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Decoding Key Signals in the Relative Prices of Precious Metals

We believe the interplay among the prices of precious metals has important implications for constructing resilient, full-cycle commodity portfolios.

In this article, we explore how relatively extreme pricing relationships among gold, platinum and palladium may be offering useful tactical signals in the current environment.

Price Drivers of Precious Metals

While metal prices can reflect relative scarcity or industrial use of an individual commodity, we believe understanding the relative pricing dynamics and demand drivers of these metals can yield additional insights for optimizing commodity portfolios.

To illustrate this point, we studied the pricing relationships among gold, platinum and palladium, all of which are governed by their own specific market forces:

- **Gold**, primarily a monetary asset, is sensitive to shifts in real interest rates, central bank policy and macroeconomic uncertainty. In times of crisis, when fiat currencies (which are not backed by a physical asset) appear increasingly fragile, gold has served as a haven. As geopolitical tensions have ratcheted higher, global central banks have accumulated more than 1,000 tons of gold in each of the last three years, roughly double the average 400 – 500 tons over the preceding decade.¹

¹ [Central Bank Gold Reserves Survey 2025](#), World Gold Council, June 17, 2025.

- **Platinum** has many industrial applications. It is primarily used in catalytic converters, which reduce vehicle carbon emissions, and to manufacture chemicals, electronics, medical devices and glass jewelry. Platinum prices recently shot to four-year highs as supply fell and cautious jewelry buyers substituted platinum for gold.²
- **Palladium** is a silvery white metal that, like platinum, is used in catalytic converters, which account for as much as 85% of its demand.³ The price of palladium is highly sensitive to auto sector trends, emissions standards and supply disruptions, especially in Russia and South Africa.

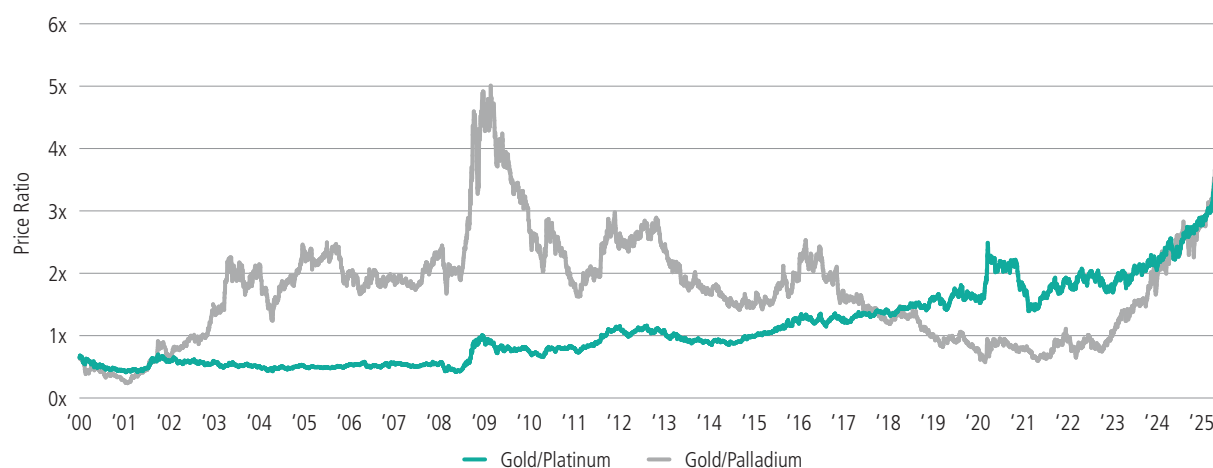
Tactical Considerations for Full Commodity Cycle Resilience

We believe a sophisticated investment thesis recognizes that gold, platinum and palladium are complements, not substitutes. While gold can provide ballast during geopolitical crises and a hedge against inflationary shocks, platinum and palladium can offer asymmetric upside during industrial expansion, regulatory shifts or supply disruptions.

With those distinctions in mind, we suggest that the gold-to-platinum and gold-to-palladium price ratios can be useful tactical indicators: By dynamically balancing those allocations—overweighting gold in risk-off periods and rotating into platinum and palladium as industrial momentum strengthens—we believe investors can benefit from both downside protection and cyclical opportunity.

As shown in figure 1, gold is now trading at a near-25-year high relative to platinum, and a near-15-year high relative to palladium. At these extremes, we anticipate gradual reversion to the mean as global industrial activity picks up.⁴

FIGURE 1: WITH GOLD TRADING AT RELATIVELY RICH MULTIPLES TO OTHER PRECIOUS METALS, INVESTORS MIGHT CONSIDER ROTATING INTO PLATINUM AND PALLADIUM AS GLOBAL INDUSTRIAL ACTIVITY PICKS UP



Source: Bloomberg, data as of July 31, 2025.

² [Platinum Rallies to 4-Year High: Is \\$1,200 Just the Start?](#), Benzinga, June 10, 2025.

³ [Prime Factors That Increase Palladium Prices](#), U.S. Money Reserve, November 11, 2022.

⁴ For more perspective on the ongoing global industrial recovery, please see our [3Q 2025 Equity Market Outlook](#).

The Potential—Yet Misunderstood—Threat to Platinum Demand

What if—as some market watchers fear—the rise of electric vehicles (EVs) dents demand for catalytic converters, and hence demand for platinum and palladium? This is an unlikely outcome, in our view, given continued adoption of hybrid vehicles.

Unlike pure EVs, hybrids still sport internal combustion engines that require catalytic converters to meet stringent emissions standards. Despite the rise of EVs, hybrids are still very much in demand: In North America, for example, hybrid vehicles are expected to account for nearly 21% of total light vehicle production in 2029, up from 13.5% in 2023.⁵

We believe hybrid demand will continue to support platinum (and palladium) prices in the near to medium term. Indeed, the World Platinum Investment Council estimates that, in 2025, automotive platinum demand will hit 3.245 million ounces—an eight-year high and a 2% increase from 2024.⁶

Conclusion

While the precious metals cycle remains nuanced and complex, we believe relative market prices can offer useful tactical signals for discerning commodity investors. Specifically, we suggest that extreme gold-to-platinum and gold-to-palladium ratios—in conjunction with underlying demand drivers for these metals, including rapid adoption of hybrid vehicles—are creating an opportunity to construct resilient portfolios that have the potential to hedge risk and capture cyclical upside in a stubbornly uncertain world.

⁵ [The Emerging Geography of Electric Vehicle Production in North America: Revolution or Evolution?](#), Federal Reserve Bank of Chicago, July 2024.

⁶ [Platinum Quarterly Q1 2025](#), World Platinum Investment Council, May 19, 2025.

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