

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

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Global PGM Market Review and Outlook

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Platinum – gloomy environments continue



- Above ground stock could surpass 280 tons end 2017
- 4.5ton over-supply 2016
- 6.7ton over-supply 2017
- Concerns over Diesel cars

Gold- Platinum Spread



- Gold premium now 2.5 years.
- Investors buy gold neglect platinum
- Political uncertainty help the gold premium over Pt.

Palladium – going after Platinum



- 2016 physical deficit 36.5 tons
- 2017 physical deficit 43 tons
- Autocatalyst demand keep recording historical high – 2016 248ton, 2017 255ton

PT-PD Ratio – Will Pd surpass Pt ?



- Palladium is getting closer to Pt.
- Contrasting Supply & Demand favors Pd
- In one year time Pd could surpass Pt in price.

Pt Nymex Spec Position



- Spec position decreased to a 5 year low.
- This could be a favorable factor for Pt.

Stronger Rand could help Pt?



- Cheaper Rand had been a downward pressure to Pt.
- Breach of 12 Rand could be stimulus to Pt go above 1200?

Pd Nymex Spec Position



- Biggest long position in the last 2 years.
- Long liquidation is the main downward pressure for Pd.

- Platinum could have hit the bottom when it went down below 900 briefly in early May.
- However huge above ground stock and over supply situation would pressure Pt price.
- Pt price will still lag behind gold – stays in USD900-1100.
- The spread against gold has seen the biggest at \$350. Although we expect somewhat narrower spread this year but the gold premium will probably continue at least a year.

- Physical deficit simply push Pd price higher.
- Pt/Pd ration will get closer to 1 as Gasoline engine far more selling than Diesel.
- Nymex long liquidation will probably pressure Pd but supply-demand imbalance will help hold any dips.
- Expect Pd to narrow the gap with Pt. Might set 800 as a bottom and move toward 900 in one year time. Spread against Pt would be less than \$100 and getting closer to Pt.