

A Momentum Lead Capitulation in Platinum, A Major Triple Bottom Develops?

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Platinum has seen a recent dramatic fall in price. In fact in just 3 weeks from 8th June 2018 the noble metal has crashed from \$910.00 to a low today of US\$ 798.50 a near 12.25% fall. What indeed could be causing this overwhelming rout ?

Please see technical analysis triple bottom chart on page 2.

The common themes highlighted in the financial press as of late are as follows :

- Platinum markets fell this week as global fears continued about trade disputes, economic slowdowns and rising interest rates, all of which could hurt demand – [when in fact we are seeing strong global demand for vehicles and strong demand in the PGM's \(platinum group metals\) where in fact palladium, rhodium and ruthenium are all holding higher pricing \(they come from the same mines as platinum\).](#)
- Almost 40 per cent of platinum's demand comes from the automotive industry, where it is used in catalytic converters, especially in diesel vehicles. However, demand for diesel vehicles has collapsed worldwide following the Volkswagen emission scandal of 2015, when it was revealed that many diesel vehicles polluted far more than advertised – [again this is not strictly correct as major developments by the car manufacturers to improve lower emissions via catalytic loading of higher rhodium and platinum content in diesel vehicles since 2015, hence the huge rally in rhodium of the last 18 months.](#)
- Gasoline-powered vehicles usually use a chemically similar, albeit far inferior, metal palladium instead of platinum, as palladium was historically far cheaper than platinum — anywhere from half to one-fifth the cost. - [Now, as platinum price has collapsed, palladium is worth \\$120 more than platinum, a rare price anomaly setting up a highly likely market reversal for a dynamic and substantial increase in platinum demand in the face of Euro 6 compliant catalysts \(requirement from September 2015\) which has to use more platinum per car to achieve the lower emissions requirements. Selective Catalytic Reduction \(SCR\) systems also contain platinum](#)

The more likely excuse for the fall in platinum has been momentum trading on the paper exchanges in the face of a higher US\$ on the FX markets, coupled with falls in the South African Rand and weak base metals prices.

In the longer term, cheap prices will likely cause industrial users to use more platinum, but the market is stuck in a 'sweet spot' of malaise for now, creating an interesting opportunity for the patient value investors.

Historically, platinum has been valued higher than gold, but now is over \$400 per oz. cheaper, meaning that platinum-gold ratio has now hit the most oversold picture ever recorded.

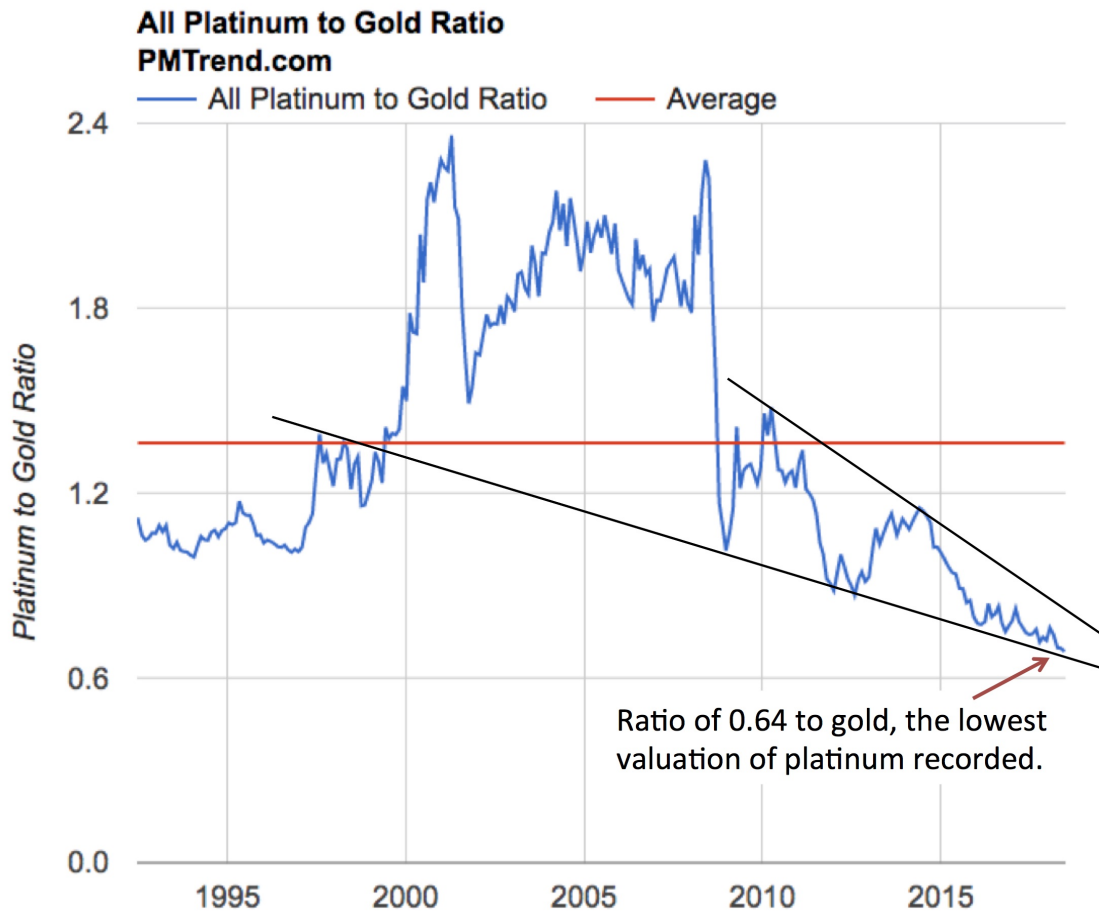
Technical Triple Bottom buying Opportunity?

Of course we need to confirm the chart patterns by breaking back through the US\$ 920 per ounce trend line resistance going back to 2011 high, but also and much more importantly we need to break the high of US\$ 1,200 which was the high preceding major low 2 to confirm we are indeed correct.



Or for a real eye opener, have a look at the Platinum Gold ratio on the following page.....

A rare platinum buying opportunity based of a severe pricing anomaly ?



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