024. For silver demand, this would likely result in a contraction in solar PV demand from China year-on-year. In 2024, global solar demand reached 198 moz – most of which was consumed in China (source: The Silver Institute). However, the rate of thrifting in solar applications is expected to outpace usage in new installations, meaning demand could fall.

Since early June, the silver price has managed to hold its ground above \$35/oz, and last week managed to rise 0.43% week-on-week. By Friday’s close, the silver price stood at \$36.13/oz.

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Platinum



	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,341	5.30%	1,436	26/06/2025	1,267	23/06/2025
€/oz	1,144	3.42%	1,228	26/06/2025	1,102	23/06/2025

Basket price relief for South Africa’s miners. The South African PGM basket price is currently more than 30% higher than at the beginning of the year in US dollar terms. For high-cost producers in South Africa, this will ease pressure on profit margins which have been eroded over the last 18 months as PGM prices have fallen and production costs have risen.

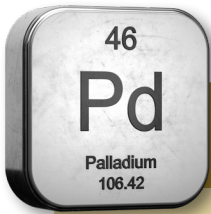
While platinum is a major component of the revenues, the basket includes palladium and chrome, the prices of which have also rallied. Chrome prices have risen materially this year, which will help UG2 producers in particular. This has lifted the basket price just above the cost curve. Should the platinum price recede in the second half of the year, as outlined in this week’s Spotlight, then the top of the cost curve could become marginal once again.

Platinum rose to an 11-year high last week, having surpassed \$1,400/oz. Following Friday’s close, and despite a large correction to end the week, platinum had risen more in the first six months of this year than gold did during 2024. The price has now appreciated by 47% since 1 January. As trading finished on Friday, the platinum price stood at \$1,341/oz.

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Palladium



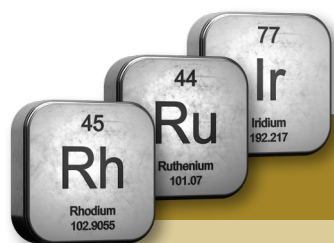
	CLOSE	WEEKLY CHANGE	HIGH	DATE	LOW	DATE
\$/oz	1,138	8.39%	1,182	27/06/2025	1,044	25/06/2025
€/oz	971	6.41%	1,010	27/06/2025	902	25/06/2025

Hybrids are the most popular powertrain in the EU. Battery electric vehicle market share in the EU has shown a lack of progress so far this year, rising from 15% in January to only 15.4% in May. Although this is a good improvement year-on-year, January 2024 was a low point in recent years with BEV market share at just 10.9%. The strong improvements usually seen in the first half of the year have not materialised in 2025. In Germany, the EU’s largest automotive market for both production and sales, BEV sales did see growth of 45% year-on-year in May. Year-to-date, they are up by a healthy 43% as sales have steadily recovered following the removal of purchase subsidies from January 2024. In Germany and the wider EU, hybrid electric and plug-in hybrid vehicles are the most popular powertrains in 2025. So far this year, 1,752,000 units have been sold, 34% more vehicles than pure gasoline powertrains. The emerging dominance of hybrid powertrains helps to sustain palladium demand in Europe. BEV share in Europe is expected to increase again this year on an annual basis as more affordable BEVs enter the market from both Chinese and European manufacturers, and the deadline nears to meet fleet CO₂ emission targets. Owing to this, and a small reduction in overall European vehicle production, palladium autocatalyst demand in Western Europe is forecast to fall marginally this year. The upside is that the popularity of hybrid powertrains is helping to slow the decline.

Last week the palladium price rose with platinum, breaching \$1,100/oz for only the third time this year, and leading the palladium price to a 28% gain since early April. Palladium ETF holdings have grown by nearly 120 koz over the last two months as the price has improved. Total global holdings are now at the highest level since 2018. By the end of Friday’s trading, the palladium price stood at \$1,138/oz.

PRECIOUS METALS REVIEW

Rhodium, Ruthenium, Iridium



	RHODIUM	RUTHENIUM	IRIDIUM
Reporting Week	\$5,850/oz	\$715/oz	\$4,850/oz
Previous Edition	\$5,900/oz	\$715/oz	\$4,850/oz

Green hydrogen is facing an emerging capital problem. The new German government intends to cut funding for green hydrogen industrial decarbonisation over the next five years. The amount of capital available to German companies is proposed to be cut by more than 60%, from €3.7 billion to €1.2 billion. More than €1 billion was already allocated to projects in October last year. The industry is already contending with losing green hydrogen production credits under President Trump in the US. The Chinese, on the other hand, have just last week announced a larger push for the hydrogen economy to coincide with Shanghai Platinum Week.

The issue with this, for PGM demand, is that green hydrogen PGM demand (in electrolysis) is concentrated in regions and nations where funding programmes are seeing cuts (EU/US), and not where funding is flowing freely (China, where the vast majority of electrolysis systems are alkaline-based which uses very little to no PGMs). There could be some trickle-down benefits from the fuel cell side (for platinum and ruthenium) in China as demand development is ramped up to match supply development. However, the largest use-case for green hydrogen remains the industrial and hard-to-abate sectors where green H2 is used to decarbonise processes such as steelmaking and replace other colours of hydrogen in the oil and gas sector – these do not add any upside to the PGM demand picture when used with alkaline electrolysis.

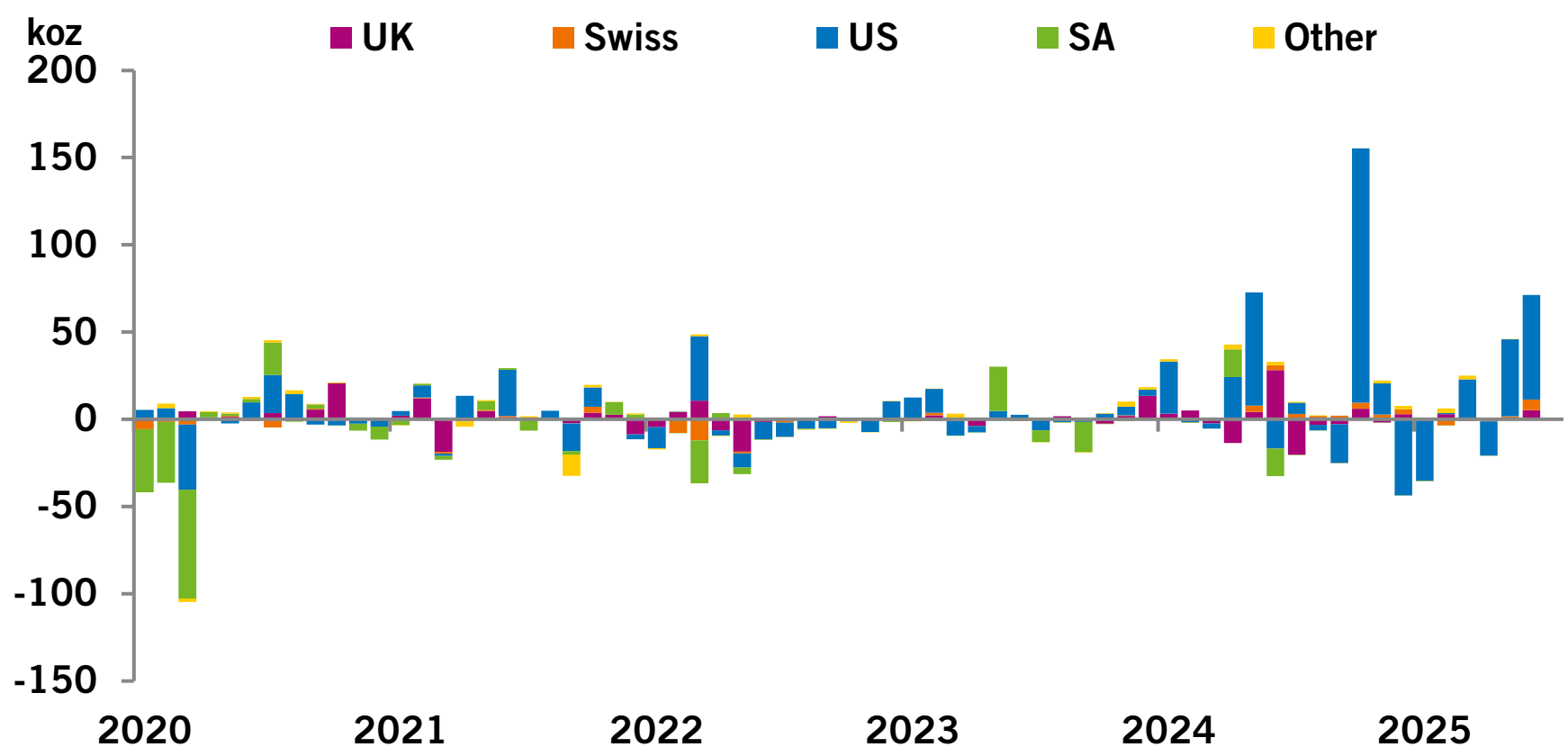
Germany’s longer-term upside is that it has also unveiled a draft proposal to mandate that 12% of transport fuels must be derived from green hydrogen by 2040. This would require a significant expansion in German green hydrogen production. However, a great deal can happen between now and 2040, including at least three federal elections in Germany. For now, while there may still be growth in hydrogen demand for PGMs, reduced government support slows that market development.

The rhodium price fell to an 11-week low of \$5,850/oz last week. Meanwhile, iridium and ruthenium remained stable.

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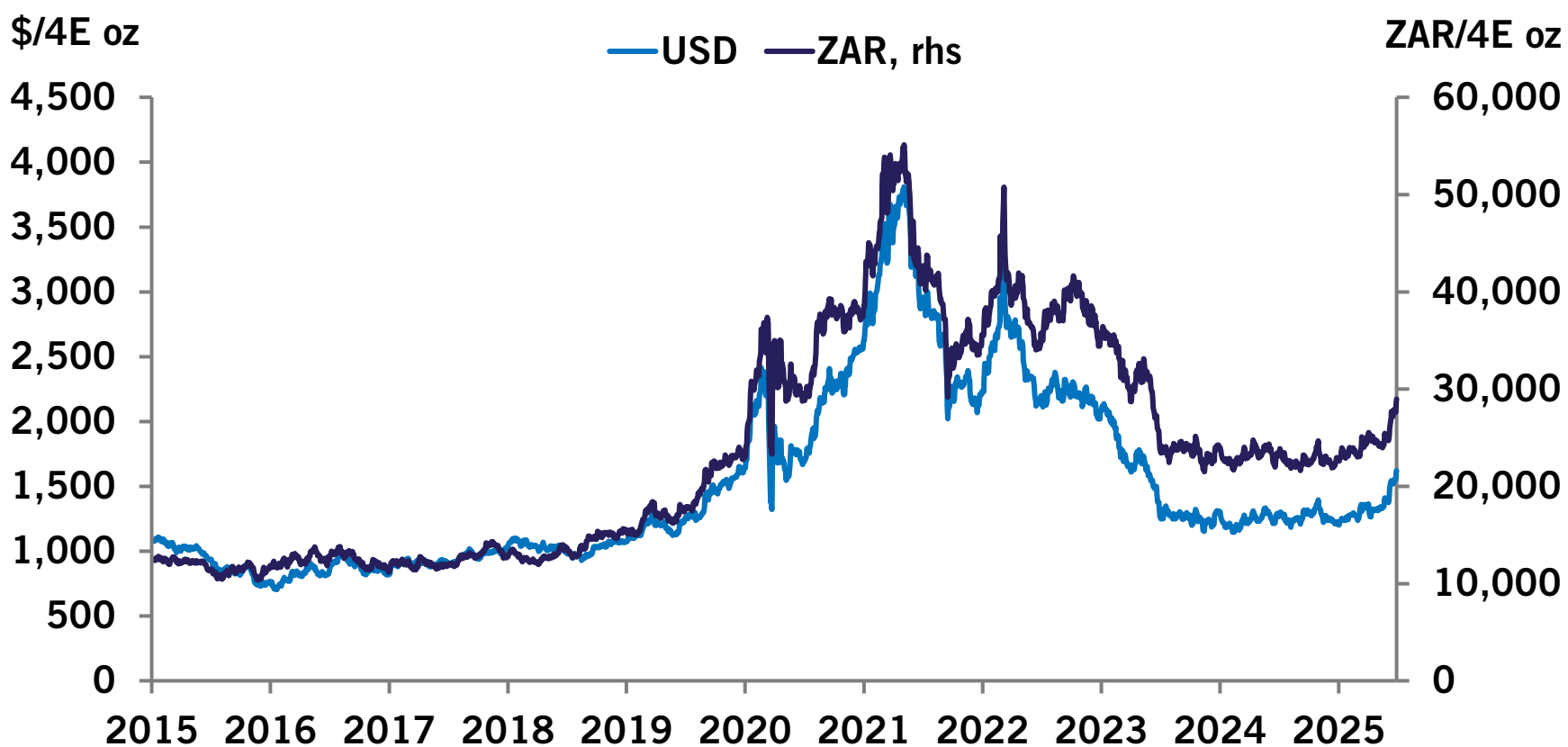
TRENDS AND INVESTMENTS

Monthly change in Pd ETF holdings



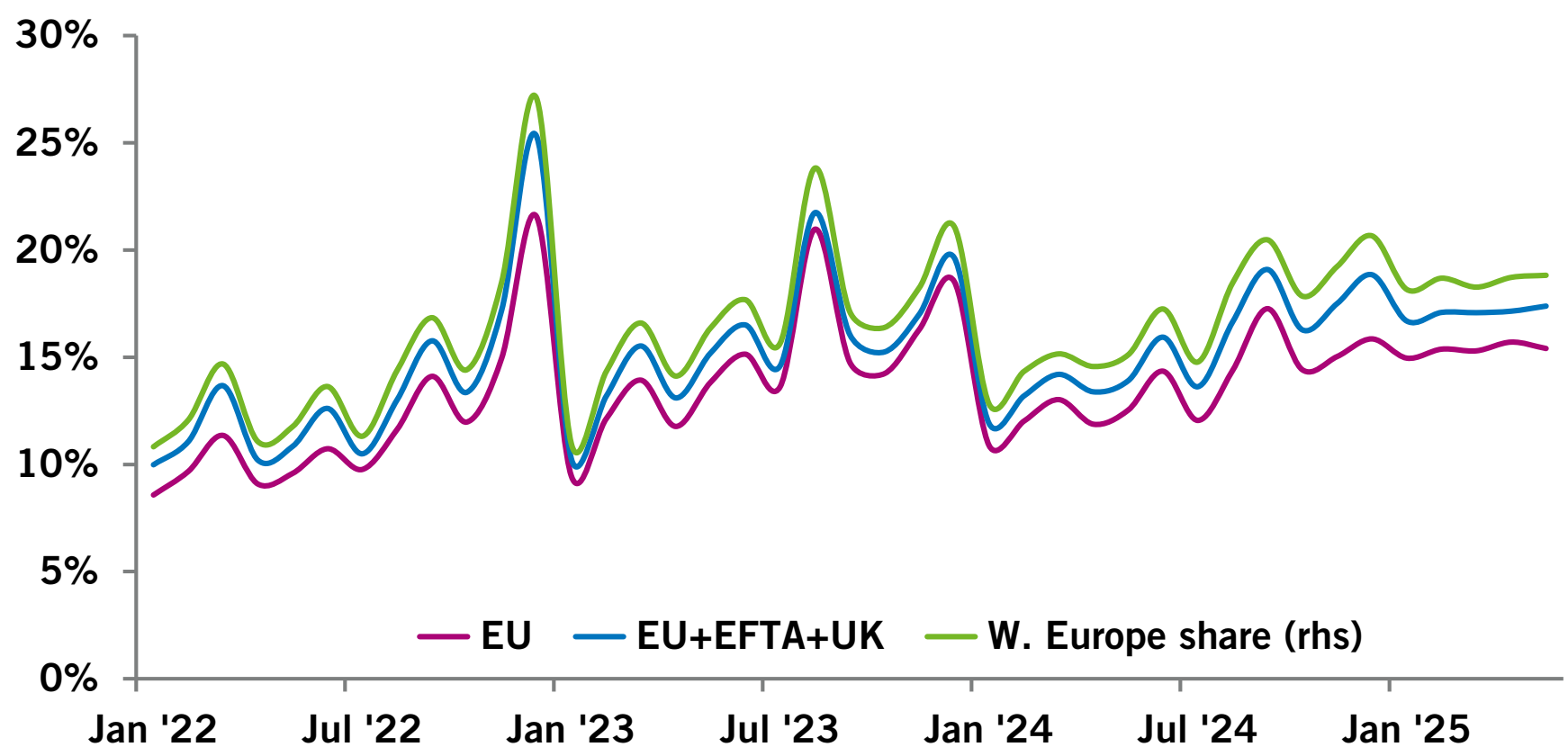
Source: SFA (Oxford), Bloomberg Finance LP

South African 4E PGM basket price



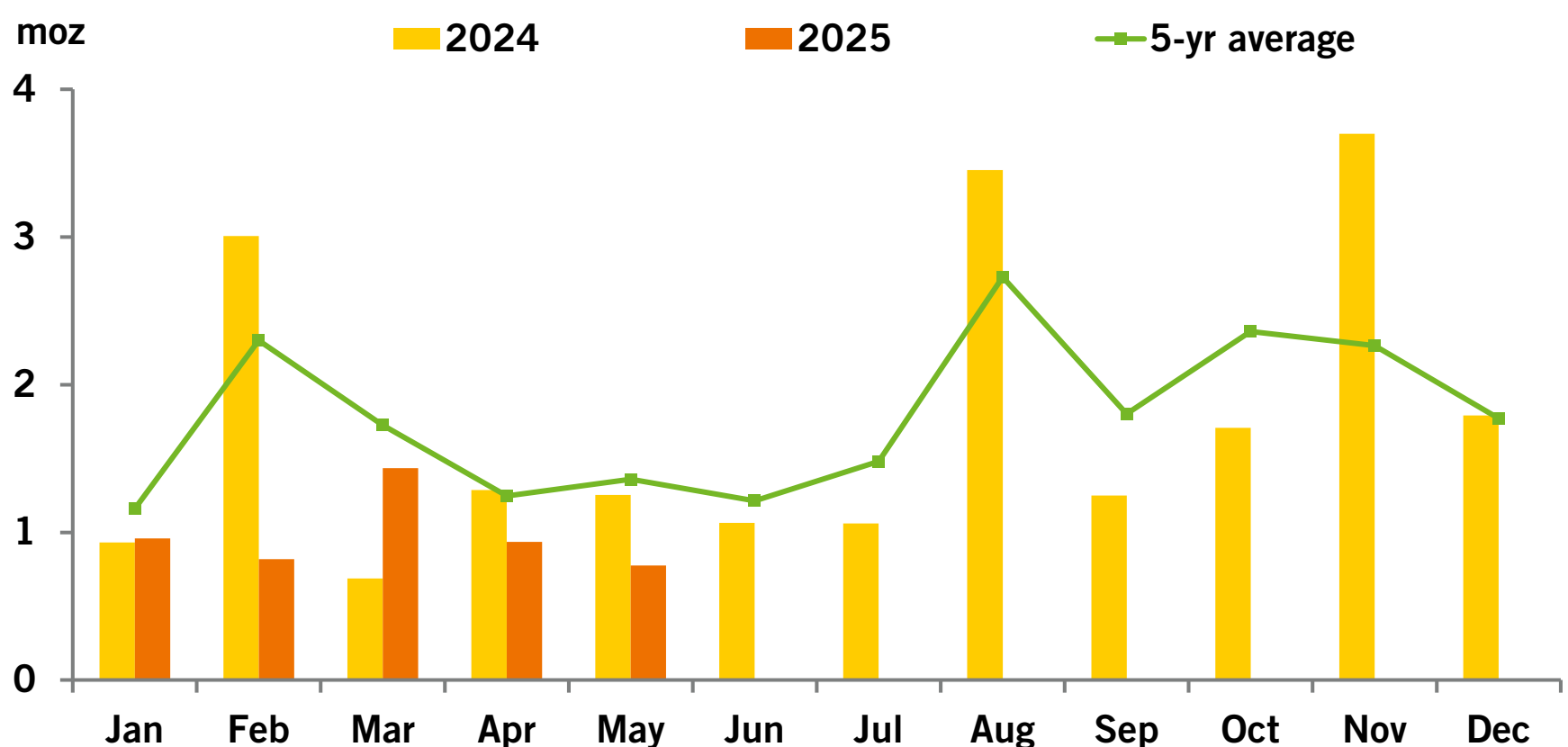
Source: SFA (Oxford), Bloomberg Finance LP

European BEV market share



Source: SFA (Oxford), ACEA

India gold imports



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

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