



## Palladium hits peak, gold up on Fed view

**Author:**

[AAP](#) [1]

**Published:** Thursday, 17 January, 2019 - 06:07

[facebook](#) [2] [twitter](#) [3] [linkedin](#) [4] [print](#) [5]

Palladium prices have risen to a record high on increasing demand and lower supply of the metal used in autocatalysts, while gold gained on expectations of a pause in the US Federal Reserve's rate hiking cycle.

Palladium jumped to an all-time high of \$US1,358 an ounce, and was last up 2.8 per cent at \$US1,354.

George Gero, managing director at RBC Wealth Management, noted high demand from "the automobile industry using more and more of palladium" and lower supply were pushing prices higher.

The price of palladium, used mainly in emissions-reducing catalysts for vehicles, has risen by more than 60 per cent from a trough in mid-August last year, and overtook gold for the first time in 16 years early in December 2018.

The move higher on Wednesday could also be attributed to short covering, Michael Matousek, head trader at US Global Investors, said.

A sustained period of record palladium automotive demand, with last year's estimate of 8.5 million ounces, coupled with constrained mine production growth has resulted in demand outpacing supply over much of this decade, Metals Focus said in a note dated Tuesday.

"In the long run, we believe that palladium will continue to benefit from exceptionally strong supply/demand, resulting in yet higher prices. However, in the near future, we believe that palladium is due a correction."

Spot gold rose 0.4 per cent to \$US1,294.31 per ounce. US gold futures rose 0.5 per cent to \$US1,294.30 per ounce.

"The macro environment still looks very positive for gold, given we expect the dollar to weaken and the Fed unlikely to start hiking rates until the second half of the year," said Suki Cooper, precious metals analyst at Standard Chartered Bank.

Investors remained concerned as softer data from across the world heightened fears that the global economy is slowing, adding to the appeal for gold, considered a hedge against economic and political uncertainty, analysts said.

Risks to the US recovery, including a partial government shutdown, have broadened hawkish calls among Federal Reserve officials to be patient before raising interest rates again.

Gold tends to gain on expectations of lower interest rates, as they reduce the opportunity cost of holding non-yielding bullion.

This provided gold some underlying support despite a firmer US dollar and global equities.

Platinum gained nearly one per cent to \$US801, while silver rose 0.2 per cent to \$US15.60.

## Article Tags

Category: [News](#) [6]

Comments: [0](#)

---

Source URL: <https://www.businessnews.com.au/article/Palladium-hits-peak-gold-up-on-Fed-view>

### Links:

[1] <https://www.businessnews.com.au/Author/AAP>

[2] <https://www.facebook.com/sharer/sharer.php?u=https://www.businessnews.com.au/article/Palladium-hits-peak-gold-up-on-Fed-view>

[3] <https://twitter.com/intent/tweet?text=Palladium+hits+peak%2C+gold+up+on+Fed+view+&url=https://www.businessnews.com.au/article/Palladium-hits-peak-gold-up-on-Fed-view>

[4] <http://www.linkedin.com/shareArticle?mini=true&url=https://www.businessnews.com.au/article/Palladium-hits-peak-gold-up-on-Fed-view>

[5] <https://www.businessnews.com.au/print/node/391218>

[6] <https://www.businessnews.com.au/Category/News>