

## LBMA Forecast for 2014

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### Gold

Average: \$1150/oz

High: \$1250/oz

Low: \$1050/oz

Gold will likely soften again this year, as demand drops although it should not experience the sharp falls of 2013. Global economies are likely to recover steadily putting further downward pressure on the price. The US economy will likely continue to grow as evidenced by the relaxing of quantitative easing in January 2014. Europe is starting to recover although this will likely be at its usual snail's pace. Chinese growth is likely to increase closer to the 9% level as other economies suck up Chinese goods and building of its infrastructure continues. Supply of gold, although slowing, is unlikely to affect the price. Increased buying from price sensitive Chinese may see support for gold as it weakens through the year. There is good long term support for the price at the \$1200/oz level.

### Silver

Average: \$17/oz

High: \$23/oz

Low: \$12/oz

Silver will likely track the gold price but with more exaggerated moves. It's main use today is in jewellery and silverware, coins, ETFs and a geared play on gold. Demand for jewellery is likely to remain flat whilst disinvestment may increase in 2014. With a further drop in the price, demand for industrial uses may increase such as electronics and photography, but unlikely to be significant. The supply of silver could exceed demand by as much as 30% in 2014. This is likely to have a significant and negative effect its price.

## Platinum

Average: \$1475/oz

High: \$1575/oz

Low: \$1325/oz

Platinum demand will likely increase further in 2014 with recovering European diesel auto-sales and fuel-cell vehicle sales starting to pick up (e.g. Toyota's new FC vehicle). Its price premium over gold may increase significantly, which is a feature of the platinum price with rising economies. The premium may be complimented by further annihilation of supply by South African labour unions and government. Anglo American may sell its interests in Anglo Platinum. Glencore is also selling its stake in Lonmin. New owners of these mines will likely see supply fall as non-profitable shafts are closed, exacerbating the shortage of the last 2 years further.

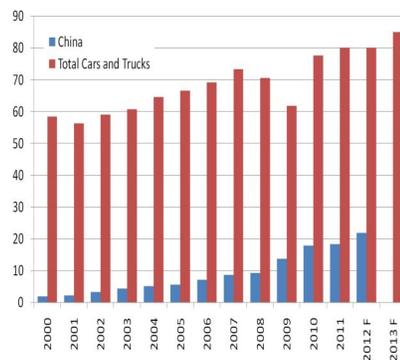
## Palladium

Average: \$775/oz

High \$925/oz

Low: \$650/oz

Palladium demand remains strong with global gasoline car sales rising to record highs with every year since 2009.



Its use in electronics and as an ETF is also on the increase. On the supply side, South African supply will likely be muted in 2014 due to labour issues and Russia recently announced its intention to hold back sales. The age-old Russian palladium metal-stocks-above-the-ground issue has kept the lid on prices rising and with the new announcement, may continue to hold prices back in 2014.