

# PRECIOUS METAL update

02. Oktober - 08. Oktober 2017

	Au	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
GOLD	High	1.282,75	1.090,25	35,05	9 October 2017	55.446.688	-0,71%
	Low	1.260,16	1.077,13	34,63	2 October 2017	55.845.116	

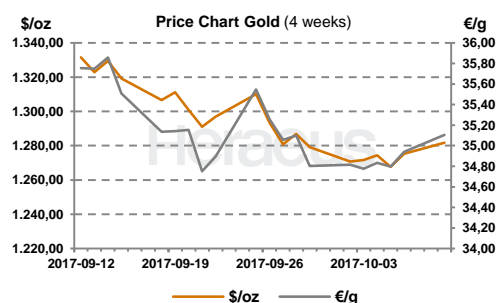
## Gold – upward trend stopped?

Gold started the reporting week at 1,270 \$/oz and traded within a narrow band at the beginning of the week without any major momentum. US economic data, such as the increase in the ISM purchasing managers index, initially supported the price of gold, whereas the biggest movement was carried into the market by publication of the US job market report: After release the metal declined sharply by several USD, but could recover until closing on Friday. The closing price after the first week of October was 1,276 \$/oz. The price increase was supported by the announcement of a Russian news agency that North Korea was planning another rocket test.

The US job market posted losses in September for the first time in seven years. The hurricanes in Texas and Florida had a more significant impact on the job market than expected. At the same time, hourly wages in the US provided a surprise, as they rose sharply and were up by 0.5%. Economists had only anticipated an increase of 0.3%.

There was a focus last week on the US Federal Reserve, with Fed Chair Janet Yellen's announcement of rate hikes and Donald Trump's plans to cut corporate taxes. For now, the resulting strengthening of the USD has had no impact on the price of gold. The discussion about the next Fed Chair began last week and will continue to be a topic of conversation over the next several weeks. Yellen's term expires next February and we think her reappointment would support the price of gold, while an alternative candidate put forward by Donald Trump, Kevin Warsh, who supports a tighter monetary policy, would likely result in a strengthening of the USD and a weakening of gold.

For the current trading week, we see technical support at 1,252.75 \$/oz (200-day moving average).

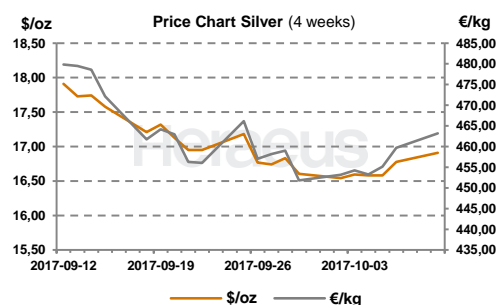


	Ag	\$/oz	€/oz	€/kg	Date	ETF oz (abs.)	ETF (rel.)
SILVER	High	16,91	14,40	463,10	9 October 2017	628.901.874	0,55%
	Low	16,30	13,94	448,29	2 October 2017	625.451.836	

## Silver supported

After reaching its high of 18.20 \$/oz on September 8, the silver price fell in the first part of the week. The price initially stabilized during the reporting week, but then it dropped sharply after publication of the US labor market report, falling by 1.5 % before closing the reporting week at 16.87 \$/oz. The gold/silver ratio ended the week at 75.6 after hovering between 76.5 and 77 for two weeks.

Demand for silver is high from both investors and industry because of the good economy and the sharp price correction seen over the past four weeks. ETF holdings rose slightly during the reporting week. We see technical support for silver at 16.50 \$/oz.



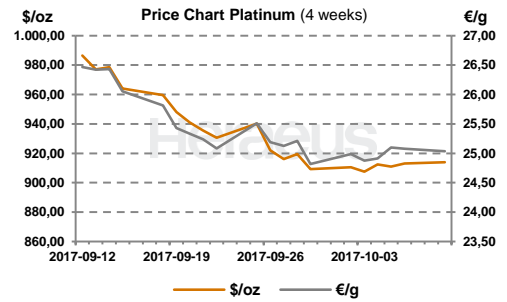
	Pt	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PLATINUM	High	928,00	790,64	25,42	9 October 2017	2.193.952	0,27%
	Low	899,50	767,60	24,68	2 October 2017	2.187.981	

## Price of platinum falls

The price of platinum has been in a free fall since September. For the first time in 16 years, there was price parity between platinum and its sister metal palladium two weeks ago. But this parity did not last long, with platinum continuing its downward trajectory and winding up 34 \$/oz lower than the price of palladium.

The price of platinum has now dropped by 8% since the beginning of September and the metal has fallen into the same straits as gold, which has declined as a result of the strong USD, positive sentiment on stock markets and strong ETF outflows. Platinum opened the trading week at 913 \$/oz and traded within a narrow range with no significant momentum. It closed Friday at 918 \$/oz— 7 \$/oz lower compared to palladium.

The looming financial crisis at South African mines will result in a decline in production and will therefore support current prices, according to analysts. Furthermore, despite the diesel scandal analysts expect platinum demand for use in cars and all-terrain vehicles to benefit from strict emissions controls, especially in countries like China. According to GFMS, this is precisely the vehicle segment that will ensure rising demand for platinum in the automobile segment. We currently see technical support for platinum at 900 \$/oz and resistance at 950 \$/oz.



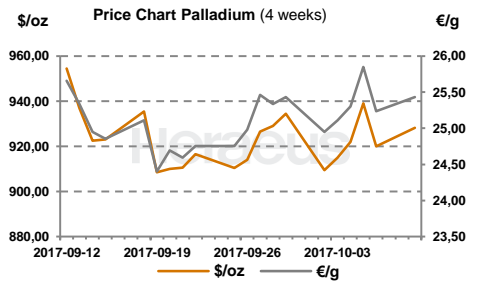
	Pd	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PALLADIUM	High	949,35	812,00	26,11	9 October 2017	1.530.520	0,24%
	Low	904,00	769,00	24,72	2 October 2017	1.526.861	

## Outlook for palladium remains positive

There is little palladium news to report. The metal continues to trade at a high level and has now overtaken its sister metal platinum—for the first time since 2001.

With an increase in value of 37%, palladium is no doubt the precious metal with the highest return this year. Because of the structural deficit, there are also many market participants at present who expect it to remain at a high price level.

Demand for the metal has outpaced supply since 2011. Analysts anticipate that the deficit (in the amount of one million ounces) will continue at least until 2020. On the demand side, the "Dieselgate" scandal is the main argument in favor of an increase in demand for palladium. However, Dieselgate alone will not be enough to provide good support for the price of palladium over the long term. Furthermore, the economic situation, especially in China, Europe and the US, must be conducive to rising sales of automobiles. While there were significantly more automobile sales in the US in September, as we already reported, because of Hurricane Harvey, on the whole China and the US both reported lower sales figures year on year. Additionally, the ongoing electrification of the automobile industry could be the Achilles heel of the palladium price.



RHODIUM, RUTHENIUM, IRIDIUM	Rhodium (\$/oz)			Ruthenium (\$/oz)		Iridium (\$/oz)	
	Bid	1.170	72	920			
	Ask	1.270	82	1.020			

## Price of rhodium continues to climb; Ruthenium sees a sharp price rise; Iridium holds stable

After rising quite modestly throughout the month of September, there was another sharp price increase for **rhodium** at the end of September/beginning of October. Buyer interest continues to come mainly from the automobile and chemical industries, confirming the trend of the previous two and a half months. There continues to be little impact on the investor side. Based on the relatively strained liquidity situation, we think there is very little downward leeway on the price side.

As we forecast in our last report, there was a sharp price rise for **ruthenium**, but it was much greater than the market environment indicated. The increase in the number of purchases by well-known users was significant and could not be met by the existing supply, resulting in a price increase of about 20% in just ten days. Interest among major consumers in further purchases was bolstered by the price movement and caused significant confusion, as the price has now doubled since the middle/end of March. At present, it looks as if the price might rise further given the current low supply levels.

Despite its relatively high price, **iridium** remains stable. Demand remains at a comparatively good level, but improved availability looks set to continue, as a result of which a short-term change in the market does not seem likely.

Heraeus Metals German y GmbH & Co. KG  
Tel: + 49 (0) 6 18 1 / 35 2760  
E-Mail: edelmetalhandel@heraeus.com

Heraeus Metals New York LLC  
Tel: + 1 212 752 2180  
E-Mail: tradingny@heraeus.com

Heraeus Metals Hong Kong Ltd  
Tel: + 852 2773 1733  
E-Mail: tradinghk@heraeus.com

Heraeus Metals Shanghai Ltd  
Tel: + 86 21 3357 5679  
E-Mail: tradingsh@heraeus.com

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