

Can the palladium market continue to defy gravity?

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Palladium prices have risen from US\$316/oz in January 2016 to US\$2,329/oz today, representing an impressive 637% gain in just under 5 years. The big question investors want to know is where will the prices go from here? To get a feel for the answer, today I look at palladium supply and demand and what the industry expects.

Palladium prices have had an impressive rally since January 2016 up 637%



[Source](#)

2020 palladium supply vs demand forecast

Palladium supply decreased in 2020 due to COVID-19 related supply disruptions from South Africa, but palladium demand also weakened in 2020 due to a slowdown in conventional car sales due to COVID-19.

According to the world's largest palladium producer, Norilsk Nickel, 2020 global palladium supply is [forecast](#) to fall 14% and demand is forecast to fall 16%. Effectively balancing a market that was previously in deficit. This forecast suggests that palladium prices should remain relatively high in 2020, especially if auto demand continues to pick up in Q4, 2020.

Palladium (Pd) supply estimated to fall 14% and demand to fall an estimated 16% in 2020



[Source](#)

Mid term palladium demand continues to look strong as tightening auto-emissions rules are requiring larger volumes of palladium in exhaust systems ([75%](#) of palladium demand comes from catalytic converters). By 2030 onward 100% battery electric vehicles (EVs) may be taking significant market share that palladium auto demand begins to decline. At that point the EV and battery metals such as lithium, cobalt, copper, nickel, manganese and graphite should be doing very well as EV sales start to dominate.

In the mid term new palladium supply is expected to continue to be slow to come online as palladium is usually mined as a by-product of nickel or platinum mining. In the long term high palladium prices will most likely lead to more supply and some price reductions for palladium.

Best palladium performers on Sept. 30, 2020 from InvestorIntel's Palladium Watchlist



[Source](#)

A palladium company we have been watching lately is [Canadian Palladium Resources Inc.](#) (CSE: BULL | OTCQB: DCNNF | FSE: DCR1). Canadian Palladium is an exploration stage company that has a 100% interest in the East Bull Palladium Property in the Sudbury Mining Division in Ontario, Canada. The company recently found [high grade palladium](#) at their East Bull Palladium Property. Canadian Palladium also owns the Tisova Copper/Cobalt Project which gives them exposure to the EV metals market in the longer term. You can click the link below to read more.

- [Canadian Palladium strikes high grade palladium at their East Bull Project](#)

The palladium market continues to perform very well in 2020 despite COVID-19 related supply and demand issues. In the short term palladium demand should continue to recover as global auto sales recover. In the mid term palladium demand is expected to remain strong due to tightening emission standards globally. Norilsk Nickel [forecasts](#) the medium term outlook for palladium as neutral and the long term outlook as positive. Longer term, by 2030, palladium demand should begin to fall as we move faster to EVs and conventional internal combustion Engine (ICE) car sales decline rapidly.

Canadian Palladium strikes high grade palladium at their East Bull Project

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Palladium's bull market is rising faster than gold

Many people are surprised when they hear that palladium (Pd) is more valuable than gold. Gold may get all the attention from investors, but palladium is currently having an ever bigger bull market than gold thanks to the push to reduce vehicle emissions and the need for palladium in catalytic converters. Palladium is up a staggering [4.2 fold](#) (a 320% gain) over the past 5 years,

compared to gold which is up [1.8 fold](#) (an 80% gain).

The good news for palladium is that the world continues to tighten emission standards which means more demand for palladium, and likely continued strong prices. Analysts agree that palladium will remain in supply deficit [for at least 7 years](#). Junior miners who can successfully build up a resource of palladium can potentially do as well as those finding gold.

Palladium is up a staggering 4.2 fold (320%) in the last 5 years – Palladium US\$2,185



Source: [Trading Economics](#)

One palladium junior miner of note has just struck good grades of palladium in Canada and is in the process of expanding their resource. [Canadian Palladium Resources Inc.](#) (CSE: BULL | FRANKFURT:DCR1 | OTCQB:DCNNF) is an exploration company focused on palladium. In 2019 Canadian Palladium acquired an option agreement to acquire a 100% interest in the 992 hectare East Bull Palladium Property in the Sudbury Mining Division in Ontario, Canada. The Project has good logistics and infrastructure from being in a very mining friendly location near Sudbury.

This week Canadian Palladium [announced](#) their latest drill results at their East Bull Palladium Property. The results include several high-grade palladium intersections with significant platinum (Pt), rhodium (Rh), gold (Au), and copper (Cu) with associated nickel (Ni) and cobalt (Co). The best drill holes were:

- Hole EB20-01 with 4.0 m at **8.15 g/t** palladium equivalent (Pd-Eq).

- Hole EB20-03 with 3.0 m at 6.29 g/t Pd-Eq, as part of 15.0 m at 2.69 g/t Pd-Eq.
- Hole EB20-07 with 3.0 m at 7.47 Pd-Eq, as part of 24.0 m at 2.14 g/t Pd-Eq.

Back in June 2020, the Company [reported](#):

- Hole EB – 20-12 with 2.68 g/t over 3 .0 metres and 2.28 g/t over 3.0 metres within a broader interval of 1.32 g/t over 20 metres.

The East Bull Palladium Project has a 43-101 compliant inferred resource estimate of 1.1m tonnes at a grade of 1.46g/t Pd Eq for a total of [523,000 ounces palladium \(Pd\) Equivalent \(Eq\)](#), with significant upside potential.

43-101 compliant inferred resource estimate for the East Bull Palladium Project



Source: [Company investor presentation](#)

The Project has been drilled over a 1.8 km strike length to maximum depth of 120 m, however the mineralized zone is [3.6 km](#) in length and open at depth. The latest drill results reinforce the company's belief that there is significant exploration upside potential for the deposit.

“Canadian Palladium is pleased with the results from the initial holes in this program,” said company director Garry Clark, P.Geo. “These intersections report complete assay results that include palladium, platinum, rhodium, gold, copper, nickel and cobalt. High-grade palladium intersections are rare and these results have exceeded our grade expectations based on Canadian Palladium’s 2019 Inferred Mineral Resource Estimate of 523,000 oz Pd-Eq at a grade of 1.46 g/t Pd-Eq for East Bull. We look

forward to releasing additional results on this exciting Project.”

Recent magnetotelluric (MT) survey results [announced](#) in July on the East Bull Palladium Project identified two new, shallow drill targets that are adjacent to the Valhalla Deposit palladium resource.

Canadian Palladium believes the East Bull PGM deposit has considerable resource expansion potential



Source: [Company investor presentation](#)

Canadian Palladium also has a second project called the [Tisova Copper-Cobalt Project](#) located on the Czech/German border and has recently sold their Turner Lake property in Canada for [one million common shares](#) in Pacific Cascade Minerals Inc. plus a 1% NSR royalty with a buyout value of C\$1m.

Closing remarks

It is a great time to be exploring for and finding both palladium and gold as well as other associated valuable metals such as rhodium, platinum, cobalt, nickel, and copper. Canadian Palladium has all of these metals in one deposit at their East Bull Palladium Project.

With an already robust inferred resource, Canadian Palladium thinks they can continue to grow the resource with additional exploration. Given the Company trades on a market cap of just C\$16.7m there is plenty of potential upside left for investors should they succeed.

Wayne Tisdale on the palladium shortage and Eric Sprott's investment in Canadian Palladium Resources

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In an InvestorIntel interview during [PDAC 2020](#), Peter Clausi secures an interview update with President & Director Wayne Tisdale on [Canadian Palladium Resources Inc.](#) (CSE: BULL | OTCQB: DCNNF), an exploration company focused on the acquisition and development of deposits of production grade metal which are critical components to current and future vehicle technology.

Wayne said, "When I first looked at it (palladium), I did some research and realized the shortage that was coming. It has hit an all-time high of over US\$2,800/oz." He continued by saying that even the coronavirus outbreak didn't have much effect on palladium as the metal is still trading high.

Palladium is a vital metal for the 21st Century which many analysts agree will remain in a supply deficit for at least 7 years. Growth of the electric/hybrid vehicle market and strengthening global emissions regulations are both going to drive demand.

Canadian Palladium has announced drill results from its East Bull Palladium Property which has an inferred resource of 523,000 oz with potential target of 4 times the current resource. The company got financed itself in January this year

with Mr. Eric Sprott also investing in the company.

To access the complete interview, [click here](#)

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