ICBC Standard Bank

# ICBCS Precious Metals Market Outlook

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# Global Economic Outlook

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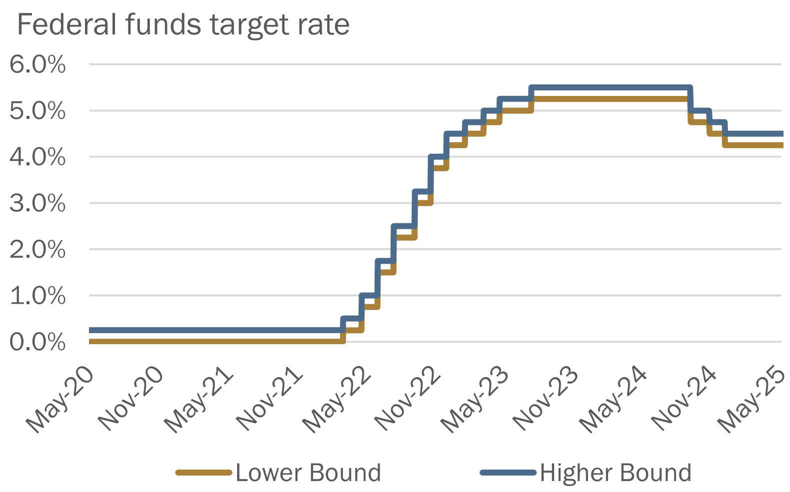
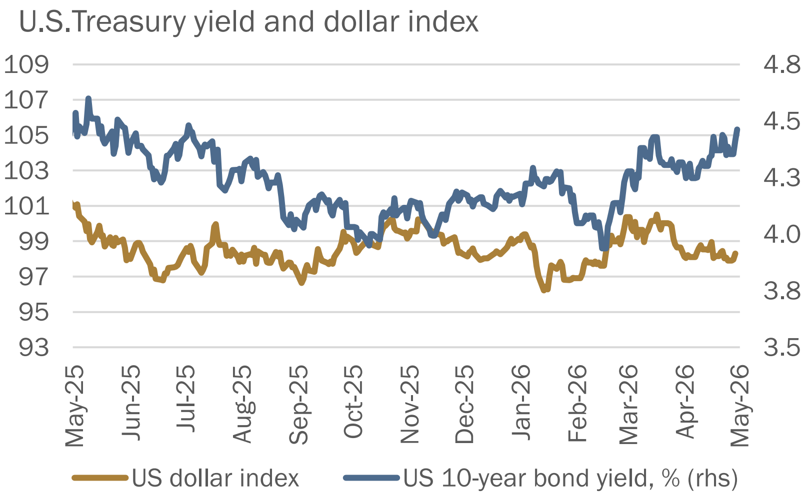
# Fed Keeps Rates on Hold as US–Iran Situation Remains Highly Uncertain




Source: Federal Reserve

## U.S. Interest Rate

- The Fed announced that the FOMC has decided to keep the federal funds target range unchanged at 3.50%–3.75% in April. This marks the third consecutive policy meeting in 2026 at which the Fed has paused. While the decision was broadly in line with expectations, the voting outcome highlighted growing divisions over the Fed's future monetary policy path.
- Fed Chair Jerome Powell has indicated he will step down as Chair while remaining on the Board of Governors. Meanwhile, Kevin Warsh is reportedly being considered as the next Fed Chair in the coming weeks, and he has previously stated that he has made no commitments to cutting interest rates, reinforcing expectations of a potentially more restrictive policy stance ahead.




Source: Bloomberg

## U.S. Treasury Yield and Dollar

- Cude oil prices retreated sharply in Mid-April following a temporary ceasefire between the U.S. and Iran, easing inflation pressures. However, as talks between Washington and Tehran stalled, lingering Middle East tensions revived upside risks to energy prices, reinforcing "higher for longer" rate expectations and lending renewed support to the US Dollar Index.
- Entering May, the U.S. dollar index remained broadly stable. Fed chair nominee Kevin Warsh struck a hawkish tone, saying he had made no commitments to Trump on rate cuts. Persistently rising inflation further reinforced expectations that the Fed will keep rates unchanged. Meanwhile, Trump continues to publicly call for easing, leaving the policy outlook increasingly uncertain. Following the release of the April U.S. CPI data, the dollar index edged higher again.

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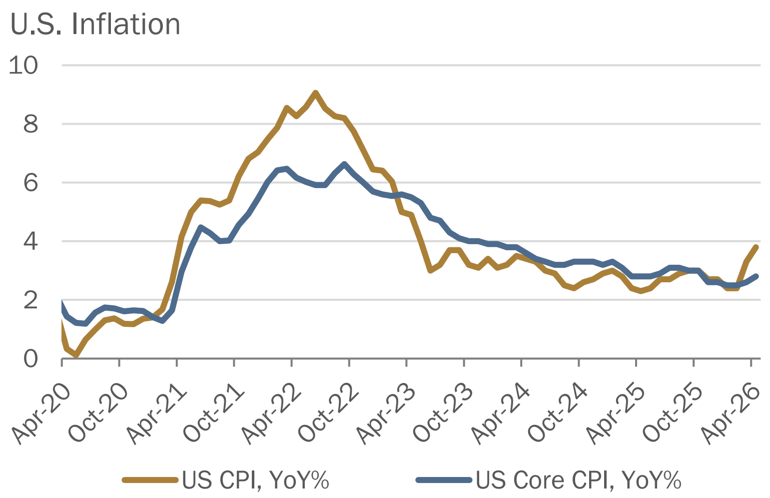
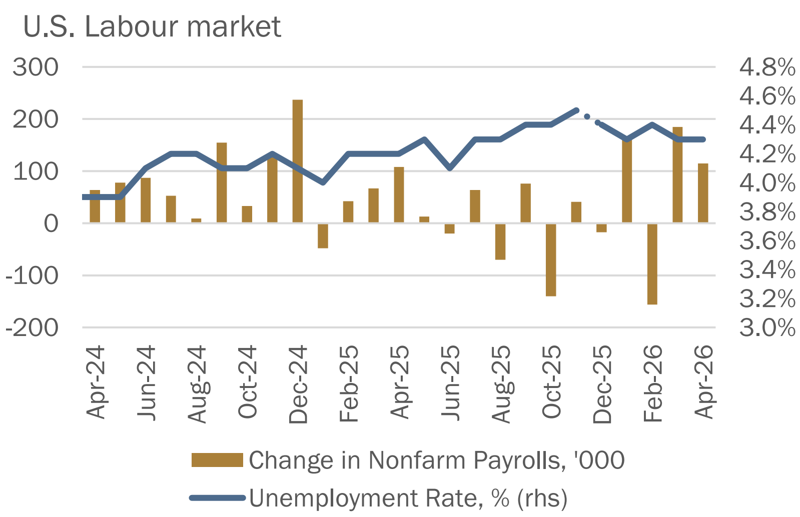
# Energy-Driven Inflation Rise Strengthens Case for Delayed Fed Easing




Source: Bureau of Labour Statistics

## U.S. CPI and Core CPI

- U.S. inflation accelerated further in April, as rising gasoline prices driven by the Iran war continued to push energy costs higher, underscoring the growing economic impact of the conflict. Underlying inflation pressures, however, also showed clearer signs of firming.
  - U.S. CPI climbed to 3.8% y/y in April, the fastest pace since 2023, above both the previous 3.3% reading and the 3.7% consensus forecast. CPI rose 0.6% m/m, in line with expectations and easing from March's 0.9% increase.
  - Core CPI increased to 2.8% y/y from 2.6%, exceeding the 2.7% forecast. Core CPI rose 0.4% m/m, above expectations of 0.3% and the prior month's 0.2% gain.




Source: Bureau of Labour Statistics

## U.S. NFP and Unemployment Rate

- Signs of stabilisation in the US labour market continued to strengthen in April, supporting the case for the Federal Reserve to keep rates on hold. Key uncertainty remains whether the prolonged Iran war could eventually weigh on hiring, as the conflict has pushed inflation higher and driven consumer confidence to record lows.
  - The US added 115,000 jobs in April, marking a second consecutive monthly gain and the first such streak in nearly a year. While below March's revised 185,000, payroll growth exceeded economists' expectations of 65,000.
  - The unemployment rate held steady at 4.3%, in line with expectations. Average hourly earnings rose 0.2% m/m, slightly below the 0.3% consensus.

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# China Manufacturing Activity Continues to Improve Amid Solid Exports

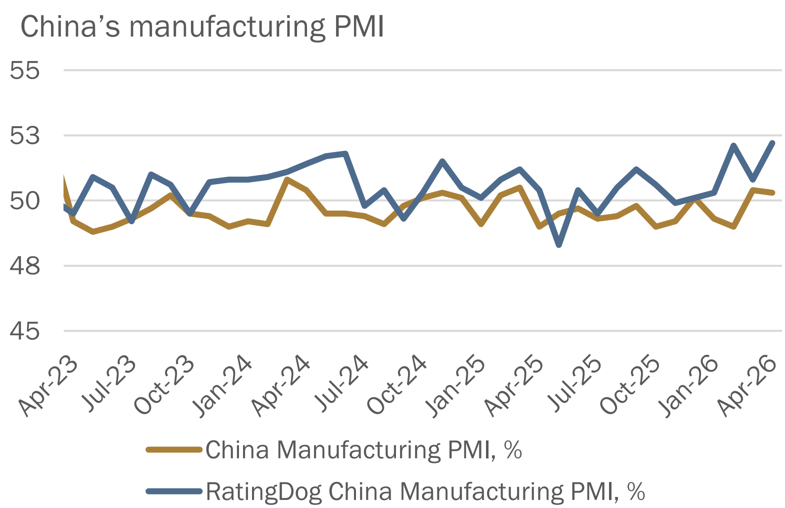
## China's Industrial Production and Retail Sales

- China's economy showed a firmer start to 2026 with Q1 GDP growth rising to 5.0% y-o-y from 4.5% in Q4. Early momentum was supported by exports, although rising geopolitical tensions have increased external uncertainty.
  - Industrial production growth eased to 5.7% y-o-y in March from 6.3% in January–February, while retail sales slowed to 1.7% y-o-y, down from 2.8% in January-February.
  - Fixed-asset investment growth moderated slightly, with YTD growth at 1.7% y-o-y versus 1.8% in the first two months. Property investment continued to decline alongside falling home prices.


Source: National Bureau of Statistics of China

## China's Manufacturing PMI

- China's manufacturing activity remained in expansion in April, extending the recovery that began in March, even as rising energy prices and escalating tensions in the Middle East posed new cost pressures. Factory output stayed resilient, supported by solid external demand, while signs of moderation emerged in overall new orders.
  - The official manufacturing PMI edged down to 50.3 in April from 50.4 in March, beating expectations of 50.1 and marking a second consecutive month above the expansion threshold.
  - The RatingDog China Manufacturing PMI jumped to 52.2 in April from 50.8 in March, well above expectations and the strongest reading since late 2020.




Source: China Federation of Logistics and Purchasing; S&P Global

# Gold Market Analysis

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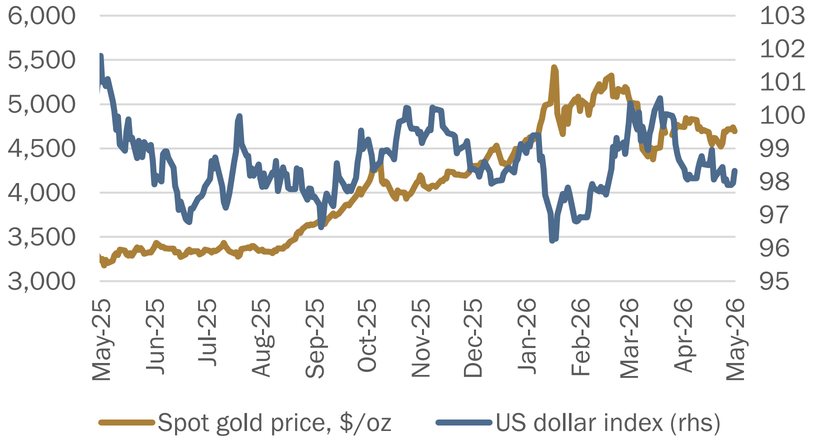
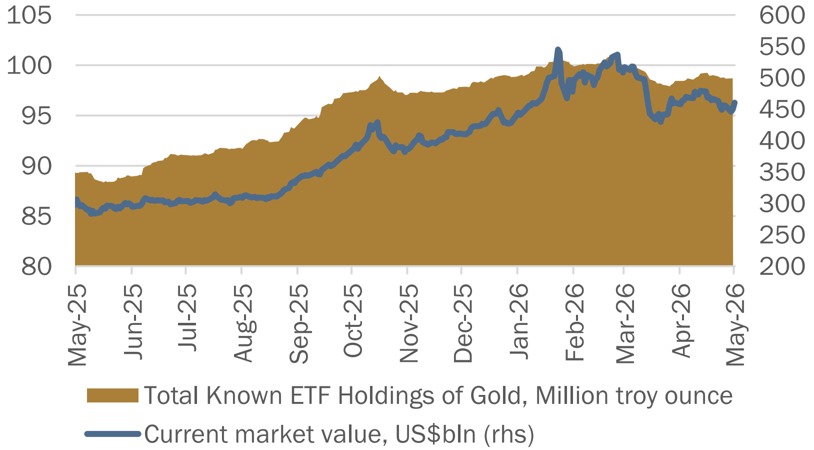
# Gold Range-Bound Amid Uncertainties, ETF Holdings Edge Higher in April

Spot gold price and the US dollar index




Source: Bloomberg

ETF gold holdings and market value




Source: Bloomberg

## Uncertain Middle East Outlook Keeps Gold Prices Range-Bound

- Gold prices fell by around 1.1% m/m in April, with elevated volatility driving a wide $4,548–4,842/oz trading range. Prices initially rose on signs of easing US–Iran tensions but reversed later in the month as peace talks stalled and oil prices rebounded. Higher energy prices reinforced inflation concerns and expectations of higher-for-longer interest rates, weighing on non-yielding gold and triggering profit-taking from mid-April highs.
- So far in May, gold prices have edged modestly higher, supported by ongoing US–Iran peace negotiations and continued demand from global central banks and ETFs. However, gains have been limited, with elevated interest rate expectations and restrictive monetary policy continuing to cap upside momentum.

## Gold ETF Flows Turned Positive in April

- Global gold ETF flows turned positive in April after notable outflows in March, with a record net inflow of US$6.6bn during the month. These inflows lifted total AUM to US$615bn. Collective holdings rebounded by 45 tonnes to 4,137 tonnes, the third-highest level on record. Market liquidity remained ample and above the 2025 average, supporting renewed investor interest in gold ETFs.
- All major regions recorded inflows, marking a broad-based improvement in sentiment. European funds led the recovery amid heightened geopolitical and energy risks, while North American flows stabilised as broader market pressure eased early in the month. Asia remained a key source of steady demand, with continued inflows reflecting geopolitical uncertainty, lower yields, and investor diversification into gold.

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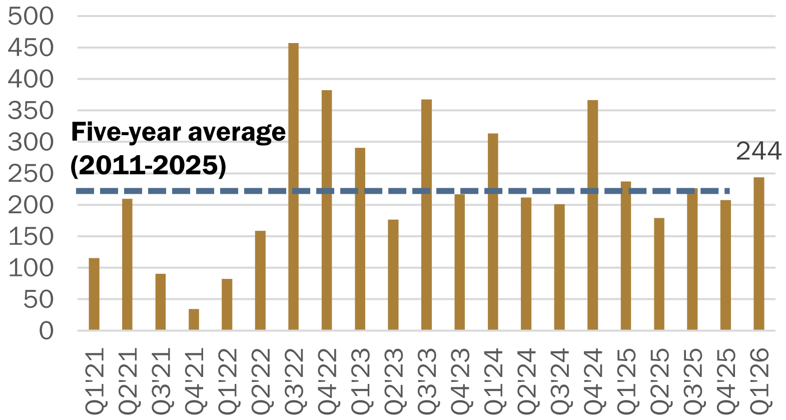
# Global Central Bank Gold Reserve Demand Remains Strong in Q1 2026

Quarterly central bank net purchases, Tonnes

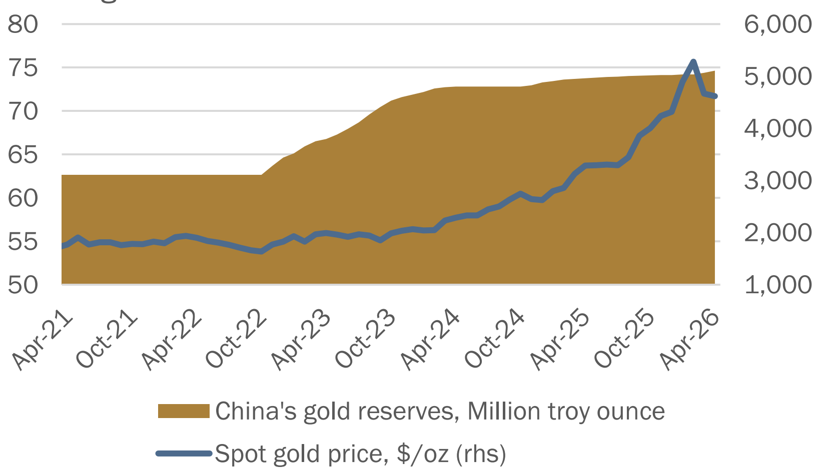



Source: Metals Focus, World Gold Council

## Central Bank Gold Demand Stayed Strong in Q1 2026

- Global central bank gold demand remained strong in Q1 2026, with net purchases of 244 tonnes, well above the five-year quarterly average of 226 tonnes and higher than the previous quarter. Buying persisted despite heightened geopolitical and market uncertainty, reinforcing gold's strategic role in reserve diversification and as a store of value.
- Reported purchases were led by the National Bank of Poland, followed by the Central Bank of Uzbekistan and the People's Bank of China, alongside smaller additions from several emerging-market and European central banks. Unreported buying also remained elevated in the quarter.

China gold reserves

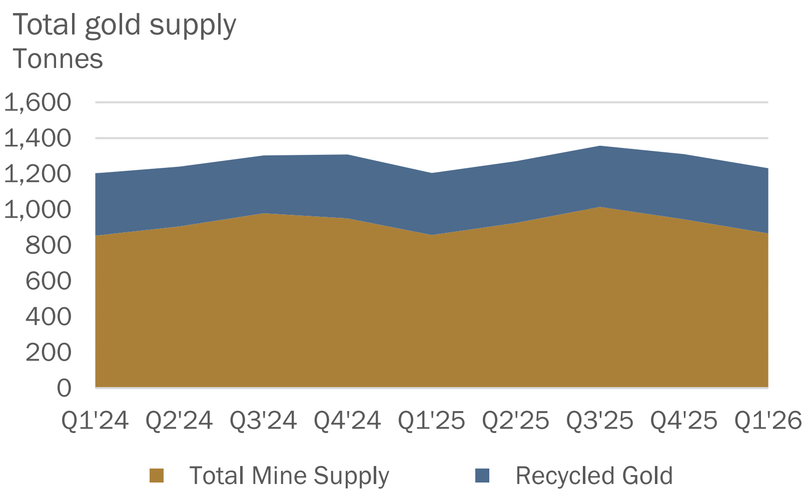



Source: The People's Bank of China; Bloomberg

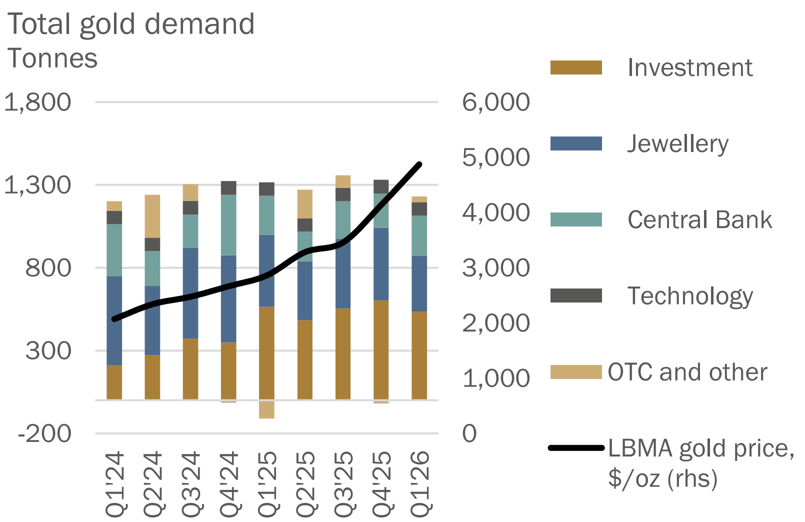
## China's Central Bank Boosts Gold Buying as Prices Retreat

- China's central bank extended its gold-buying streak to 18 consecutive months in April, adding 260,000 troy ounces, the most since December 2024, to 74.64 million ounces. Gold prices came under pressure as the Iranian War added to global inflation risks, reinforcing higher-for-longer interest rate expectations. In April, gold prices traded in a narrow \$4,550–4,650/oz range, marking a sharp pullback from earlier-year highs.
- The WGC notes that the PBOC's purchases show tactical timing. During the January–February price rally, additions were relatively modest, but buying accelerated in March and April as prices corrected. Strategically, the PBOC continues to diversify reserves and reduce exposure to US bonds.

# Gold Supply and Demand Dynamics Amid Record Prices in Q1 2026




Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, WGC




Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, WGC

## Seasonal Drag Weighed on Q1 Gold Mine Output Despite YoY Growth

- Total gold supply reached 5,144 tonnes in 2025, up 1.8% year on year. Mine supply rose 1.4% y/y to 3,740 tonnes, while recycled gold supply increased 2.8% y/y to 1,403 tonnes, supported by higher prices. A decline in the aggregate outstanding producer hedge book reduced total supply by 20t in the quarter.

- In Q1 2026, total gold supply increased 2% y/y to 1,231 tonnes, with mine production rising 2% y/y to a record 885 tonnes, while gold recycling jumped 5% y/y as higher prices boosted old jewellery sales. However, mine output fell 8.6% q/q from Q4; production declined in Namibia, Mexico, Australia and China due to mine-specific, geological and operational disruptions.

## Global Gold Demand Value Hit a Record High in Q1 2026

- Total gold demand, including OTC, rose 2% y/y to 1,231 tonnes in Q1, and the combination of modest volume growth and sharply higher prices lifted the value of quarterly demand by 74% to a record US$193bn.

- Investment demand was the key driver: bar and coin demand surged 42% y/y to 474 tonnes, the second-highest quarter on record, while gold-backed ETFs saw net inflows of 62 tonnes. Jewellery demand fell 23% y/y amid record prices, but total spending rose 31%. Central banks added 244 tonnes (+3% y/y) on a net basis, and technology demand edged 1% higher to 82 tonnes, supported by continued growth in AI-related applications.

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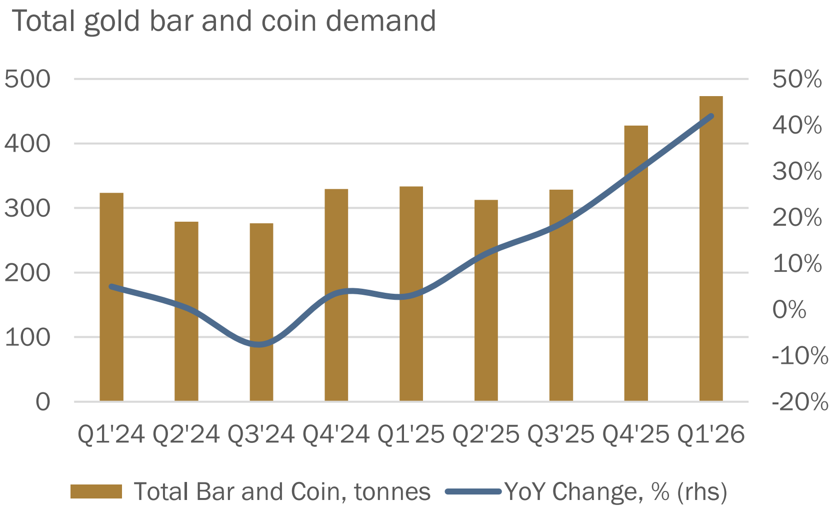
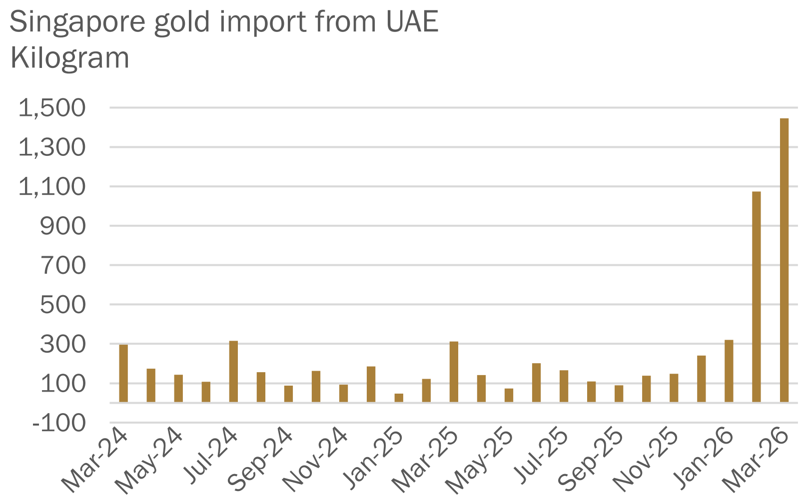
# Geopolitical Risks Boost Physical Gold Demand and Reshape Trade Flows




Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, WGC




Note: Using HS code 71081210 (Non-monetary gold in lumps ingots or cast bars)

Source: Data compiled by Bloomberg

## Bar and Coin Buying Drove Global Gold Demand in Q1 2026

- Gold bar and coin demand was the strongest growth segment in Q1 2026, rising 42% y/y to 474 tonnes, the second-highest quarterly level on record, after Q2 2013. In value terms, demand surged to a record US$74bn, far above the US$23bn five-year quarterly average, as buying was front-loaded in January and remained resilient during price pullbacks.
- China posted a record 207 tonnes of bar and coin demand, supported by high gold prices relative to local assets, elevated trade and geopolitical risks, and spillover effects from VAT reforms. India also remained strong, with demand up 34% y/y to 62 tonnes, while growth across the Middle East and sustained activity in the US offset a q/q slowdown in some markets.

## Singapore Emerges as a Key Destination for Dubai Gold Amid Middle East Conflict

- Singapore has seen rising gold imports from Dubai as wealthy investors look for alternative storage hubs amid prolonged Middle East tensions. Concerns over insurance coverage and the ability to move bullion quickly — particularly if regional airspace were disrupted — have prompted some high-net-worth investors to shift gold previously held in the United Arab Emirates.
- Singapore's robust financial and logistics infrastructure has made it a natural beneficiary, according to dealers.Official data show Singapore imported 1,074 kilograms of gold from the UAE in February and a further 1,446 kilograms in March, the highest monthly inflow in at least five years.

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# Gold Spot Pirce, Moving Averages, RSI


Source: ICBCS

# Gold Price Outlook

# Gold Range-Bound on Headlines, Longer Term Outlook Remains Bullish

| **Factors Influencing Gold Price Outlook** | |
|---|---|
| **Bullish** | • Global gold ETF flows turned positive in April; gold holdings in ETFs also recorded an uptick starting from the second week of May.<br>• The upcoming summit between President Trump and President Xi is expected to discuss the Iran issue, which could improve market sentiment and raise expectations for a reopening of the Strait of Hormuz and lower oil prices.<br>• Global central bank gold demand remained strong in Q1 2026; China's central bank extended its gold-buying streak to 18 consecutive months, as the recent price pullback encouraged buying.<br>• WGC data showed that global gold demand value hit a record high in Q1 2026, driven primarily by strong bar and coin buying.<br>• Rising energy and broader commodity prices are expected to exacerbate recession risks. Gold, as a traditional safe-haven asset, typically performs well during periods of stagflation.<br>• Despite the pullback in gold prices so far this year, most institutions remain bullish on gold for the rest of the year and expect further upside potential.<br>• The establishment of new gold trading hubs in Asia is expected to bring additional liquidity to the market, attract more capital inflows, and support a more constructive outlook for gold prices.<br>• Global instability is expected to persist, prompting investors to increase allocations to gold as part of diversification efforts to reduce reliance on the US dollar. |
| **Bearish** | • US–Iran negotiations have once again stalled, while elevated energy prices have intensified inflationary pressures, raising expectations that central banks will keep interest rates higher for longer.<br>• The market is largely pricing out Fed rate cuts this year and modestly increasing expectations for a potential rate hike. A stronger US dollar remains a headwind for US dollar–denominated gold prices.<br>• The US labour market continued to strengthen in April, reducing the urgency for the Fed to cut rates to support economic growth and reinforcing its wait-and-see stance under current conditions.<br>• China's manufacturing activity expanded in April amid solid export performance, boosting investor confidence and weighing on demand for safe-haven metals.<br>• Loco London vaulted gold stocks have continued to rise year-to-date, indicating some easing in near-term supply tightness.<br>• Strong US equity market performance has increased risk appetite and attracted capital flows away from safe-haven metals. |

Source: ICBCS

# Platinum Market Analysis

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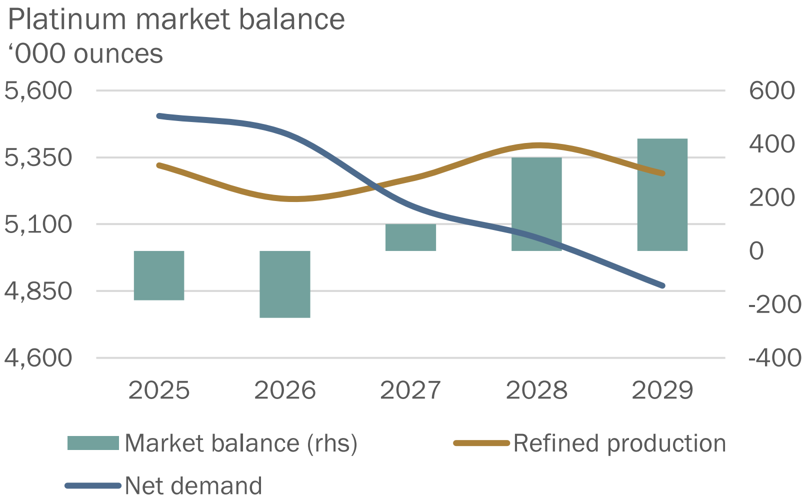
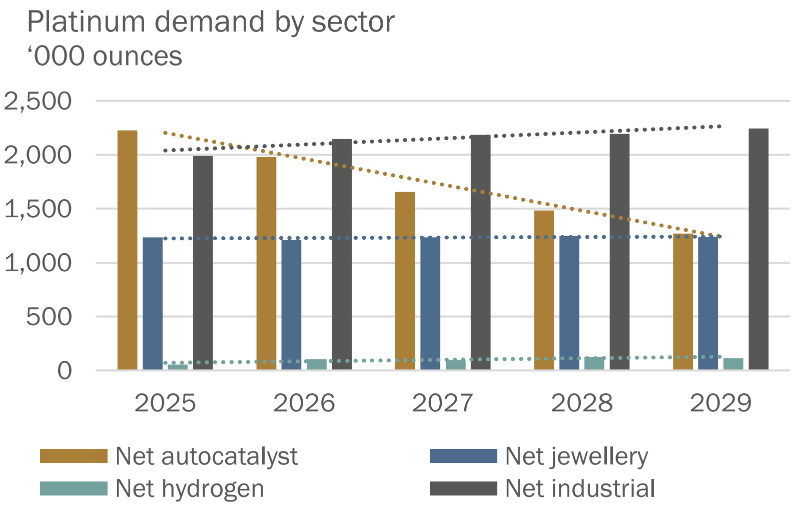
# Global Platinum Deficit Is Expected to Widen in 2026 Amid Lower Output




Source: SFA Oxford

'000 ounces




Source: SFA Oxford

## A Larger Global Platinum Deficit in 2026

- The global platinum market deficit is expected to widen from 185 koz last year to around 250 koz in 2026, signalling further tightening. Global output is forecast to fall 2.4% year-on-year to 5,195 koz, with particularly sharp declines in South Africa and Russia. This mainly reflects ongoing reserve depletion, producers' strict capital discipline delaying new project ramp-ups, and lower grades at Nornickel, while price-driven new and restarted projects have yet to materially offset supply losses.
- From 2027 onwards, the market is expected to shift into surplus, with excess supply widening through 2028–29 as autocatalyst demand continues to weaken and new projects ramp up. Sustained higher platinum prices could accelerate project approvals and bring additional supply online.

## Pt Net Demand Set to Decline in 2026 on Weaker Autocatalyst Demand

- Global net platinum demand is expected to decline from 5,505 koz in 2025 to 5,440 koz in 2026, primarily due to a sharp drop of 245 koz in autocatalyst demand as EV market share expands. Regionally, China will lead in platinum demand destruction, with consumption set to drop 310koz this year. Platinum jewellery demand surged last year but is projected to fall by about 25 koz this year, as higher platinum prices weigh on consumer appetite.
- Hydrogen-related demand is set to grow by 50 koz in 2026 and is set to rise strongly in the future as hydrogen has been elevated to become China's 'New Economic Growth Point' in 2026-2030. Industrial demand for platinum is expected to rise strongly by approximately 155 koz in 2026.

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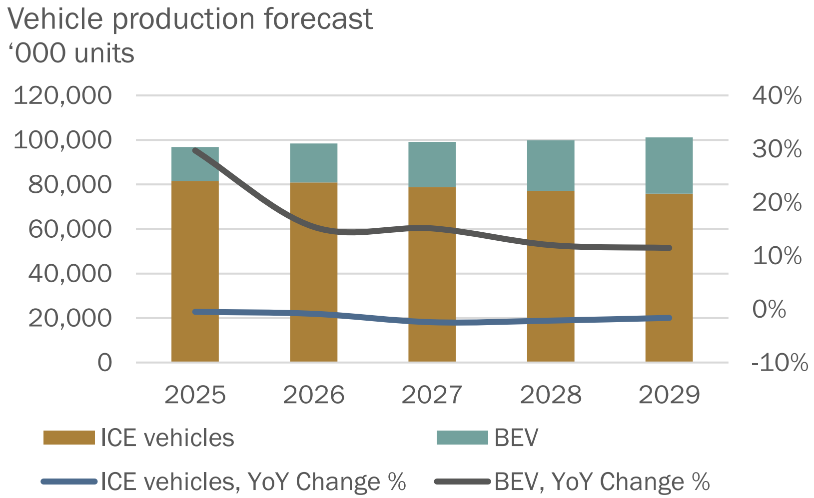
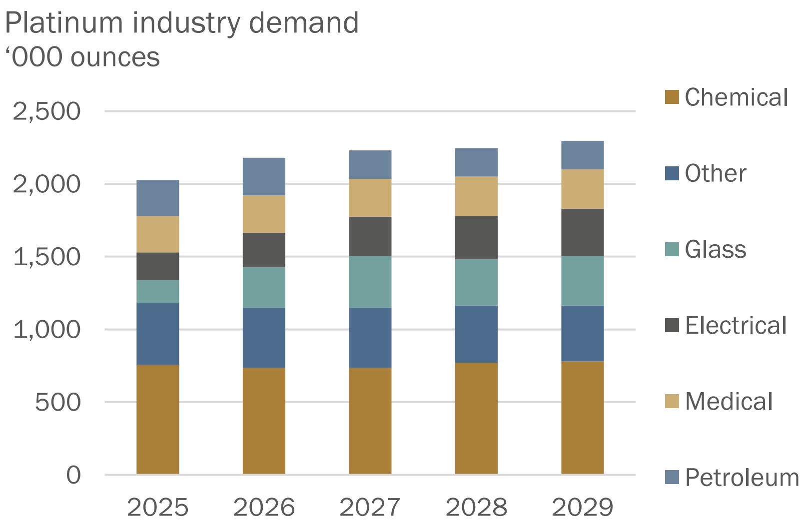
# Autocatalyst Pt Demand to Decline in 2026; Industrial Demand Rises




Source: SFA Oxford; Global Data




Source: SFA Oxford

## ICE Output Decline and Pd Substitution Weigh on Auto Pt Demand

- ICE vehicle production is projected to decline steadily through 2029, falling from 80.9 million units in 2026 to 75.9 million, with annual declines of around 1–2% YoY. The peak in platinum use in gasoline catalysts occurred in 2025, and demand has since been undermined by platinum's sustained price premium over palladium, which has driven further substitution toward palladium in autocatalysts alongside falling ICE output.
- BEV production is expected to rise steadily to around 25.2 million units by 2029 from 17.5 million units in 2026. However, YoY growth slows progressively to around 11–12% by 2028–29, well below the near-30% surge seen in 2025, reflecting a more mature market and a moderating pace of electrification.

## Glass Demand Recovery and Electrical Demand Supports Pt Industrial Use

- Over 2026–29, platinum demand from the glass and electrical sectors is expected to remain robust, supporting growth in overall industrial demand. Glass-related platinum demand is forecast to rise by 115 koz year-on-year in 2026, as demand recovers following the stall in Chinese glass fibre capacity expansion in 2025, providing a marginal uplift to industrial consumption.
- Electrical-related platinum demand is projected to increase by around 50 koz in 2026, driven by the transition of hard disk drives (HDDs) from ePMR to HAMR technology, which is more platinum-intensive. Seagate has already launched HAMR drives, with Western Digital and Toshiba expected to follow in 2027–28, providing further upside to platinum electrical demand in the coming years.

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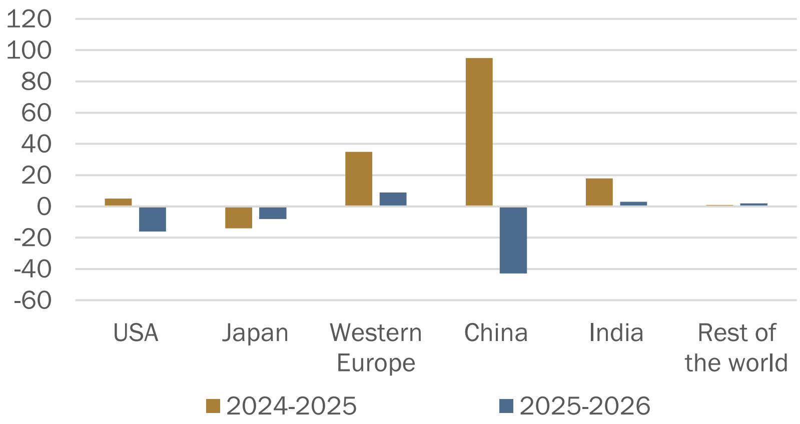
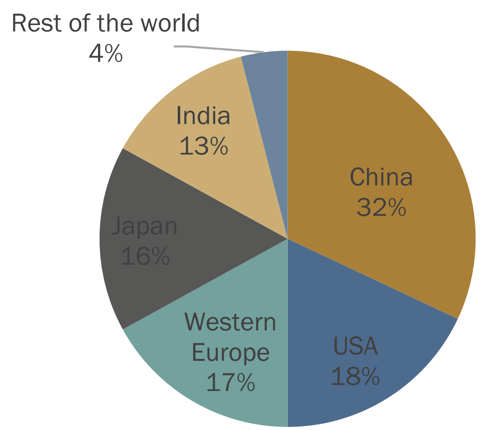
# Platinum Jewellery Demand Expected to Decline in 2026 Led by China

Change in platinum jewellery demand by region
'000 ounce




Source: SFA Oxford

Platinum jewellery demand by region, 2025




Source: SFA Oxford

## Global platinum jewellery demand to ease in 2026 after a strong 2025

- Global platinum jewellery demand was strong in 2025, with fabrication at 1,521 koz (+10% YoY), driven by gold-to-platinum substitution. In 2026, demand is expected to soften, falling 3.6%, as high price levels increasingly cap consumer demand.
- Regionally, China's strong 2025 growth is set to reverse sharply in 2026 amid record prices and a shrinking retail footprint. Japan saw a modest decline in 2025, with demand expected to ease further in 2026 amid fewer tourists from China and a stronger yen. Europe and the US held up in 2025 thanks to fixed-price jewellery and substitution effects, but demand is also expected to weaken in 2026 following tariff impacts and rising macro pressure.

## China's Share of Global Pt Jewellery Demand Continues to Shrink

- While China's Pt jewellery demand appears strong in 2025, jeweller restocking does not equal a real recovery in consumer demand. Platinum lacks gold's value-preservation appeal, carries higher resale discounts, has underperformed gold on prices, and does not benefit from gold's strong cultural symbolism in China. As consumers favour gold, retailers and manufacturers have shifted their focus away from platinum.
- China's share of global Pt jewellery demand has fallen from 62% in 2015 to around 32% in 2025, with declining marriage rates further weighing on demand. By contrast, other regions are gaining share, with Western Europe set to become the largest platinum jewellery market, supported by stable local demand and branded jewellery exports.

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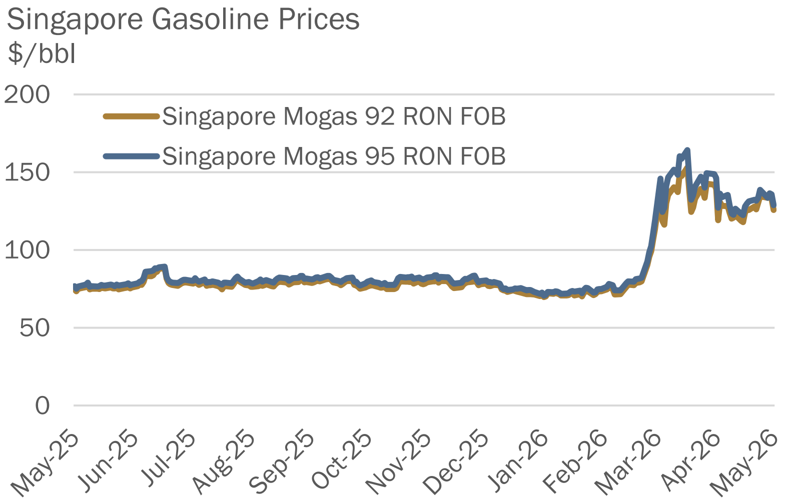
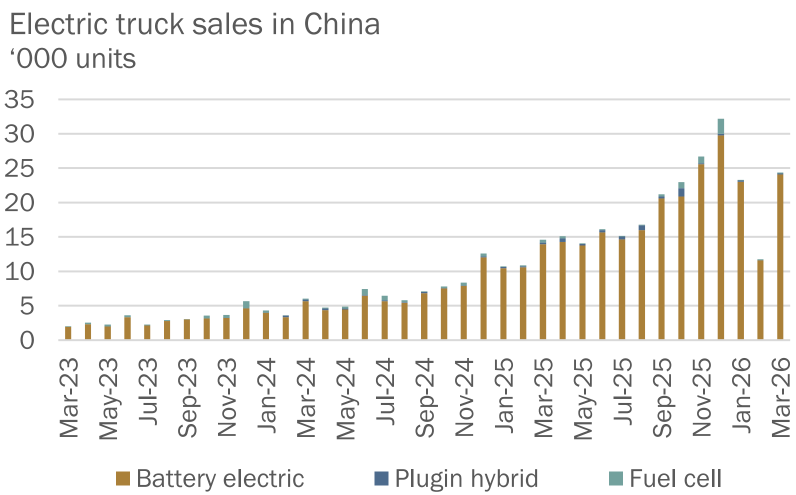
# Iran War–Driven Energy Crisis Expected to Accelerate EV Transition




Source: Bloomberg




Source: China Automotive Technology and Research Center

## Iran War Triggers Energy Supply Disruptions, Driving Gasoline Prices Higher

- In late February, US-Israel military action against Iran and Tehran's retaliation — including the blockade of the Strait of Hormuz, a critical chokepoint handling around 20% of global seaborne crude oil flows — sharply tightened global oil supply. Disruptions to shipping routes and energy infrastructure across the Middle East drove a rapid surge in energy prices.
- Against this backdrop, gasoline prices surged by ~92% for Singapore 92RON and ~100% for 95RON from late February to their March peaks. While prices eased in April as the US and Iran moved toward a temporary ceasefire and peace negotiations, they remain well above pre-war levels, continuing to tighten gasoline supply and affordability, particularly across parts of Asia.

## Iran War Expected to Accelerate China's EV Transition as Gasoline Prices Soar

- China's electric truck market is gaining momentum as surging fuel prices following the Iran war strengthen the economic case for electrification. Sales of electric trucks tripled in 2025, lifting their share to around 20% of the overall segment.
- Improving battery and charging technology is also expanding the viability of electrification into medium- and heavy-duty transport, reinforcing growth already underway. Under BloombergNEF estimates, electric heavy-duty commercial vehicles are expected to account for around 63% of total sales in China by 2035. As a result, the acceleration of the EV transition could exert downward pressure on long-term platinum demand from autocatalysts.

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# Platinum Spot Pirce, Moving Averages, RSI


Source: ICBCS

# Platinum Price Outlook

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# Platinum Supported by Supply Deficit, Demand Uncertainty Caps Upside

| Factors Influencing Platinum Price Outlook | |
|---|---|
| **Bullish** | • According to media reports, a strong demand for physical platinum delivery linked to a new Guangzhou Future Exchange contract has begun to tighten global platinum supply.<br>• Potential US tariffs on platinum have continued to drive large volumes of metal into storage in the US, tightening supply availability in other regions.<br>• Platinum production declines in South Africa and Russia are expected to widen the global platinum deficit this year.<br>• The oil and LNG supply crunch caused by disruptions at the Strait of Hormuz is forcing more countries to accelerate clean energy development. Platinum demand related to the hydrogen industry is therefore expected to increase. |
| **Bearish** | • Similar to gold, persistent inflationary pressures are forcing central banks to keep interest rates higher for longer. High interest rates weigh on platinum demand, given that it does not offer any interest.<br>• Markets have largely priced out the possibility of a Fed interest rate cut this year. A stronger US dollar remains a headwind for US dollar–denominated platinum prices.<br>• Soaring oil and gas prices could accelerate the global EV transition, potentially leading to a faster-than-expected decline in platinum demand from the autocatalyst sector.<br>• Following the sharp pullback in platinum prices in January this year, combined with expectations for prolonged high interest rates, overall investor sentiment toward precious metals has cooled, leading to a withdrawal of speculative capital.<br>• As the global economy faces rising recession risks amid high inflation and elevated energy prices, platinum jewellery demand — as a high-priced jewellery category — is expected to ease this year after a strong performance in 2025.<br>• China's share of global platinum jewellery demand has continued to decline, as consumers remain more inclined toward gold jewellery due to its stronger cultural significance and value-preservation attributes.<br>• Elevated platinum prices are starting to weigh on end-use demand, particularly in non-essential industrial applications.<br>• Easing demand and the ramp-up of new projects could shift the global platinum market into surplus from 2027, while current elevated price levels are also encouraging an increase in recycling supply. |

Source: ICBCS

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