Precious Metals Commodity Management LLC

Weekly Precious Metals News Articles: August 21, 2020

Distribution: If you no longer wish to be on this mailing list, send me a note. If others want to be added to distribution, again let me know.

Below is a cross section of relevant news article to the world of Precious Metals:
Markets, Supply & Demand, Investment, and Industrial Applications. Enjoy-

Gold

- **Gold retreats as dollar slide pauses after Fed minutes**
  - Fed minutes showed the FOMC believes that the coronavirus likely would continue to stunt growth and potentially pose dangers to the financial system.
    https://www.cnbc.com/2020/08/19/gold-markets-coronavirus-pandemic-fed-minutes-in-focus.html
- **Fund managers are more optimistic on stocks than any time since the pandemic began**
  - Fund managers are the most bullish they have been since the pandemic, according to the latest survey from Bank of America released on Tuesday.
  - A net 12% were overweight equities, +7% since July, according to the latest survey.
    https://www.marketwatch.com/story/survey-finds-fund-managers-finally-believing-the-stock-market-recovery-is-real-and-doubting-gold-11597749979
- **Gold rebounds more than 2% on dollar weakness, poor U.S. economic data**
  - Gold jumped over 2% to its highest in nearly a week on Monday as a weaker dollar, a pull-back in U.S. Treasury yields along with Warren Buffett's Berkshire Hathaway buying a stake in major gold miner bolstered investor morale.
    https://www.cnbc.com/2020/08/17/gold-markets-us-china-relations-in-focus.html
- **Buffett's Gold Move Shows Why We Must Be Willing to Change**
  - Economic conditions change, investment opportunities evolve, and risk versus reward fluctuates.
    https://realmoney.thestreet.com/investing/buffett-s-gold-move-shows-why-we-must-be-willing-to-change-15400701
- **Industry associations are calling on Switzerland's largest gold refinery to clarify the origins of its gold purchased from Dubai traders**
  - A rift has emerged between the Swiss Association of Traders and Manufacturers of Precious Metals and the Ticino based refinery Valcambi. The row concerns a report by the NGO Swissaid released in July, which alleges that Valcambi is sourcing gold from dubious sources in Dubai. The refinery's purchases from the Kaloti Group are particularly concerning because of alleged links to gold from conflict regions in Africa.
    https://www.swissinfo.ch/eng/business/pressure-mounts-on-swiss-refinery-valcambi-over-questionable-gold-origins/45971424
- **RPT-Commodity Traders Face Rising Finance Costs as Big Banks Pull Out**
  - Sector rocked by ABN Amro withdrawal from trade finance
  - Banks spooked by commodity trader defaults and frauds
  - Costs will rise as funds, bonds will not fill void

https://www.agriculture.com/markets/newswire/rpt-commodity-traders-face-rising-finance-costs-as-big-banks-pull-out

- **Turkey Hit By Bank Runs, Currency Panic As Locals Sell Their Cars And Houses To Buy Gold While Lira Implodes**
    - The Turkish lira has cratered against the dollar and most developed currencies, plunging from 3 TRY per dollar, to a record low 7.37 last week after a brief and valiant attempt at imposing shadow capital control by Erdogan failed miserably at the end of July. https://www.zerohedge.com/markets/turkey-hit-bank-runs-currency-panic-locals-sell-their-cars-and-houses-buy-gold-while-lira

Semiconductor Related Articles (impacting Precious Metals electronics):

- **Applied Materials signals improving chip demand with robust forecast**
    - Applied Materials Inc forecast fourth-quarter revenue above analysts' estimates on Thursday as demand rebounds for semiconductor equipment and services from the coronavirus-driven slump, and predicted sustained spending into 2021. https://www.reuters.com/article/us-applied-results/applied-materials-signals-improving-chip-demand-with-robust-forecast-idUSKCN2592XI
- **Semiconductors Outperforming Most Industries – but Watch Second Half**
    - US & China Purchasing Managers Index the strongest. Taiwan, S. Korea, and Japan lagging the ROW.
    - Matt: Semi has the benefit of a 2H seasonal sales peak to lean on to support further recovery. https://blog.semi.org/business-markets/semiconductors-outperforming-most-industries-but-watch-second-half

Silver

- **Silver Price Daily Forecast – Silver Rebounds Above $28.00**
    - Silver continues to move higher as the U.S. dollar dives to yearly lows against a broad basket of currencies. https://www.fxempire.com/forecasts/article/silver-price-daily-forecast-silver-rebounds-above-28-00-667363
- **Solar, wind, storage investment collapses in Australia as risks on developers grow**
    - Clean Energy Council reveals a dramatic fall in the number of large-scale renewable energy projects committed in Q2'2020, w/three projects 410 MW of new capacity, the lowest level since 2017.

https://www.pv-magazine.com/2020/08/19/solar-wind-storage-investment-collapses-in-australia-as-risks-on-developers-grow/

- **Four injured in 'incident' at Wacker's US polysilicon factory**
    - An accident occurred on July 24 at German chemical producer Wacker's polysilicon factory in Tennessee, according to reports by several US media outlets. The German chemicals producer said that the issue involved four contractors doing maintenance on non-operational equipment.
    - Matt: Several analysts keep talking about the huge growth in Solar PV. This incident in Tennessee and a huge explosion at a Chinese facility (next article) have taken over 13% of the global silicon market raw materials off the market. Solar PV Cell/Module prices have climbed 20% as a result. 2020 new PV projects being deferred. There is No near-term climb in Solar PV demand pulling more silver demand. Period. Recent 50% climb in Silver is all investment driven, not industrial. https://www.pv-magazine.com/2020/08/10/four-injured-in-incident-at-wackers-us-polysilicon-factory/
- **Chinese PV Industry Brief: Higher cell prices and plans for 36 GW of new cell capacity**
    - Chinese solar cell manufacturer Tongwei has raised its cell prices by 9% this week after having increased them by 10% three weeks earlier. Another cell manufacturer, Aiko Solar, has unveiled a plan to deploy 36 GW of new cell production capacity.
    - https://www.pv-magazine.com/2020/08/12/chinese-pv-industry-brief-higher-cell-prices-and-plans-for-36-gw-of-new-cell-capacity/
- **China's Aiko Solar Will Spend $2.87B to Build Plants in Zhejiang**
    - The facilities will have total annual capacity of 36 gigawatts and construction will last for seven years.
    - The first phase of construction will start this month and the plants will start producing solar cells in December, the statement says. The first phase will add 10 gigawatts of capacity, it said.
    - Matt: 36 GW of new cell capacity is a significant amount, ~+30% spread over several years (vs. 2019 Solar PV peak of 117 GW new installations) with 10 GW, or +8% global capacity added starting December 2020. https://www.msn.com/en-us/finance/news/china-e2-80-99s-aiko-solar-will-spend-24287b-to-build-plants-in-zhejiang/ar-BB17KB84

Precious Metals Mining:

- **Miner Sibanye-Stillwater sees profit in first-half on higher gold prices**
    - Miner Sibanye-Stillwater SSWJ.J said on Friday it expects to swing to a profit in the 1H 2020 on higher gold prices and a strong dollar as well as lower impact to its operations from the COVID downturn. https://www.nasdaq.com/articles/miner-sibanye-stillwater-sees-profit-in-first-half-on-higher-gold-prices-2020-08-14
- **Surging PGM prices give Northam Platinum hope for monumental rise in profit**
    - It said that by the end of the financial year, the Booysendal mine and Eland mine were again operating at full complement, while Zondereinde mine was operating at 80 percent capacity. https://www.iol.co.za/business-report/companies/surging-pgm-prices-give-northam-platinum-hope-for-monumental-rise-in-profit-d4129632-52e4-468a-aff8-5d3d908fe747
- **Russian oil spill cleanup to stretch into 2021**
    - MMC Norilsk Nickel's Vladimir Potanin said it's impossible to estimate the cost of damages from May's massive fuel spill in the Arctic until the miner completes the clean-up in 20212. https://www.mining.com/web/russian-oil-spill-cleanup-to-stretch-into-2021/
- **South Africa's Implats flags more than 300% earnings leap**
    - Implats said during the period it had delivered production volumes at the top-end of its previous guidance given in June of 2.77 million to 2.795 million ounces. https://www.nasdaq.com/articles/south-africas-implats-flags-more-than-300-earnings-leap-2020-08-20

E-Waste & Precious Metals Recycle Related:

- **Gold prices sky high but no jackpot if you're selling a wedding band**
  - I priced selling my husband's gold wedding ring — again https://www.freep.com/story/money/personal-finance/susan-tompor/2020/08/18/golds-prices-rise-sell-jewelry/3367019001/
- **Solar panels are starting to die. What will we do with the megatons of toxic trash?**
  - By 2050 up to 78 million metric tons of solar panels will have reached the end of their life, and that the world will be generating about 6 million metric tons of new solar e-waste annually. https://www.salon.com/2020/08/15/solar-panels-are-starting-to-die-what-will-we-do-with-the-megatons-of-toxic-trash_partner/
- **R.I. scrap-metal company SIMS to pay $875,000 for violating Clean Air Act**
  - The penalty against SIMS Metal Management, could rise as high as $2 million if it does not follow through on the terms of a settlement and install new equipment to control the release of pollution that may be linked to cancer and severe respiratory illnesses. http://www.providencejournal.com/news/20200812/ri-scrap-metal-company-to-pay-875000-for-violating-clean-air-act?rssfeed=true
- **Cloud services and metal prices lift Sims margins - E-Scrap News**
  - Sims Lifecycle Services secured four additional cloud customers during the last fiscal year, helping to boost its data center decommissioning volume to 24,600 metric tons.
  - Matt: Server blades and HDD and SSD main PCB's are some of the richest in precious metals of all of the various forms of e-waste. Focusing on data center decommissioning is a brilliant strategy for e-waste processors. https://resource-recycling.com/e-scrap/2020/08/20/cloud-services-and-metal-prices-lift-sims-margins/
- **Tetronics liquidation to complete by Dec. 2020**
  - Matt: After filing for bankruptcy in 2016, Tetronics is in the final phases of asset liquidation. See August 5th notice in list of filings on link below. https://beta.companieshouse.gov.uk/company/00812104/filing-history

Platinum

- **The case for a Platinum-Plated Metals portfolio**
  - What makes the case for platinum in particular compelling compared to other metals? In a word, scarcity. Platinum is more than twenty times rarer than gold. https://www.fxstreet.com/analysis/the-case-for-a-platinum-plated-metals-portfolio-202008171722
- **Thriving in the new reality: Roundtable on refinery revamp projects in the Americas | Shell Global**
  - U.S. refiners are seeing a reduction in their cash flow, so many capex projects have been delayed. They are mainly focusing on projects that are necessary for operations, such as catalyst changes.
  - Some refiners are showing interest in alternative fuels and reducing the CO2 footprint. There are mandates for refiners to tap into biofuels and co-processing, necessary for a license to operate. https://www.shell.com/business-customers/catalysts-technologies/resources-library/thriving-in-the-new-reality-roundtable-on-refinery-revamp-projects-in-the-americas.html
- **A Coat of Platinum**
  - Pt coating applications are widespread, transforming the performance of many critical components https://platinuminvestment.com/files/sixtysecs/WPIC_60seconds_Acoatofplatinum_08202020.pdf
- **Platinum FCC Catalyst Demand: China to dominate Asian refinery fluid catalytic cracking units capacity growth by 2024 | Hydrocarbon Engineering**
  - China is expected to lead Asia's refinery fluid catalytic cracking units' (FCCU) capacity growth, with about 89% of the region's total capacity growth by 2024. China is likely to add more than 480 thousand bpd of FCCU capacity by 2024 https://www.hydrocarbonengineering.com/refining/11082020/globaldata-china-to-dominate-asian-refinery-fluid-catalytic-cracking-units-capacity-growth-by-2024/

Fuel Cells/Hydrogen Economy Related Articles:

- **Ten cities, thousand fuel cell vehicles? China is sketching a roadmap for hydrogen vehicles**
    - 2019 ~6,000 FCVs, there is a goal to get to 50,000 in 2025, and then 1 million in 2030 https://www.automotiveworld.com/news-releases/icct-ten-cities-thousand-fuel-cell-vehicles-china-is-sketching-a-roadmap-for-hydrogen-vehicles/
- **Toshiba hydrogen fuel cell system to provide heat and electricity**
    - Toshiba has deployed a 3.5 kW hydrogen fuel cell system at its Fukushima prefecture location's Michinoeki-Namie site. The H2 for the hydrogen fuel cell system will be provided by Toshiba's nearby 10 MW Fukushima Hydrogen Energy Research Field. The project will be operating through the company's Energy Systems & Solutions Corp. unit from Toshiba's Michinoeki-Namie site. https://www.hydrogenfuelnews.com/toshiba-hydrogen-fuel-cell-system-to-provide-heat-and-electricity/8540374/
- **Germany-based Proton gears up for 15% annual growth in fuel cell market**
  https://www.spglobal.com/platts/en/market-insights/latest-news/oil/081820-german-based-proton-gears-up-for-15-annual-growth-in-fuel-cell-market
- **US Congress warms to the idea of sucking carbon directly from the air and storing it in soil**
    - Lawmakers in both parties are working on legislation to support sucking carbon dioxide directly from the air or storing it in soils. https://www.washingtonexaminer.com/policy/energy/congress-warms-to-the-idea-of-sucking-carbon-directly-from-the-air-and-storing-it-in-soil

Palladium

- **Ford, BMW and others sign binding emissions agreement with California**
    - They've committed to building cars that outperform federal fuel efficiency standards. https://www.engadget.com/ford-honda-bmw-vw-volvo-california-emissions-154119553.html
- **The gold rush for palladium is on**
    - Palladium's price growth has been double the growth of the price of gold. That's because demand continues to grow with global supply unable to keep up. This decade, production of palladium has been less than demand for eight consecutive years. https://investorintel.com/sectors/technology-metals/technology-metals-intel/the-gold-rush-for-palladium-is-on/
- **Novel method can efficiently create several 'building blocks' of pharmaceutical drugs**
    - In the novel method, bromoarenes are reacted with two other classes of organic compounds, diazo compounds and malonates, in the presence of a palladium, under optimal conditions of concentration, temperature, and time. Subsequently, alicyclic compounds are produced. https://www.eurekalert.org/pub_releases/2020-08/wu-nmc081520.php

PGM Minor Metals (Rhodium, Iridium, Ruthenium)

- **Iridium/Cl compounds: Display Week 2020: So Now That You've Sorted Out All The LED Acronyms, Here's Some More**
    - With the industry rank and file maybe, possibly starting to gets its collective head wrapped around relatively new terms like OLED, QLED, miniLED and microLED, it's time to introduce yet more acronyms and differing display technologies that we'll be talking about and looking at soon enough.
    - Matt: Which display technologies use IrCl compounds: OLED uses IrCl compounds, but some of the candidate next in line display technologies like QLED, miniLED, microLED, QD-OLED (some cases do, others no), and QNED do not use iridium. OLED market share is still climbing, but will be replaced in time. https://www.sixteen-nine.net/2020/08/07/display-week-2020-so-now-that-youve-sorted-out-all-the-led-acronyms-heres-some-more/

- **Platinum/Palladium/Rhodium: PGMs recovery under way, but uncertainty remains**
    - Many geographic regions active in the platinum group metals (PGMs) sector are in the early stages of recovery, following the economic impact of the Covid-19 pandemic, with platinum, palladium and rhodium expected to remain in deficit this year. https://www.miningweekly.com/article/pgms-recovery-under-way-but-uncertainty-remains-2020-08-21/rep_id:3650
- **RAM and SSD prices will soon plummet due to oversupply and weak demand**
    - Matt: Expect increased pressure on rotatable HDDs as NAND and SSD prices are expected to drop significantly due to oversupply. https://www.techspot.com/news/86413-ram-ssd-prices-soon-plummet-due-oversupply-weak.html

BEV / Li-Ion Battery Market News

- **Battery manufacturing capacity set to increase fourfold to 1.3 TWh by 2030**
    - Wood Mackenzie have concluded that ~119 LiB manufacturing sites will be up & running by 2030. China/Asia Pacific comprising 80% of global manufacturing capacity, but Europe is catching up.
    - Matt: A 4x multiple in LiB capacity is likely to be threatened by mineral mined supply availability. https://www.pv-magazine.com/2020/08/12/battery-manufacturing-capacity-set-to-increase-fourfold-to-1-3-twh-by-2030/
- **A battery chemistry schism is imminent**
    - Tesla CEO Elon Musk made waves saying, on an earnings call: "Tesla will give you a giant contract for a long period of time if you mine nickel efficiently and in an environmentally sensitive way," U.S.-owned analyst Wood Mackenzie predicted lithium-iron-phosphate (LFP) will overtake lithium-manganese-cobalt-oxide (NMC) as the dominant stationary energy storage chemistry within decade. https://www.pv-magazine.com/2020/08/19/a-battery-chemistry-schism-is-imminent/
- **Tesla is installing world's biggest casting machine outside Fremont factory**
    - Cost reduction play: CEO Elon Musk said that Tesla managed to turn what was originally 70 parts in Model 3's rear underbody into just two parts in the Model Y electric SUV.
    - Musk stated that number will drop to one part: "We are going to be making a single-piece casting later this year, meaning like essentially the rear third of the body is cast as a single piece." https://electrek.co/2020/08/15/tesla-world-biggest-casting-machine-outside-fremont-factory/
- **Verkor, Europe's new battery cell producer, begins its industrial journey**
    - Production in Verkor's first Gigafactory is scheduled to begin in 2023, with a capacity of 16 GWh of battery cells which will increase to 50 GWh in line with market dynamics. https://www.eba250.com/verkor-europes-new-battery-cell-producer-begins-its-industrial-journey/
- **Key battery supplier CATL to EV makers is developing cobalt and nickel free batteries**
    - It could help make batteries cheaper and more ethical, it sounds like a win-win. https://thenextweb.com/shift/2020/08/17/tesla-polestar-battery-supplier-nickel-cobalt-free-ev-battery-ethical-cheap/
- **World's largest battery storage system now operational**
    - It's a title that is becoming more contentious by the day, but for the time being, LS Power's 250 MW Gateway project in San Diego, California, is the biggest storage battery in the world. https://www.pv-magazine.com/2020/08/20/worlds-largest-battery-storage-system-now-operational/
- **EV battery-swapping finds new life in China**
    - Now, a battery-swapping service has been made available that can shrink the process from hours to minutes. Drivers can take their cars, kitted out with swappable batteries, into battery-swap stations and their drained batteries will be replaced with fully charged ones within five minutes. https://news.cgtn.com/news/2020-08-16/EV-battery-swapping-finds-new-life-in-China-SWZQhFZoEE/index.html

Regards –