

Palladium Futures Dec 25 – (\$PAZ5)

Bearish

DMG

March 30, 2025

Investment Thesis

Palladium is a rare metal primarily mined in Russia and South Africa. With about 85% of palladium being used for manufacturing catalytic converters, a part used in gas powered automobiles, we expect the demand for palladium to decrease over our timeframe. We also expect demand for automobiles to decrease due to higher rates and overall market sentiment. Furthermore, we expect the de-escalation of the Russia-Ukraine War to increase Russian palladium exports, further increasing supply.

Thesis Highlights

- **Catalytic converters are not required for electric vehicles as they do not produce emissions.** The electric vehicle market has seen record growth over the years, which reduces the demand for catalytic converters, decreasing the demand for palladium.
- **Multiple factors including elevated interest rates, decreasing consumer sentiment, and tariffs on automobile parts reduce the demand for automobiles.** This decreases the demand for individual car parts, hurting the demand for palladium while not raising the raw price.
- **The Russia Ukraine War de-escalating could benefit Russian companies that mine palladium.** Exports of palladium could potentially increase, increasing the total supply.

Thesis Risks

- **The hybrid vehicle market is also growing fast, and these automobiles require catalytic converters.** This could potentially lead to increased demand for palladium.
- **With Russia and South Africa producing about 80% of palladium, this exposes us to currency risk.** If the Russian ruble and/or the South African rand were to strengthen, this increases the price of our contract, hurting our play.

Sell (one contract)

Price Target: \$849.57 (15%)

Current Price: \$999.50

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Contract Information

Commodity Price: \$999.50

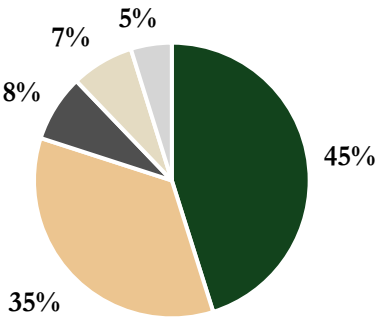
Amount: 100 troy oz

Total Cost: \$99,500

Expiration Date: 12/29/2025

Last Delivery Date: 12/31/2025

Palladium Producers (By country)



■ Russia ■ South Africa
■ Canada ■ Zimbabwe
■ United States

Palladium Futures Contract (December 2025)

