



RIO PLATINUM ACCOUNT USD

Today, gold's value is above that of platinum; however it is also true that if you were to ask most people which is more valuable, most would say platinum! Many who don't follow the metals market would believe that platinum is more valuable. After all, platinum album sales rank far higher than that of gold, and a platinum credit card carries a higher status than that of a mere gold card.

But today, the gold bullion price is vastly more than platinum.

Forecasts for 2019 were predicting a 9% increase in platinum. The forecasted rise in demand is important as it is far greater than the 4% rise in production, that being the case it will support the metals value, basically the low values seen during 2018 could be a thing of the past.

It may interest members to know that during the past eighteen years period, platinum has been twice the price of gold. A return to that level would indicate that the platinum price could visit \$3,000.

As I write, the gold price is \$1468.98/oz, while platinum sits at \$882.50/oz. Gold is more than one and a half times the price of platinum. When in fact the fair value for platinum should be approximately 1.25 times the price of gold. My target on the long-term average is 1.25 times the price of gold. To keep it simple; **a value of \$1,500 an ounce on gold bullion would put the platinum value at \$1,875 an ounce, more than double the current value.**

Platinum traders focus their attention on the automobile industry, with good reason

The cause of the fall in price, is in part due to the Volkswagen diesel scandal, and the subsequent change in both attitude and regulation towards diesel vehicles in Europe. Diesel is not as clean as it was made out to be, has dominated the thinking, and as a result, demand for platinum, for which the main use is in diesel catalytic converters, has fallen.

Even so, by August, platinum had risen to \$840/oz, much to the satisfaction of those invested. The metal rallied to \$980/oz by early September, as the gold price spiked and traders bought in to secondary markets, namely platinum and silver. Since then, institutional profit taking in platinum helped the push back to around the \$940/oz level.

It is no coincidence that, just before platinum rallied to \$980/oz, on 28 August, the Chinese State Council announced that local governments that had previously had restrictions in place on vehicle sales were considering relaxing or even removing those curbs.

The proposal to loosen restrictions on vehicle purchases is presumably part of a plan to stimulate growth, amid China's ongoing trade war with the US. Analysts are anticipating further policy loosening, this to resume infrastructure investment, consumption stimulus and monetary easing. If they are proven correct then the platinum price will be supported.

This year there has been an increase in investment demand, and recent statistics confirm this. The first half of 2019 recorded a 750,000 ounce increase and that's just investment related holdings. Other institutional traders and fund managers have finally fallen in line with my prediction, and

realized the potential upside in this metal, which is underlined by the platinum to gold ratio, and makes platinum look undervalued at present prices.

If there were any positive news on regulation from the automotive industry this would boost platinum demand and push it back to the historical norm of 1.25 times the gold price. This would be very profitable for those invested in the RIO Platinum Account.

Recent evidence has emerged from an independent source that nitrous oxide (N₂O) and CO₂ emissions from new diesel cars are exceptionally low. This may well change perceptions. Fleet emissions have been cut by carmakers in Europe to avoid fines, but improved diesel technology and understanding the real performance issues could play an important role in rethinking process.

However the issues looked into, would suggest that today there has definitely been an increase in positive news on this front, which in turn is likely to affect the platinum market. If the ultimate goal is zero on-road emissions, then fuel cell electric vehicles may be an important part of the solution, and platinum will again be a benefactor.

However, should the metal pull back short term, which is possible on the back of a gold correction, it would present an excellent opportunity to buy.

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