Sucden Financial

Quarterly Metals Report

Q2 2024

Analysis and Forecasts for Base Metals, Precious Metals, Iron Ore & Steel

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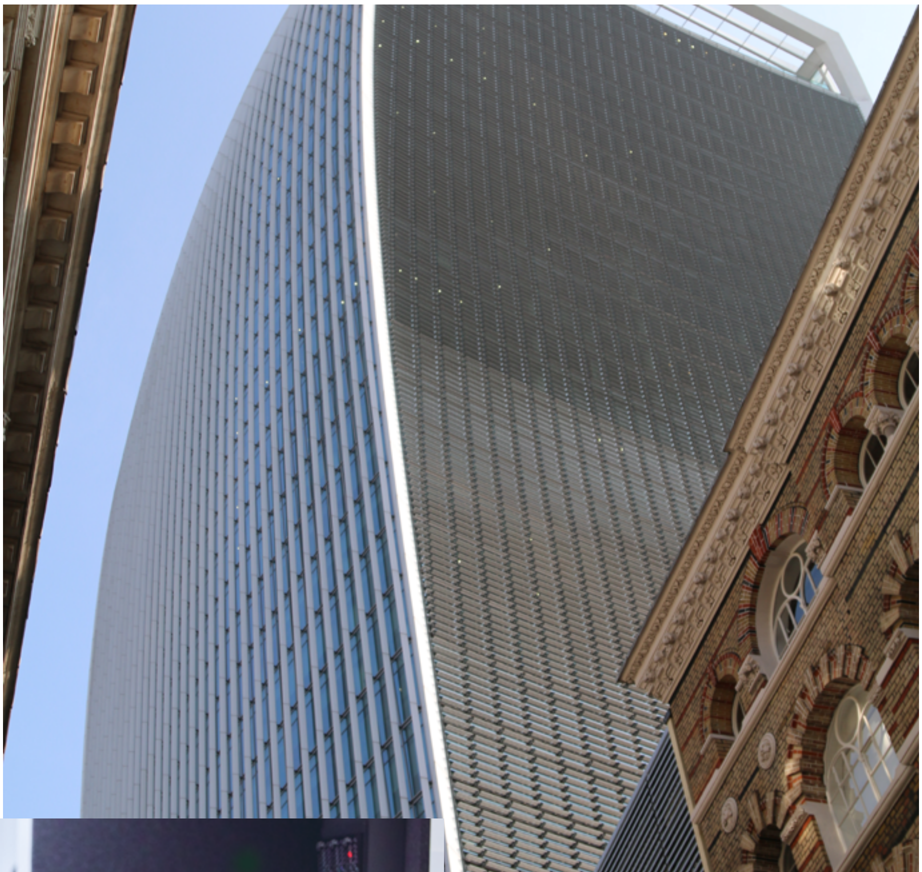

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Summary

At the start of the year, all eyes were on the Federal Reserve, with markets bracing for a series of interest rate cuts to mitigate the damage of elevated financing costs on consumers. However, this sentiment changed drastically as the US economy demonstrated robust performance. Coupled with rising geopolitical tensions and the impending election season, concerns about persistent inflation grew across major economies. Despite Europe's relative economic weakness, the number of anticipated cuts has more than halved since January. While these factors were expected to negatively impact the metals market, which had been stagnant for the last couple of quarters, a renewed speculative appetite led prices to breach multi-month highs. As we progress through Q2 2024, economic factors will remain in the spotlight. Yet, we will pay close attention to the base metals complex to evaluate the performance of metals independently of macro.

Aluminium (Al)
After a slow start, aluminium prices gained momentum in March and April, driven by optimism around China's economic recovery. Increased speculative demand prompted prices above $2,300/t, and April continued to post new highs. Yunnan, China's biggest aluminium producer, is ramping up production, which should stabilise domestic market supply. However, ongoing droughts are slowing the pace of capacity expansion. Increased market volatility is expected due to LME sanctions on Russian material, but overall, the market remains in equilibrium, with cautious optimism for future pricing.

Copper (Cu)
Prices strengthened in Q1, driven by increased demand and optimism about Chinese economic growth. Despite macroeconomic factors, speculative demand pushed prices to multi-month highs. A global market deficit, which is supposed to occur in 2025, is starting to be priced in as operational issues and production cuts led to growing concentrate scarcity. Our outlook for Q2 remains cautiously bullish, with speculative activities influencing prices amidst a strengthening fundamental backdrop for base metals.

Lead (Pb)
Prices have continued fluctuating in Q1, but fundamental trends point to easing physical tightness as LME stock levels rise, reaching highs not seen since 2014. Despite ample supply indicators, the market continues to be driven by speculative appetite, which tends to follow a cyclical pattern, with no clear indication of a longer-term demand outlook. As a result, we expect prices to remain rangebound, with a potential downside softness in the coming months driven by fundamental factors.

Nickel (Ni)
In Q1, nickel prices aimed to breach the $19,000/t mark, significantly influenced by speculative demand that impacted the base metals complex. However, the overwhelming fundamentals, such as Indonesia's pivotal role in supply, will likely drive the more significant nickel trend in Q2 2024. While modest price recoveries are expected given the speculative demand, we believe these to be short-lived, keeping prices within the $17,500-18,500/t range, which we believe to be fair value.

Tin (Sn)
In Q1 2024, tin stood out at the LME, closing the quarter up 9% and surging an additional 17% in early April to $33,100/t. Supply constraints, including policy changes in Indonesia and disruptions in Myanmar and the Democratic Republic of Congo, have fuelled these price increases. The recovery in manufacturing in the US and China further bolsters demand, supporting a bullish outlook for tin. Continued global demand alongside supply issues will likely keep tin prices on an upward trajectory through Q2 2024.

Zinc (Zn)
Price momentum, in line with other base metals, changed in March due to growing speculative demand, prompting prices to reach highs not seen since September 2023. Market tightness, driven by mine closures and subsequent lower production, has led to a concentrate deficit and low treatment charges, impacting smelter profitability. Despite a decline in China's zinc ore imports and weak domestic consumption, global zinc production is expected to remain steady. We expect prices to remain choppy, with a continued trend of marginal upside in the coming months.

Iron Ore & Steel
Iron ore prices have sold off at the start of the year, falling below $100/mt due to weak demand and ample supplies from China. We believe the decline reflects a market adjustment to China's struggling property sector despite government efforts to boost demand. While the correction was anticipated, we believe the extent of the price drop was excessive. We expect a gradual price recovery, with $110-120/mt representing a more realistic valuation.

Gold (Au)
Gold has surged 13% since March, surpassing key resistance levels, driven by strong Asian demand and geopolitical tensions. With increased purchases by central banks and individual investors seeking stability, gold's role as a safe-haven asset is reinforced. As geopolitical concerns persist and potential Fed rate cuts could lower real yields, gold is poised to continue its upward trajectory, potentially nearing $3,000/oz soon.

Silver (Ag)
Since March, silver has closely tracked gold, reaching a peak at $29.79/oz, with the correlation between the two metals rising to 90%. Supported by safe-haven demand amid geopolitical tensions and positive industrial signals from the US and China, silver's price has continued to climb despite a strengthening dollar. With ongoing global tensions and strong industrial demand, silver is poised to maintain its upward trajectory, potentially surpassing $30/oz soon.

Palladium (Pd)
In the first quarter of 2024, palladium experienced modest gains compared to other precious metals, dipping below platinum for the first time since April 2018. Rising borrowing costs have dampened US car sales, reducing demand for palladium used in autocatalysts, while increasing adoption of platinum and electric vehicles continues to erode palladium's market position. Given stable production from significant suppliers like Russia and South Africa, palladium's price outlook remains challenging, with expectations of continued downward pressure.

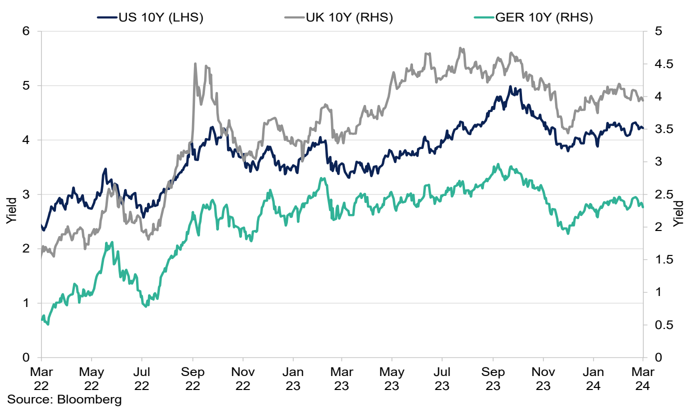
Platinum (Pt)
Prices have mirrored the volatility of gold and silver due to safe-haven demand but with more pronounced swings because of its lower liquidity. Prices fell below $950/oz in mid-April and are expected to hover around this level due to ongoing market fluctuations. Demand for platinum is increasing in the automotive sector as it replaces palladium in hybrid vehicles despite a general decline in internal combustion engine production. Supply constraints, particularly from South Africa's power issues, will likely maintain upward pressure on prices.

Market Overview

Global Economy: At the start of Q1 2024, all eyes were on the Federal Reserve as monetary policy was the primary driver of the markets, but now, geopolitical uncertainties also weigh on the overall sentiment. The ongoing conflict in the Middle East, US elections, and the potential repercussions of a Trump victory have reintroduced market volatility. Heightened market instability has boosted the allure of safe-haven assets like gold, signalling widespread apprehension about the global economic landscape. Amid these tensions, the US economy continues to demonstrate resilience, suggesting that the dollar will remain strong in the coming quarter. This will likely exacerbate financial pressures on emerging markets and developing countries, where the heightened dollar strength increases the local currency cost of servicing significant dollar-denominated debts, potentially leading to more profound economic challenges in these regions.

US vs UK vs Germany 10YR Yields

Given ongoing monetary policy tightness, the 10yr yields remain elevated.

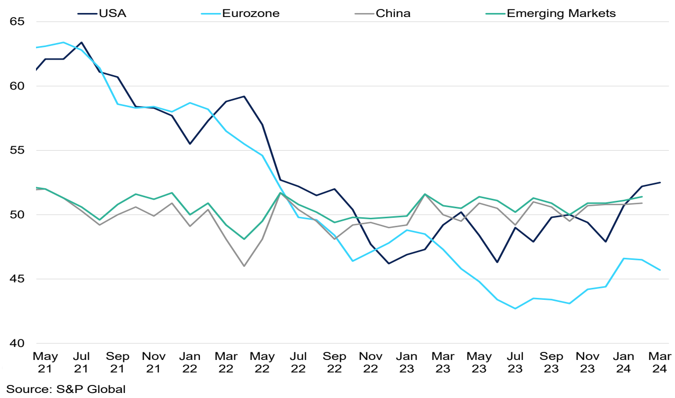


Oil: Benchmark crude oil prices followed an upward trajectory throughout the first quarter. They accelerated at the beginning of April, driven by increased geopolitical tensions alongside expectations of a tighter supply-demand balance. In March, seven OPEC+ countries declared an extension of additional voluntary cuts of 2.2 million barrels per day into the second quarter of 2024, contributing to further uncertainty in the product market. On April 5, Brent crude futures surpassed the $90/bl mark, reaching their highest level since October 2023, amid escalating tensions between Israel and Iran. While prices have softened slightly, the more upbeat outlook for the global economy combined with escalating oil supply security will likely keep prices at elevated levels, with Brent crude and WTI hovering between $85/bl - $90/bl and $80/bl - $85/bl, respectively.

PMI: In the first quarter of the year, global manufacturing shows signs of improvement, sparking hopes that industrial production might finally move past a long period of stagnation. March witnessed the fastest acceleration in global manufacturing output since June 2022, with the index rising to 50.6 from February's 50.3. This expansion was supported by strong gains in both output and new order indices, with the latter achieving its fastest growth since May 2022. The US and China saw growth reaching 22 and 10-month highs, respectively. However, the euro area continued to weigh on overall global manufacturing activity despite a lessening rate of contraction. Significant downturns in Germany and Austria, coupled with continued declines in France and a new downturn in Ireland, balanced out growth in other parts of the currency bloc. Business optimism in March remained near the nine-month peak seen in January, which is beginning to reflect in the labour market, with the employment index surpassing the 50 mark for the first time in seven months.

Manufacturing PMIs

Eurozone's manufacturing has been underperforming relative to other economies.



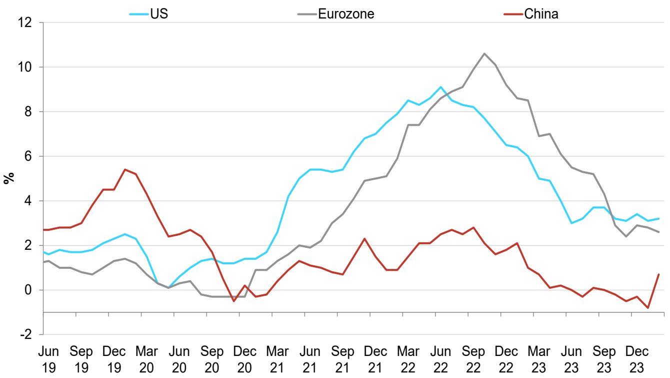
US: Despite prolonged elevated interest rates, the US economy remains robust, continuing to outpace its global peers. The recent GDP print for Q4 2023 again beat expectations, pointing to the economy expanding at 3.4% QoQ, boosted by strong consumer spending and business investment. Positive economic data combined with sticky inflation continue to push forward investors' expectations of the Fed interest rate cuts, keeping the Treasury yields elevated and creating upward pressures on the dollar. While growth momentum has slowed with Q1'24 GDP growth expected at around 3.0%, QoQ the world's largest economy is entering the new quarter on a solid footing.

In March, the retail sales data outperformed expectations, registering a month-on-month increase of 0.7%, surpassing the expected 0.4%. Despite the dried-up pandemic savings and months of persistent price pressures, US consumers prove resilient, dispelling fears of a recession. While fluctuating month-on-month, consumer confidence remains at the highest levels since 2021, suggesting a sustained optimism which will likely support economic growth throughout the quarter. The US consumer remains unstoppable when buoyed by full employment and wage growth that continues to hover near multi-decade highs. March registered the 26th consecutive month of an unemployment rate under 4%, marking the longest period at this level since the late 1960s. Worker shortages persist, with 1.36 job openings for every unemployed person, creating upward pressure on wage growth, which in March stood at 4.1% - the highest since 2007. The robust labour market and consumer confidence and spending suggest that the US economy is well-positioned to continue its growth trajectory in the coming months.

Unfortunately, the elements that forecast well for economic growth pose challenges when it comes to bringing inflation down to the target 2% level. The headline Consumer Price Index (CPI) accelerated 3.5% YoY in March, the most since September, as higher fuel, housing, and dining out costs drove the increase. Gasoline rose 1.7% from the previous month and was 1.3% higher than in March 2023, while shelter was 5.7% higher than a year ago and rose 0.4% over the month. This ongoing rise in core components of the CPI, particularly in gasoline, suggests that inflation may remain stubbornly high, complicating the Federal Reserve's plans to ease monetary policy. Since the beginning of February, oil prices have been on an upward trajectory, with WTI climbing to $87.67/bl and Brent Crude to $92.18/bl, as geopolitical tensions have amplified bullish sentiment. Additionally, as wages continue to increase in response to the tight labour market, there is a risk that higher disposable income could further fuel inflationary pressures by boosting consumer spending across various sectors.

Major Economies' CPI

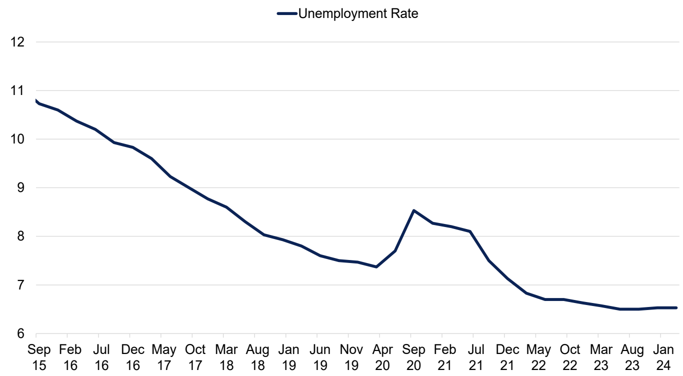
Inflation proves sticky in the US.



Source: Bureau of Labour Statistics, Eurostat, National Bureau of Statistics

Eurozone Unemployment Rate

Unemployment in the Eurozone remains at decade lows.



Source: Eurostat, Bloomberg

At the beginning of April, forward swaps were indicating a more than 60% likelihood of the first Federal Reserve interest rate cut in June; however, recent CPI figures have reduced that probability to 20%. With the economy remaining robust, the Federal Reserve can afford to delay easing monetary policy until it is certain that price stability has been achieved. In his latest statement, Powell highlighted that achieving confidence in sustained price stability might take longer than anticipated. Currently, market expectations are set for the first interest rate cut in September. We believe that if this rate cut does not occur at the start of the fourth quarter of 2023, the Federal Reserve will likely postpone the initiation of monetary easing until December, considering that an intervention during the election month is improbable. Considering these factors, maintaining a careful balance between fostering economic growth and managing inflation will remain a crucial challenge for policymakers in the coming months.

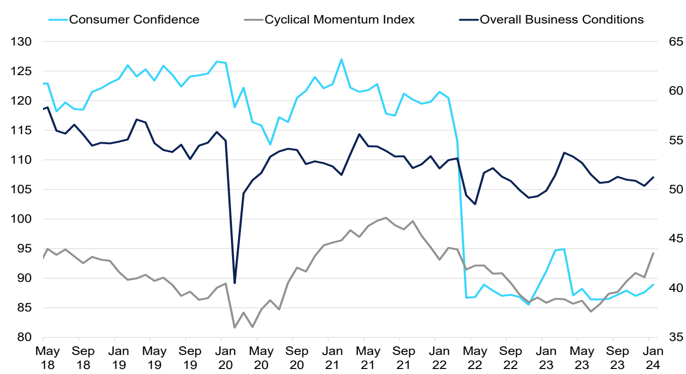
Europe: The first quarter of 2024 confirmed the growing divergence between the Eurozone and the US economy. In contrast to the US, the Eurozone has experienced six consecutive quarters of economic stagnation, with a weakening labour market and diminishing inflation. Rapid wage growth, which the ECB regards as the primary inflationary threat, is decelerating. Additionally, investment levels are low and bank lending has plateaued, suggesting a continued reduction in inflationary pressures. Amid these challenges, the Eurozone's economic outlook remains subdued, setting the stage for persistent stagnation without slipping into a deeper recession. We expect another quarter of stagnation in the Eurozone, with business activity remaining below the 50-point mark. At the same time, we believe the bloc will continue to avoid a full-blown recession as business and consumer confidence is bound to improve with price pressures abating. The IMF expects a resurgence in household consumption, which could bring the Eurozone GDP growth from 0.4% in 2023 to 0.8% this year. The annual headline inflation continued to soften in March, falling to 2.4% from 2.6% in the previous month. The Eurozone is grappling with conflicting inflationary pressures that may cause the headline inflation rate to oscillate around current levels in the near term before potentially falling toward 2% in the last quarter. Downward pressures on inflation stem from continued deceleration in wage growth, weak demand amid a near-recessionary climate and tightening fiscal policies. Conversely, upward pressures emerge from rising oil prices and a weakening euro, while persistent high costs in the services sector heighten the risk of core inflation remaining above the target. The euro area continues to be one of the world's largest energy importers, making it highly sensitive to fluctuations in energy prices. Despite that, the ECB is expected to start monetary policy easing in June, with forward swaps pricing in 75bps of rate cuts this year. At the latest meeting, the ECB left its main interest rate unchanged at 4.5% but hinted that monetary easing might be appropriate if enough data points to inflation softening close to the 2% target level. Given the underwhelming economic performance and decreasing inflationary pressures, we expect the first interest rate cut to materialise in June, creating headwinds for the euro.

China: As Q2 2024 begins, China's economy is starting to show signs of stabilisation despite ongoing domestic issues. In March, market activities intensified as companies quickly resumed work and production following the Lunar New Year festivities. The latest manufacturing PMI data indicated the most rapid expansion in 13 months, fuelled by increased business confidence and new orders from domestic and foreign markets. The China Manufacturing PMI increased to 51.1 from 50.9, exceeding analyst predictions and maintaining expansion for the fifth consecutive month. This positive economic momentum dovetails with Premier Li Qiang's recent pledges at the National People's Congress, emphasising a strong governmental push towards enhancing technological advancements by removing all barriers to foreign investment in manufacturing with a particular focus on advancing quantum computing, big data, and artificial intelligence to foster technological self-reliance. Premier Li set an ambitious economic growth target of 5% for 2024, pledging measures to overhaul the country's development model and mitigate risks arising from insolvent property developers and heavily indebted cities.

Despite global market improvements potentially boosting Chinese industries, the absence of substantial fiscal stimuli could restrain recovery in domestic consumer confidence, which remains near all-time lows. Recent data from the National Bureau of Statistics (NBS) points to a continuing slump in China's house prices, with February marking the eighth straight month of declines, while the CSI 300 -which includes the top 300 stocks traded on the Shanghai and Shenzhen Stock Exchanges – has fallen around 40% since its peak in 2021. The government's attempts to stem the fall of the stock market by suspending brokerages from borrowing shares for lending to short sellers have proven insufficient to revive the equity market. At the same time reducing the benchmark interest rate to 3.95%, implemented in February to prop up the struggling property sector, has failed to shore up broader investor confidence. In the upcoming quarter, while China grapples with the crucial challenge of rejuvenating consumer and investor sentiment, we anticipate that domestic issues continuing to impact the nation's economic performance, even amidst a brighter industrial outlook.

China Confidence Levels

Consumer confidence remains at an historically low level.



Source: Standard Chartered Bank, National Bureau of Statistics, China International Capital Co

Aluminium

““Prices have been stuck in a tight range for months, and a break above the psychologically robust $2,300/t level prompted the bulls to join the momentum.”

LME Aluminium, 3MO ($)

Source: Bloomberg, 25.04.2024

Despite a slow start to the year, aluminium prices improved in March and continued to strengthen in April, testing the December highs of $2,350/t. The upward momentum was fuelled by growing optimism surrounding the Chinese economic recovery. However, we believe that recent moves are more sentiment-driven rather than fundamentally based, adding to growing intraday volatility. Prices have been stuck in a tight range for months, and a break above the psychologically robust $2,300/t level prompted the bulls to join the momentum. We suspect that aluminium prices will continue to gain marginal footing in the coming weeks as external and internal macroeconomic pressures that have been felt by aluminium prices now subside, aided by reignited speculative demand in the commodity space.

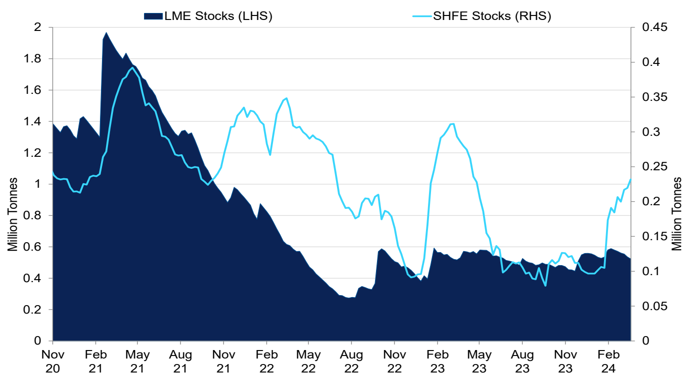
From a fundamental standpoint, Yunnan – China's largest aluminium producer - is set to ramp up production post dry season. About 1.2m tonnes of capacity had been offline since November due to hydropower shortages, and the recent restart should bring about 4.75Mt/year of capacity back into the market. This incremental return to production capacity is expected to gradually stabilise market supply over the next quarter. However, ongoing droughts mean that this restart is not a full recovery, and production growth will likely be modest. In the meantime, we are likely to see domestic restocking take place during the peak consumption season in Q2, which could further bolster market dynamics and support price stabilisation.

In the US, domestic production has been declining over the last two decades, increasingly supplanted by imports from China. With aluminium's critical role in energy transition applications, there is concern over whether current supplies can meet future demand. High energy costs prompted multiple smelter closures across the country, threatening domestic production and further intensifying the need for imported material. Century Aluminium has announced that it will start building a new smelter, but it is unlikely to alter the current landscape of aluminium sourcing, as the timeline for new plants to become operational takes years before reaching full capacity. This continued reliance on imported aluminium is expected to keep the US market volatile in the near to medium term.

The US goal to streamline their aluminium production and the recent introduction of LME sanctions on Russian material have injected uncertainty into the market. The initial announcement on April 13th prompted prices to jump 9%; however, these gains were short-lived, indicating that market participants remain unconcerned about immediate supply issues. We do not foresee these developments significantly altering the fundamental market balance, which currently shows supply and demand in equilibrium. Additionally, the LME is allowing old material to be delivered, which should support the market in the meantime. We expect that most of the price damage took place immediately following the announcement, with any significant fundamental changes expected to be slow to influence market prices. Nevertheless, concerns about future supply may lead to increased stockpiling as buyers prepare for long-term projects, keeping prices relatively high.

LME Stocks vs SHFE Stocks

We might see some accumulation of old Russian material in the coming months.



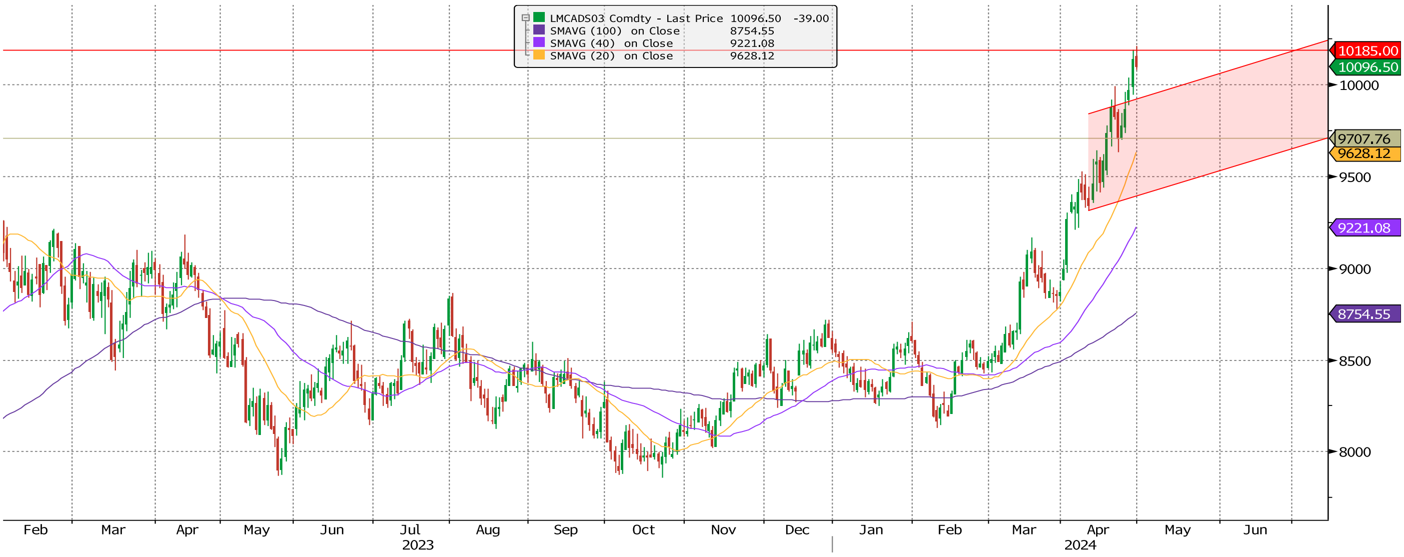
Source: Bloomberg, Shanghai Futures Exchange

While recent gains have largely been driven by speculative activity rather than solid fundamentals, we expect a temporary price correction before momentum picks up again. The pricing in of softer monetary policies, combined with the traditional peak season demand—already evident from stock levels at SHFE—suggests a cautious optimism will prevail in the market. However, the extent of future price increases may not reach the levels observed in March. This reflective and balanced market approach is likely to dominate the market in the coming months as investors assess both short-term fluctuations and long-term supply dynamics.

Copper

"Easing monetary policy conditions and solid fundamentals should keep copper prices elevated in the coming months."

LME Copper 3MO ($)



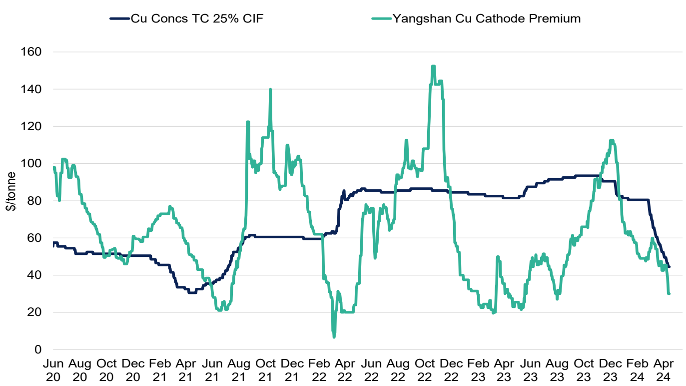
Source: Bloomberg, 30.04.2024

Copper prices strengthened during the first quarter, buoyed by a combination of factors. The upward trend began with increasing demand for the metal that drove prices above the $9,000/t level. From the macroeconomic perspective, talks earlier in the year surrounding a softer monetary policy outlook and renewed optimism regarding Chinese economic growth fuelled this trend. However, further on in the quarter, despite these macroeconomic shifts, including central bank speeches and inflation data, they had limited direct impact on copper's performance. Instead, speculative, technical, and fundamental appetite gripped the momentum, pushing prices across the complex to multi-month highs, and copper was no exception.

We believe the surge in speculative demand across the market can be attributed to idle money that was previously sidelined due to stagnant prices, deterring investors from commodities. However, once incentives were strong enough to overcome the significant resistance level, investors rapidly joined the trend, pushing the COT net speculative positioning to a three-year high. While diminishing supplies from key mining areas didn't immediately affect prices, they are shaping the long-term outlook. By 2024, we anticipate a finely balanced market, with a growing deficit expected from 2025, supported by increased copper demand in the green energy sector.

China Copper Concentrate TCs vs Cathode Premium

Copper TCs are at multi-year lows, highlighting concentrate tightness in the market.



Source: Asian Metal Inc, SMM Information and Technology, Shanghai Metals Market

Global market tightness is anticipated next year, but signs are emerging that supply might not be able to keep pace with demand this year. In particular, the case for global market deficit might be accounted for earlier than originally anticipated as concerns surrounding the concentrate production mount. China's strategic need for copper meant that new smelting capacity expansion had exceeded the current concentrate availability. This, coupled with operational issues at some mines, has put pressure on the availability of copper concentrate, contributing to TCs falling to $40/mt. Notably, production suspensions at major mines like First Quantum's Cobre Panama mine, along with reduced production guidance from companies like Anglo American, Vale, and Southern Copper, have tightened the concentrate market further.

This situation has led to a forecasted deficit in the copper concentrate market balance for the year, a sharp reversal from previously projected surpluses. The state of low TC has prompted discussions among smelters about potential production cuts to manage profitability and low concentrate availability. While the announcement of smelter capacity cuts prompted copper prices to rally, it did little to avert the decade-low TCs. We expect TCs to remain low in the coming months. The stability of smelter production during a peak consumption period and a pick up in China's manufacturing activity is likely to keep smelter production stable in the coming months. We have already seen SHFE deliverable stocks jump higher to 290,000 tonnes as end-users restocked the material. Additionally, with prices remaining at elevated levels, smelters are more likely to keep production mostly unchanged with marginal cuts implemented.

For Q2, we expect the cautiously bullish trend to continue, albeit with more intraday volatility. Elevated interest rates and the slow recovery in China have weighed on metal performance, keeping trading mostly rangebound. While easing monetary policies globally and hopes for China's economic rebound should bolster metal fundamentals, the recent upward moves appear to be more driven by speculative activities than by fundamental factors. Although we anticipate some hesitation as markets adjust upwards, the fundamental backdrop is starting to strengthen support levels for base metals. While a slight price correction might occur, the ongoing trend suggests a sustained appetite for higher prices, potentially leading to further gains in the weeks ahead.

Lead

"Despite recent gains in prices, investment funds have become increasingly bearish, with the net positioning falling below lows seen in September 2022."

LME Lead 3MO ($)

Source: Bloomberg, 25.04.2024

Lead prices have continued to fluctuate over the recent months, continuing the pattern we saw in the final quarter of 2023. Notably, the range has tightened, with support and resistance at $2,000/t and $2,200/t holding firm, respectively. In the last quarter, price moves were largely influenced by technical indicators such as stocks and spreads. However, current trends deviate from this pattern. Both the spreads and LME stock levels point to easing physical tightness, with closing stocks growing rapidly to highs not seen since 2014. As of April 18th, the closing inventory stood at 272,000 tonnes.

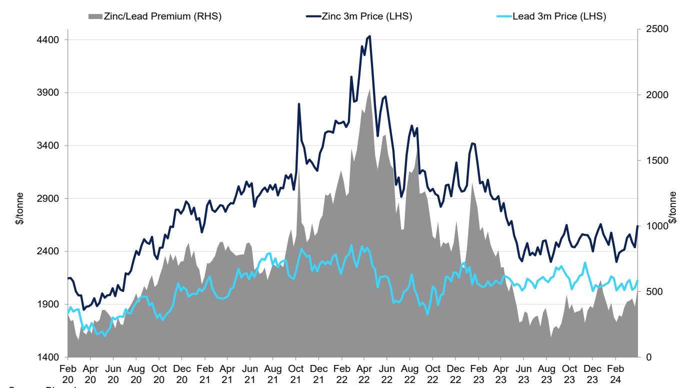
While from the fundamental standpoint, the indicators point to ample supply, we have reason to believe that the recent jump higher does not necessarily imply massive oversupply in the market. It seems that a significant portion of these stocks could be previously off-market stocks now entering the exchange due to more favourable storage deals rather than arising from new production or direct market activities. Still, incoming material might suggest that market participants who previously held stocks to sell now see little appetite from the market to purchase. This suggests that there is now material that is not needed in the market and provides a negative sign for the overall demand for lead in the coming months.

At the same time, investment funds have become increasingly more bearish, with the net positioning dropping below a record low. Historically, when specs were this low, prices stood at $1,748/t. At the same time, commercial undertaking participation and net length increased, surpassing speculative demand. While this dynamic is likely to change in the near term, given continued speculative short covering on the back of elevated price levels, the moves suggest that the price narrative is likely to follow a cyclical trend set by commercial participation. As a result, we expect prices to maintain the trend within the current trading range.

Traditionally, the second quarter of the year is an off-season for battery manufacturers, leading to reduced operation rates and, subsequently, lower secondary production of lead. This seasonal trend implies a lower volume of scrap replacement. Even before the break, Chinese primary and secondary lead production pointed to continued weakness in the market. Elevated costs and low profits of lead smelters resulted in 293,000mt and 378,000t of material being produced in March, which is a continual decline from November 2023 levels. The current scarcity of raw materials for secondary lead smelters is likely to further reduce profit margins, causing lead ingots to accumulate in the coming months, especially as the replacement volume of battery scrap drops off.

LME Lead vs Zinc

Recent zinc upside prompted the cross with lead with increase.



Source: Bloomberg

In the meantime, closures of overseas lead and zinc mines tightened ore supply and, in turn, the supply of concentrate, leading to lower TCs. As of April 18th, treatment charges stand at $30/mt on the CIF basis. As a result, smelters are now only purchasing under long-term orders, and the enthusiasm for stockpiling is waning. Furthermore, new national standards for lead ingots have raised concerns about potential shortages in deliverable volumes. On the consumption side, especially in the secondary lead sector, downstream companies are taking a cautious approach, likely waiting for more favourable conditions.

Given these factors – alongside a traditional quieter consumption quarter in China and high stock levels on the LME - there is little reason to expect lead prices to break out of the current ranges soon. While speculative sentiment might drive short-term movement on the upside, the underlying fundamentals suggest a period of relative stability in the market, with some downside softness over the coming months. This cautious outlook reflects broader economic indicators and market sentiment, which continue to play crucial roles in shaping the trajectory of lead prices.

Nickel

“With new projects in the pipeline for 2024 in Indonesia and slow recovery from the stainless steel segment, pressures will continue to weigh on nickel prices.”

LME Nickel 3MO ($)

Source: Bloomberg, 30.04.2024

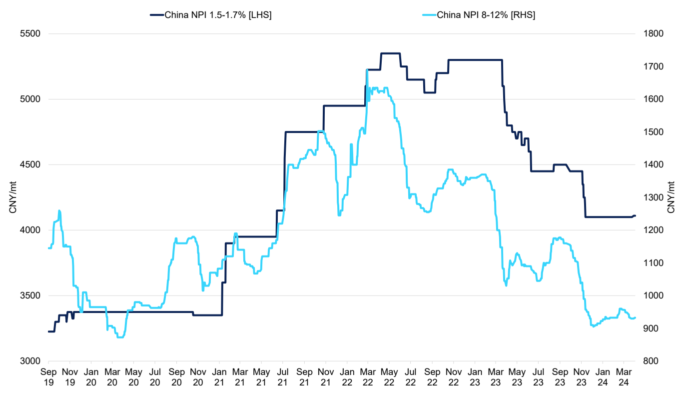
In Q1, nickel prices rebounded from last year’s lows, challenging the \$19,000/t resistance level. While recent weeks have seen speculative demand influencing prices across various base metals; nickel continues to be predominantly driven by fundamental factors despite similar speculative interest. Indonesia continues to play a crucial role in the nickel story, with its ongoing supply surplus weighing on prices. The region’s rapid increase in Class 1 and Class 2 nickel supply is noteworthy, and by 2030, Indonesia is set to produce more than 60% of the global nickel mining and over 40% of refined nickel. Furthermore, Indonesia’s nickel ore export ban aims to streamline its internal supply chain and solidify its position for the upcoming EV trend without directly competing with overseas mines.

However, given its low-cost production process, the country is still competitive with other producers. With prices at \$16,000-17,000/t, nearly half of all nickel operations worldwide have become unprofitable, leading to shutdowns in Australia and New Caledonia. As a result, approximately 5-7% of global annual production has been halted so far.

While this oversupply expansion has been gradual, it has forced certain players to pause their operations and reconsider investments. Notably, Australia’s Wyloo Metals Pty announced it would halt concentrate shipments as of May 2024 – a move echoed by Panoramic Resources and First Quantum Minerals. Many players are awaiting favourable price conditions to restart the capacity. Even in Indonesia, financing challenges have stalled some projects.

NPI Prices

NPI prices remain low, putting further pressures on smelters’ profitability.



Source: SMM International

The cost-of-production differential between Indonesia and the rest of the world incentivises Indonesian mines to maintain output. With global cost averaging \$16,000/t and Indonesian smelters operating at \$15,000/t, there is little incentive to reduce prices below these levels. Indonesia’s strategy to stabilise prices for the EV market aims to keep nickel-based batteries competitive against less expensive alternatives. With prices at current levels, Indonesia can ensure profitability and continue to supply the market. As a result, we see little appetite for prices breaking significantly higher. While overseas mines could achieve slight profit margins above \$17,500/t, a major resurgence of activity is unlikely in our view. We expect a surplus of 720,000t in finished nickel production this year, still up from 320,000t in 2023, but expect any increase in supply expansion to be marginal due to ongoing closures.

Still, higher nickel prices are expected to boost refined nickel output in China. In March, production surged by 42% YoY to 24,900mt, and we expect this growth to continue as suspended production is coming back online. However, NPI continues to face supply hurdles, with slow permit approvals in Indonesia and the rainy season in the Philippines. These factors contributed to a drop in China’s NPI production to 662,000mt. This is unlikely to change in the coming months. Additionally, NPI prices remain low relative to high ore prices, leading smelters to purchase ore at a premium and further stalling production. Nevertheless, we believe that the downside for NPI prices has reached its limit, and we expect prices to plateau. Additionally, weak demand for stainless steel has not supported higher-grade NPI prices, leading to increased inventory levels.

The coming months may offer moderate price improvements, but we do not expect significant shifts in pricing trends. Short-term speculative and macroeconomic factors might temporarily lift prices, but a persistent supply surplus should keep them within the \$17,500-18,500/t range, which we believe to be fair value. Without a sustainable improvement in demand, prices are expected to remain subdued relative to 2023 levels. The ongoing influx of new projects in Indonesia and a slow recovery in the stainless steel sector will continue to cap any substantial upside in nickel prices.

Tin

"We expect tin to appreciate this quarter as industrial outlook is improving while supply issues remain."

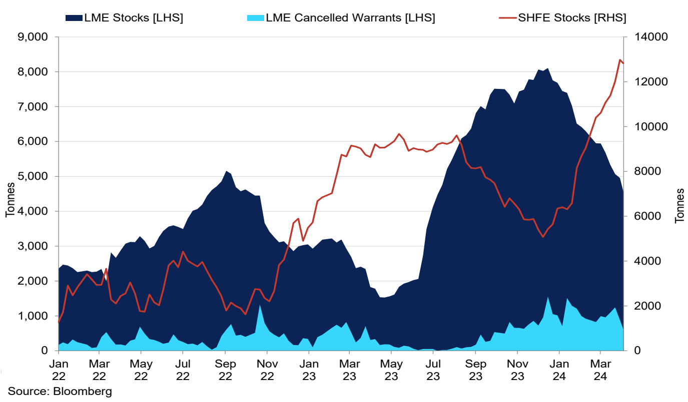
LME Tin 3MO ($)

Source: Bloomberg, 25.04.2024

In Q1 2024, tin was one of the strongest performers at LME, finishing the quarter 9% higher than it started. The metal rally at the start of April took it even higher, with the price increasing by another 17% in only two weeks, touching $33,100/t – a price not seen since June 2022. Since the beginning of the year, headline tin stocks at the LME have plunged by 46% to 4,145 tons, reaching their lowest level since July 2023. Recently, we have seen a build-up in May's position, signalling anticipation of higher prices as expectations of tighter supply and more robust demand weigh on sentiment. The recent signs of recovery in the Chinese manufacturing sector will likely continue gaining ground in the coming months and, while not robust, should provide further support for prices.

Tin LME Stocks and Cancelled Warrants vs SHFE Deliverable Stocks

LME tin stocks have plunged by nearly 50% since the start of the year.



Source: Bloomberg

Persistent supply issues have bolstered Tin's recent upward trend. Firstly, the election of Prabowo Subianto as Indonesia's new president in February confirmed the continuation of resource nationalism policies implemented by his predecessor, Jokowi. Prabowo, who served as Defence Minister under Jokowi, is expected to maintain a similar stance on industrial policies when he assumes office in October. The former military leader announced plans to restrict exports of certain minerals, including tin, to foster the development of downstream mineral processing. Although a ban on tin ore exports has been in place since 2014, Indonesia remains the largest exporter of refined tin, accounting for 20% of global exports, with 78,000 tonnes of processed metal shipped in 2023. The uncertainties regarding the future of Indonesian exports coincide with the ongoing suspension of all mining operations at Myanmar's Man Maw mine, which previously accounted for 70% of tin production in Myanmar—the world's third-largest producer. Additionally, UN representatives have recently highlighted the escalating conflict in the tin-rich province of North Kivu in the Democratic Republic of Congo, raising concerns that the Bisie mine, which accounts for around 4% of global supply, could be affected.

Building on the supply-side constraints, the demand outlook for tin is increasingly positive, underscored by rising manufacturing PMI figures from both the US and China. In March, China's manufacturing activity saw its fastest expansion in 13 months, driven by a surge in business confidence and new orders from both domestic and international markets. This led the new export orders index to its highest level since February 2023. China's Manufacturing PMI rose to 51.1 from 50.9, surpassing analysts' expectations and continuously expanding over five months. Manufacturing production accelerated significantly in the US in March, with the sharpest growth in nearly two years. US Manufacturing PMI stayed above the critical 50.0 mark for the third consecutive month, indicating ongoing sector strength. Considering China's role as the world's largest electronics manufacturing hub and that electronics account for 6% of US manufacturing, the sustained improvement in PMI figures from these nations is particularly significant for the tin market. Tin is a crucial component in soldering materials used in electronics manufacturing, with almost 50% of the world's annual refined tin production used in consumer electronics. The rising demand from these major global players will likely exert upward pressure on tin prices, making it a valuable commodity to watch in the coming months.

Looking ahead to Q2 2024, ongoing supply issues combined with a more positive outlook on global demand for tin will likely to keep the metal on an upward trend. If the recent rally proves to be unsustainable, we expect the pace of price increases to continue as it did in Q1 2024. However, the growing number of speculative buyers could drive prices to surpass the $40,000/t level, especially if market sentiment remains bullish and inventory levels remain low

Zinc

"In line with lead, we expect prices to remain choppy, but continue the trend on the upside, as markets are becoming more hopeful surrounding China's recovery."

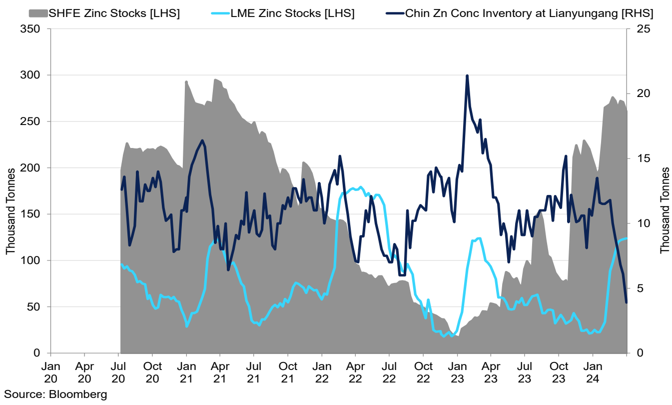
LME Zinc 3MO ($)

Source: Bloomberg, 30.04.2024

Zinc prices remained rangebound for most of the first quarter of the year, with support and resistance of $2,400/t and $2,600/t remaining intact, respectively. However, in April, we have seen a surge of speculative demand across the board, prompting prices to breach multi-month highs. Zinc's upside has primarily been driven by the speculative side, with shorts reversing the position that took hold of the market earlier this year. As of April 18th, the speculative net positioning was at 17,074, the highs not seen since September 2023. We expect this number to increase in the coming weeks. While zinc is no exception to these moves, we have reason to believe that prices should remain elevated to reflect the fundamental narrative that has been gripping the zinc market.

LME and SHFE Zinc Stocks vs China Concentrate Inventory

Zinc concentrate inventory continues to diminish amid tightening supply fundamentals.



Source: Bloomberg

Low zinc prices in recent months have led to mine closures, including Glencore's McArthur River zinc and lead mine, due to flooding along with Nyrstar's Budel plant. The former produced 262,000 tonnes of concentrate last year. This has pushed the mined concentrate segment into a deficit. Tight concentrate supply and rising competition for mined ore are creating fundamental tightness in the market. This trend started at the end of last year when the first zinc closures took place. Low metal prices, at $2,400-2,500/t, and cost inflation prompted more than 300kt of zinc mining capacity to disappear from the market. As a result, spot treatment charges (TCs) have fallen to a 3-year low, below the $100/t mark level, putting pressure on smelter profitability. While we expect global supply of zinc to remain unchanged year-on-year at 12Mt, lower TCs may lead to lower utilisation rates or even temporary closures by smelters. In the meantime, markets are expected to be short on concentrate before we see some notable improvements in 2025 on the back of capacity expansion in China. With prices at $2,500-2,600/t, this might be just enough to encourage thin profit margins. However, we do not expect idled capacity to come back in a sustainable manner in the near future. While there is some news of overseas mines restarting, this is unlikely to immediately alleviate the tightness of the existing concentrate supply.

As a result, zinc ore imports into China continued to decline. While below the seasonal average, the year-on-year performance has fallen to the lowest level since May 2022 at 250,000 tonnes. This has led to the dropping zinc concentrate inventory at Lianyungang, which has weakened to lows not seen since the end of 2018. Spot consumption in China remains poor; the domestic ore shortage situation continues, and low zinc concentrate TCs drove more smelters to cut production for maintenance. As a result, refined zinc output is likely to remain low in the coming months, at around 500,000 tonnes per month. Domestic downstream consumption has also been weaker in recent months. While there has been some zinc ingot replenishment, the inventory destocking was weaker than expected. If consumption does not improve, we expect domestic SHFE zinc prices to remain weak, fluctuating in a wide range.

For 2024, we hold our long-term view of global production in surplus, which should limit any strong upside that we saw last year. Indeed, according to ILZSG, the global refined zinc market will produce 367,000 tonnes of surplus this year, up from 204,000 tonnes seen last year. Indeed, LME stocks remain elevated, pointing to a lack of demand for material in the meantime The softer China's construction picture also weighs on the longer-term prospects. Hence, in line with the lead, we expect prices to remain choppy, but continue the trend of marginal upside, as markets are becoming more hopeful surrounding China's recovery and a looser monetary policy cycle worldwide. Additional concentrate shortage might also limit output in the meantime.

Iron Ore & Steel

“Iron ore remains a key gauge of China’s economic, and, in turn, construction growth outlook.”

1st Generic SGX 62% Fe

Source: Bloomberg, 25.04.2024

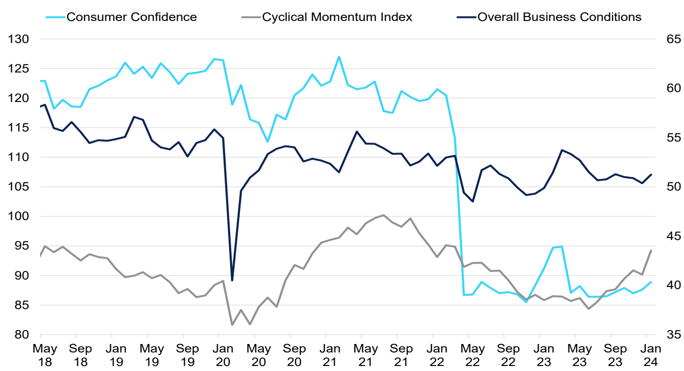
Iron ore prices have weakened significantly since the start of this year, dropping by 27% YTD and falling below the $100/mt level, reaching lows not seen since August 2023. The initial downtrend was attributed to disappointing end-use demand and abundant supplies in China, but we believe additional factors attributed to the continuation of this shift. Notably, with prices previously above the $130/mt benchmark, we were cautious about further gains, viewing the market as overbought. Iron ore is a key gauge of China’s construction outlook, and its high prices did not truly reflect the region’s economy. Despite government initiatives aimed at boosting housing demand, China’s property investment decreased by 9.5% year-on-year in March. This suggests that the downturn in the property market is ongoing. As a result of market optimism regarding recovery out of this segment at the start of the year, the recent decline in prices seems to reflect a repricing of expectations.

Meanwhile, the property sector’s outlook remains largely unchanged, even during a traditional peak consumption season. The CISA has pointed out that the depressed property sector and relatively weak infrastructure are delaying a recovery in steel demand. The prolonged slump in property is negatively impacting the financial health of construction firms, with the country’s major banks responsible for supporting property developers through loans, now reporting increases in overdue mortgages. These issues, along with cuts in loan prime rates and reductions in existing mortgage rates, are compressing bank margins. Last year, profits at China’s commercial banks grew by only 3.2% to 2.38 trillion yuan, the slowest increase since 2020, while bad loans reached a record high of 3.23 trillion yuan.

Home prices continued to fall in February across both new and used segments, further challenging the authorities’ efforts to stabilise the property market. New home prices in 70 cities fell by 1.9% y/y while existing home prices declined by 5.2% y/y. Despite Chinese authorities stepping up support for the housing market, underlining lack of confidence in the segment and the slow economic recovery are likely to drag on in the coming months. Additionally, we do not foresee that any further supportive policies from authorities, if any, will be enough to drastically reverse market expectations. More tangible signs of recovery will likely emerge in the second half of 2024 and into 2025.

China’s Sentiment Indicators Indicators

Chinese Economic Confidence remains subdued.



Source: Standard Chartered Bank, National Bureau of Statistics, China International Capital Co

As a result of weakness in demand from end users, China’s iron ore port inventories now stand at September 2022 highs of 142mt; steel inventories point to a similar trend. Meanwhile, while stainless steel output in March increased by 22% m/m to 3.2m mt, we believe the increase to be cyclical in nature, given the pause in production that takes place earlier in the year. The lower prices at the start of the year might also lead to reduced output in the coming months. Production adjustments are underway, with one steel mill in East China planning to shift from producing 300-series to 400-series stainless steel, potentially decreasing output in the 200 and 300-series while increasing it in the 400-series.

Iron ore prices suffered substantial losses in recent weeks as markets adjusted their perception of Chinese construction performance. While the correction was anticipated, the extent of the price drop was excessive. We now expect a gradual price recovery, with $110-120/mt representing a more realistic valuation.

Gold

"…we expect that the direction of precious metal prices this quarter will continue to be heavily influenced by geopolitics."

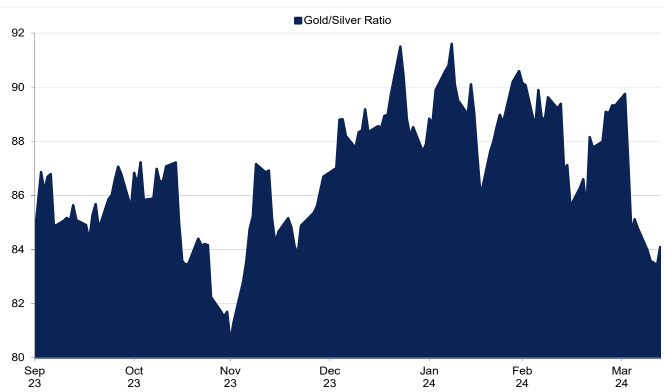
Spot Gold $/Oz

Source: Bloomberg, 25.04.2024

After months of range-bound, lacklustre markets, the action has returned to the commodity space with gold shining the brightest. Since the beginning of March, the price of bullion has jumped by 13%, surging past a series of technical resistance and psychological levels. Consecutive record highs have unsurprisingly raised questions about the dynamics behind this incredible performance. While the growing expectation of the first Fed interest rate cuts has undoubtedly favoured gold, boosting its appeal based on the prospect of decreasing interest rates and Treasury yields, monetary policy wasn't the main driver. This is best illustrated by the correlation between gold and the 10-year US Treasury yield over a 30-day period, which remained firmly at (-)80% in February but dropped to below (-)20% since the start of March, indicating that other factors have come into play. We believe that the current momentum is driven by a combination of strong physical demand in Asia, amid a lack of alternatives for sound investment, and speculative action fuelled by increased geopolitical uncertainty. With the US elections on the horizon and rising fears of escalating conflicts in the Middle East, we expect that the direction of precious metal prices this quarter will continue to be heavily influenced by geopolitics.

Silver to Gold Ratio

Silver has recently started gaining value relative to gold.



Source: Bloomberg

With global ETF holdings at their lowest level since August 2019, the recent surge in gold prices is clearly driven by buyers outside the ETF market: central banks and individual investors purchasing physical gold. Following the strategic use of its currency by the US to impose sanctions against Russia, emerging market central banks were influenced to increase their gold reserves as a more secure asset amid geopolitical and economic uncertainties. According to the World Gold Council, this trend has continued into the first months of 2024, with the Central Bank of Turkey and the People's Bank of China taking the lead. Meanwhile, gold has also become an attractive investment for individual consumers seeking a safe way to store their money in an increasingly uncertain environment. This has been especially true in China, where a property crisis and weak stock market performance have heightened gold's attractiveness relative to other assets. Recent data from the National Bureau of Statistics (NBS) points to a continuing slump in China's house prices, with February marking the eighth straight month of declines, while the CSI 300 remains 40% below its peak in 2021.

The substantial buying by Chinese investors and the subsequent surge in the price of gold likely served as a catalyst to cover short option strategies, further driving tactical investors' interest and increasing the price even more. In the week ending April 9, net long positions by COMEX money managers increased to 557.19 tons—the highest level since 2020—suggesting that institutional investors anticipate further gains in gold prices amid fears of escalating conflict in the Middle East following the attack on the Iranian consulate in Syria. These dynamics underscore strong confidence in gold as a safe-haven asset, hinting that the upward pressure on gold prices may continue as both defensive and speculative forces converge in the market.

We expect the current momentum to drive the price of gold higher in the coming quarter. The mix of escalating geopolitical tensions, ongoing acquisitions by central banks, and strong physical demand from major Asian economies presents a strong case for further gains. As both investors and central banks look for stability amid a volatile global environment, we expect gold's status as a reliable safe-haven asset to strengthen. Additionally, any sign of a potential interest rate cut by the Fed will drive real yields lower, making gold even more attractive as a non-yielding asset. We see little downside to the bullion's performance in Q2'24, expecting the precious metal's price to continue its upward trajectory heading for $3,000/oz.

Silver

"...the improved prospects from manufacturers in the world's biggest economies positions silver favourably for continued price appreciation."

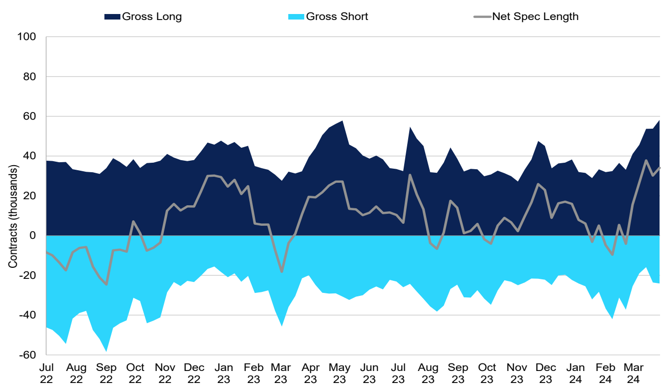
Spot Silver $/Oz

Source: Bloomberg, 25.04.2024

Since March, silver has closely followed gold, briefly climbing to $29.79/oz at the start of April. The 30-day average correlation between gold and silver rose to 90% as investors sought safe-haven assets amid rising geopolitical tensions. Initially driven by expectations of forthcoming Federal Reserve monetary easing, silver's rally persisted even as expectations for monetary policy shifted. Moreover, silver has recently been helped by positive manufacturing PMI figures from the US and China, raising hopes for increased industrial demand. With ongoing geopolitical uncertainties and a positive outlook for industrial demand, we anticipate that a combination of geopolitics and economic factors will influence silver prices this quarter.

Silver Managed Money COT

Net long has increased since March.



Source: Bloomberg

In early April, forward swaps suggested a more than 60% chance of a Fed interest rate cut in June, which created downward pressure on the dollar and long-term yields, enhancing the appeal of non-yielding precious metals. While the recent CPI figures have decreased the likelihood of a rate cut to 20%, as achieving sustained price stability has become more challenging than anticipated, silver continued its upward trend. This happened despite the dollar rally, which saw the greenback surpassing the 106 level, suggesting that geopolitical uncertainties and speculative trading largely drove the rally in silver prices. Despite the strengthening dollar, which typically dampens the appeal of precious metals, silver's value increased as investors sought safe-haven assets amidst global tensions. Additionally, speculative buyers may have been motivated by expectations of continuing volatility, betting on silver not just as a safeguard but also as a potential profit-making investment in an uncertain economic landscape. This highlights how external factors such as geopolitical events can significantly influence market dynamics, sometimes counteracting the typical inverse relationship between the dollar and precious metal prices.

In contrast to the gold market, silver investors have recently re-entered the market for ETFs. Since March, silver ETF holdings in global funds have increased, while holdings in gold funds remained at 81.6 million - the lowest level since 2019. While the price of silver has performed comparatively worse than gold year-to-date, silver has recently started gaining value relative to bullion, with the gold-to-silver ratio decreasing by 8% since the start of April. The decrease could attract more investors considering the greater potential for price appreciation. This renewed interest in silver ETFs, combined with the decreasing gold-to-silver ratio, suggests that silver may continue to see positive momentum as investors capitalise on its relative undervaluation and potential for higher returns in the context of ongoing geopolitical tensions and market dynamics.

From the industrial perspective, silver has reaped the benefits from the recent copper rally, which brought the metal to its highest level since June 2022. Given copper's role as a bellwether for economic health due to its widespread industrial use, positive speculation on copper tends to benefit silver, especially when other economic indicators point to growth. Recent expansionary manufacturing PMI readings from the US and China have improved the outlook for industrial demand for silver, creating additional momentum. Signs of strengthening broader economic conditions and market demand have led to an expansion in US factory output, with the rate of expansion reaching a 22-month high. At the same time, the Caixin China Manufacturing PMI rose to 51.1 in March from 50.9 in February, bolstered by increased new orders both domestically and internationally. Given that 50% of the silver's demand is attributed to industrial uses, the improved prospects from manufacturers in the world's biggest economies position silver favourably for continued price appreciation.

Overall, with the upcoming US elections and ongoing conflict in the Middle East, alongside encouraging developments in industrial demand, we expect silver to remain attractive as both a safe-haven asset and a vital industrial metal. We anticipate the price of silver to appreciate further, surpassing $30/oz in Q2 2024.

Palladium

"Palladium has seen significant shifts in its market due to changes in the automotive industry."

Source: Bloomberg, 25.04.2024

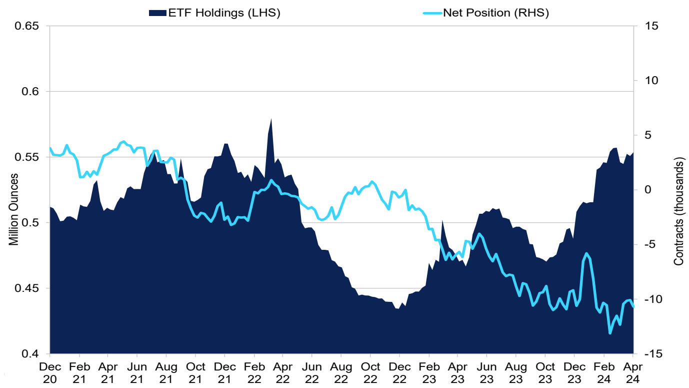
Precious metals generally trended upward in the first quarter of 2024, with gold leading the surge. Palladium, while also experiencing a rise, saw a less dramatic increase compared to other metals. This metal began to appreciate in mid-February after dipping to $853.72/oz, marking the first time since April 2018 that it was priced lower than platinum. By early April 2024, palladium prices had returned to their January levels. The lacklustre performance of palladium suggests waning interest and confidence in the metal. Following the shift in autocatalyst production from palladium to platinum, demand for palladium continues to decrease while production remains relatively stable. This situation creates significant challenges for the metal, deterring investors who see little potential for price gains.

Palladium has seen significant shifts in its market due to changes in the automotive industry, which accounts for 80% of its usage. As the pent-up demand from 2023 diminishes, high borrowing costs discourage US consumers from buying new cars. In Q1 2024, US light-vehicle sales reached 15.8 million units annually, which is only 2.4% higher YoYwhich is only 2.4% higher YoY, as average interest rates for a 48-month car loan hit a near 25-year high of almost 8%. As investors push back their expectations for the first Fed interest rate cut to later in the year, this trend is likely to persist in the coming quarter, further impacting the already declining demand for palladium. The growing use of platinum in autocatalysts to reduce harmful emissions from internal combustion engines, along with rising sales of battery-powered electric vehicles contributed to a 39% slump in palladium prices last year. According to the World Platinum Investment Council's estimate, approximately 620,000 ounces of palladium were replaced by platinum in 2023, compared to 385,000 ounces in 2022. In 2024, the WPIC anticipates the substitution will reach 700,000 ounces. This ongoing shift in material preference is expected to continue exerting downward pressure on the metal in the coming quarter.

Palladium production is heavily concentrated in South Africa and Russia, which collectively supply 80% of the global demand, with the remainder sourced from North America. Russia's leading miner, Nornickel, has reported only a minor reduction in palladium output this year, with no further decreases expected. The future palladium supply is stabilised because it is typically mined alongside other metals, limiting the producers' ability to specifically reduce palladium production, even when its price drops below production costs. This situation implies that despite possible market volatility, the global supply of palladium will likely remain stable, creating headwinds for the metal in the coming months.

Palladium ETF Holdings vs Net Position

ETF Holdings have increased in recent months.



Source: Bloomberg

Palladium prices are likely to face downward pressure in the coming quarter due to decreasing demand in the automotive sector and stable supply conditions. As the shift from palladium to platinum in autocatalysts continues and interest rates dampen new car purchases, demand for palladium is expected to weaken. Stable production from major suppliers further suggests limited potential for price increases. Overall, the market outlook for palladium remains bearish.

Platinum

"Platinum prices have mirrored the fluctuations of gold and silver, driven by safe-haven demand for precious metals."

Spot Platinum $/Oz

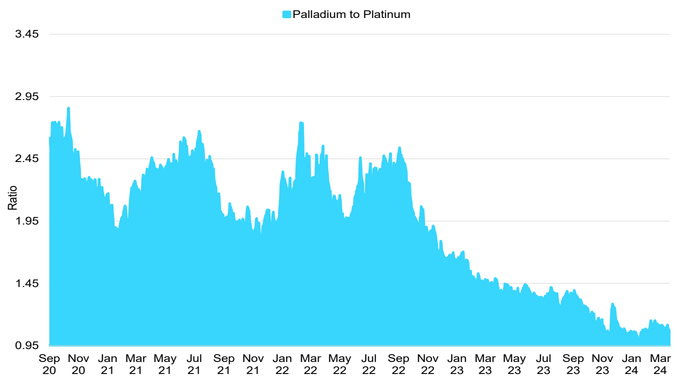
Source: Bloomberg, 25.04.2024

In recent months, platinum prices have mirrored the fluctuations of gold and silver, driven by safe-haven demand for precious metals. However, the price swings in platinum were more pronounced due to its lower liquidity compared to gold and silver, heightening its vulnerability to broader price volatility. With the dollar strengthening in mid-April, platinum prices took a significant hit, relinquishing gains from the start of the month and trading back below $950/oz. We anticipate that the metal will hover around the $950/oz level, as any surges above this mark are likely to be unsustainable.

In the light-duty vehicle (LDV) automotive sector, production of internal combustion engine (ICE) vehicles is anticipated to decline from 80 million units in 2023 to 77 million units this year, mirroring the sustained growth of battery electric vehicles (BEVs). However, the demand for platinum in the automotive industry is expected to rise by 1% (or +25 koz) year-over-year, fuelled by ongoing substitution of platinum for palladium and an increasing market share of hybrid vehicles. S&P Global reports that households with gasoline-powered internal combustion engine vehicles are more inclined to switch to hybrid cars (HEVs and PHEVs) than fully electric vehicles (BEVs) In February, sales of hybrid vehicles in the US increased five times faster than that of electric vehicles. This trend towards hybrid vehicles and the ongoing substitution of platinum for palladium will continue to act as tailwinds for platinum.

Palladium to Platinum Ratio

Palladium's relative performance continues to deteriorate compared to platinum..



Source: Bloomberg

From the supply side, the World Platinum Investment Council projects a 418 koz market deficit for platinum in 2024. With the approaching winter, electricity generation in South Africa could once again jeopardise platinum production in the upcoming months. An independent report from Heraeus highlights substantial maintenance issues at South Africa's aging coal power plants, pointing out that the risk of plant failures and more severe load-shedding remains. Despite ongoing efforts by Eskom, the South African utility provider, to maintain and repair infrastructure, challenges such as unplanned unit breakdowns, criminal sabotage, and corruption are expected to continue undermining the rehabilitation of the national grid. The year 2023 marked the worst on record for load shedding, with the country experiencing outages on 335 of the 365 days. Although it is unlikely that South Africa will face the same level of load shedding as last year, the persistent risk of supply issues is likely to exert upward pressure on platinum prices.

While the market remains vulnerable to broader economic factors, modest demand growth and supply-side risks suggest a cautiously optimistic outlook for platinum in the coming quarter.

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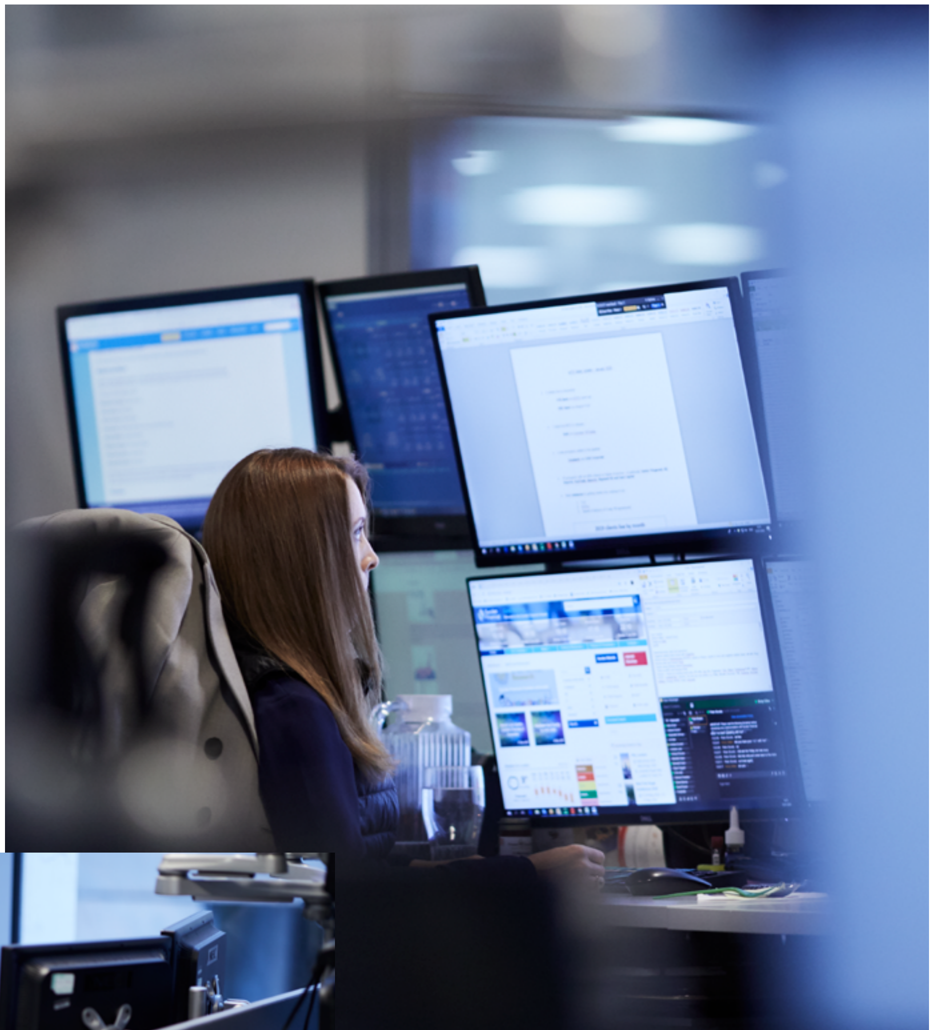

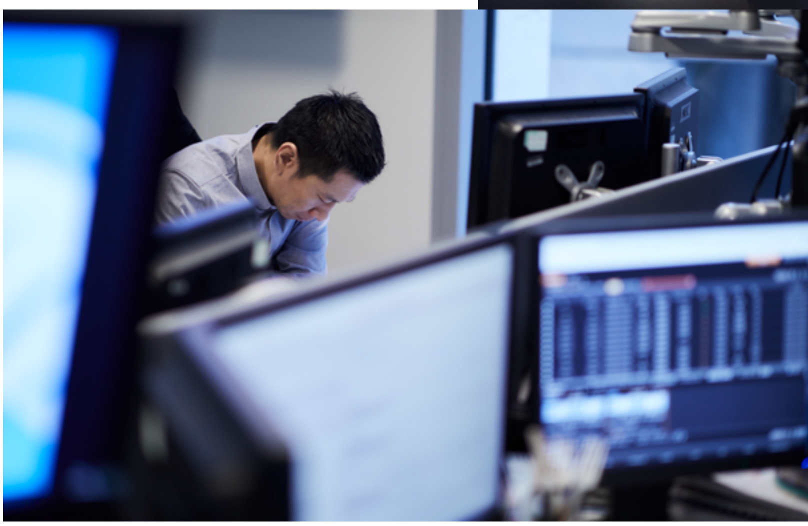

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