

# PRECIOUS METAL update

09. Oktober - 15. Oktober 2017

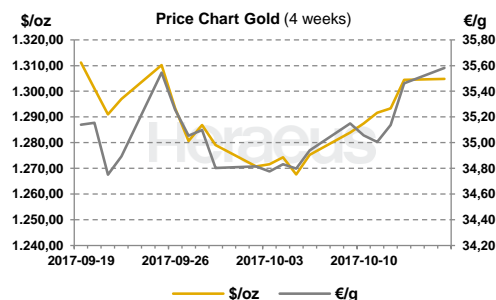
	Au	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
GOLD	High	1.305,28	1.104,13	35,50	16 October 2017	55.777.159	0,40%
	Low	1.275,01	1.083,05	34,82	9 October 2017	55.554.629	

## Tailwind for gold following weak US labor market data

Following publication of the US labor market data on Friday, October 6 and a short-term decline to 1,261 \$/oz, the price of gold has risen steadily. On Friday, October 13, the yellow metal broke through the psychological barrier of 1,300 \$/oz on the back of weaker-than-expected US inflation data. The closing price was 1,305 \$/oz.

The main reasons for the increase during the reporting week were Trump's comments about scuttling the nuclear accord with Iran, the fifth fruitless round of Brexit negotiations and the search by investors for a safe harbor, as news agencies have reported that another North Korean missile test is imminent. The prices of all precious metals have been supported by the depreciation of the US dollar, which fell by 0.7 % over the course of the week.

Market participants also said last week that in their view low inflation rates will likely persist over the longer term and urged the Fed to hold off on its planned rate hikes. There has already been some doubt that the Fed would really carry out its planned third rate increase in 2018. However, according to the CME FedWatch Tool, 90 % of respondents still expect a rate hike in December. We see technical support at 1,255 \$/oz (200-day moving average) for the coming trading week.



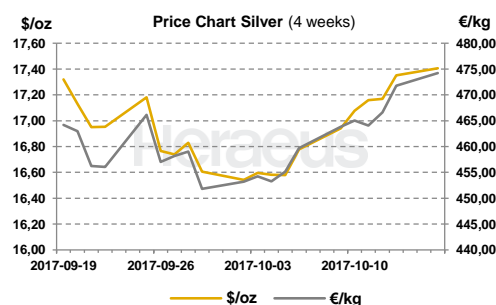
	Ag	\$/oz	€/oz	€/kg	Date	ETF oz (abs.)	ETF (rel.)
SILVER	High	17,47	14,78	475,27	16 October 2017	628.928.719	0,01%
	Low	16,77	14,28	459,26	9 October 2017	628.851.201	

## Silver once again well over 17.00 \$/oz

Shortly after the US labor market data was published on October 6, the price of silver slid to a monthly low of 16.34 \$/oz, but it has quickly recovered. Silver opened the reporting week at 16.85 \$/oz, broke through the psychologically important barrier of 17 \$/oz on Tuesday and ended the week at 17.45 \$/oz on the back of the weak US dollar, among other factors.

Compared to gold, this represented an outperformance over the reporting week of 1.44 %. As a result, the gold/silver ratio fell to a monthly low of 74.7 on Friday, after reaching a high of 77.1 at the end of September.

The price of silver has technical support at 17.16 \$/oz (200-day moving average).



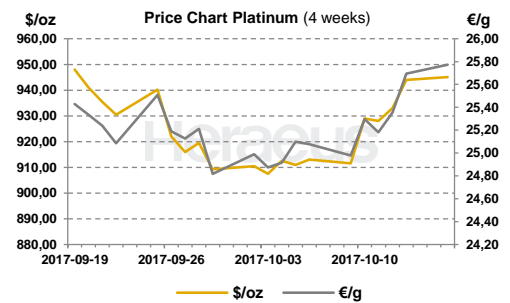
	Pt	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PLATINUM	High	952,00	805,55	25,90	16 October 2017	2.192.771	-0,05%
	Low	906,75	772,89	24,85	9 October 2017	2.193.962	

## Platinum 44 \$/oz lower than palladium

The latest price developments once again point strongly to the automobile industry. This is because while platinum traded at 949 \$/oz at the end of the reporting week, palladium broke through the 1,000 \$/oz barrier and closed at 993 \$/oz.

The high discounts for platinum are often mentioned in connection with the automobile sector and last week there was once again news about a driving ban in major European cities. Paris is reported to be considering a ban on diesel- and gas-powered vehicles starting in 2030, and there are similar reports from the UK and the Netherlands. Analysts do not expect demand for platinum jewelry to change significantly between this year and next. With overall demand for diesel-powered vehicles falling, there are few indicators at present that provide significant momentum for a price increase in the medium term. However, many analysts believe the future of the diesel vehicle market is being portrayed as much more pessimistic than necessary. Automobile manufacturers are currently making significant investments in more environmentally-friendly NOx-adsorbing catalytic converters in order to substantially reduce emissions from diesel vehicles. In addition, these new technological systems will likely require even higher amounts of precious metals, such as platinum and silver, than expected.

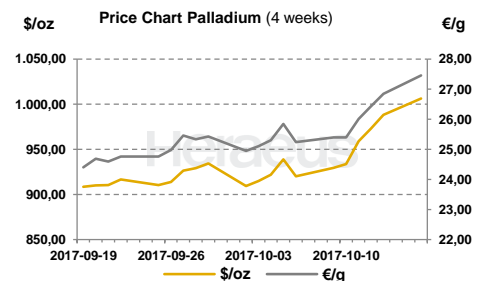
Currently, there is technical support for platinum at 900 \$/oz and resistance at 950 \$/oz.



	Pd	\$/oz	€/oz	€/g	Date	ETF oz (abs.)	ETF (rel.)
PALLADIUM	High	1.001,10	846,00	27,20	16 October 2017	1.502.381	-1,83%
	Low	918,00	781,00	25,11	9 October 2017	1.530.327	

## Palladium above 1,000 \$/oz

After stagnating at just above the 900 \$/oz mark the week before, the price of palladium rose sharply over the past week. The metal has seen an increase in value over the last week of 7.4 %. As we have already reported, however, the question is increasingly whether and to what extent palladium will be used in place of platinum in automobile catalytic converters if the price of palladium continues to rise and there is in fact a long-term price premium of palladium against its sister metal. According to reports, some original equipment manufacturers are even considering the development of a so-called "duo catalytic converter system" (with/without platinum). However, we continue to see good demand for palladium. Supply could even fall further, as some mines have already halted production because of the very low price for platinum and the resulting low price for the PGM basket.



	Rhodium (\$/oz)	Ruthenium (\$/oz)	Iridium (\$/oz)	
RHODIUM, RUTHENIUM, IRIDIUM	Bid	1.280	76	920
	Ask	1.380	86	1.020

## Enormous demand for rhodium; Price of ruthenium continues to climb; Iridium is unremarkable

**Rhodium** surprised the market all week long. There was massive buyer interest that far exceeded the existing supply. As a result, the price rose by more than 100 \$/oz over the course of the reporting week—a weekly movement that we have not seen in months. Over the past two and a half months, the price has risen by a robust 35%. What was particularly striking about the week was that most of the demand came from Asia. There also continued to be very good demand from the chemicals industry. Because of the limited supply, we currently do not see any change in the overall situation and we therefore believe that prices will continue to rise.

As we reported, there continues to be demand for **ruthenium** and the price has once again risen sharply. Potential sellers are staying on the sidelines or offering the metal at relatively high prices. Because there is little or no supply available from primary producers, we see upward price potential here as well.

The news about **iridium** is not as exciting as it is for rhodium and ruthenium. However, it remains stable and the level of current sales is average. No change in the market environment.

Heraeus Metals Germany 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

This document is not for the use of private individuals and solely aimed at professional market participants in the precious metals markets. It is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Heraeus has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Heraeus makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of Heraeus only and are subject to change without notice. Heraeus assumes no warranty, liability or guarantee for the current relevance, correctness or completeness of any information provided within this Report and will not be held liable for the consequence of reliance upon any opinion or statement contained herein or any omission. Furthermore, we assume no liability for any direct or indirect loss or damage or, in particular, for lost profit which you may incur as a result of the use and existence of the information provided within this Report. By embedding a link to an external Internet web site ("hyperlinks"), Heraeus does not adopt such an external Internet website or its content as its own because Heraeus is unable to control the contents of such websites constantly. Heraeus will also not assume any responsibility for the availability of such external Internet websites or their contents, and any visit by the user of such external Internet websites and their contents via hyperlink is at the user's own risk. Heraeus does not assume liability for any direct or indirect damage arising to the user from the use and the existence of information on these Internet websites, and Heraeus does also not assume any liability that the information called by the user is virus-free. All prices shown are interbank market bid prices, all charts unless stated otherwise are based on Thomson Reuters.