

What's the Deal with Palladium Prices?



Do you know how much palladium costs per ounce? If you answered “no,” you’re like most of us. It’s not a big a part of your business, but you appreciate it as a less costly alternative to platinum. End of story.

Whoa! Let's back up.

As I write this post, palladium is **\$1318/oz** while platinum is looking great at **\$815/oz**.

You read that correctly. Palladium is \$500/oz more than platinum. I found out about rising palladium prices the other day when I asked our Metals Product Manager, Katelyn Garrett, a question about palladium. Her answer referenced palladium prices and its significant rise over the past few years and that it was more expensive than platinum and gold. That got my attention, and I went back to my computer to see for myself.

As noted above, the evidence was striking.



Investigating Palladium Prices

Curious to understand what was happening to palladium prices, I reached out to Harold Dupuy, VP Strategic Analysis, and Belit Myers, VP Compliance Inventory & Info. Both emphasized that the major contributor to the increase was the auto industry's growing demand for palladium to use in catalytic converters. That's probably not news to many of you, but here are a few details that account for palladium's strong demand with no clear end in sight.



- China's growing demand for vehicles fueled by 1.4 billion people
- The change from diesel engines, using primarily platinum in their converters, to gasoline engines, which mostly use palladium
- The switch from cars to trucks/SUVs whose bigger engines need more palladium

On the supply side of this equation:

- Palladium is a by-product of nickel and platinum mining. Prices of these metals drive investment in new mines.
- Palladium can be recycled from the autocatalysts.
- Some electronics (TVs and computer monitors) contain palladium that is subsequently unrefinable.

Where does palladium's supply/demand bottleneck leave the jewelry industry? That's simple. For now, choose platinum. At \$815/oz, it's a higher quality jewelry metal at an attractive price.