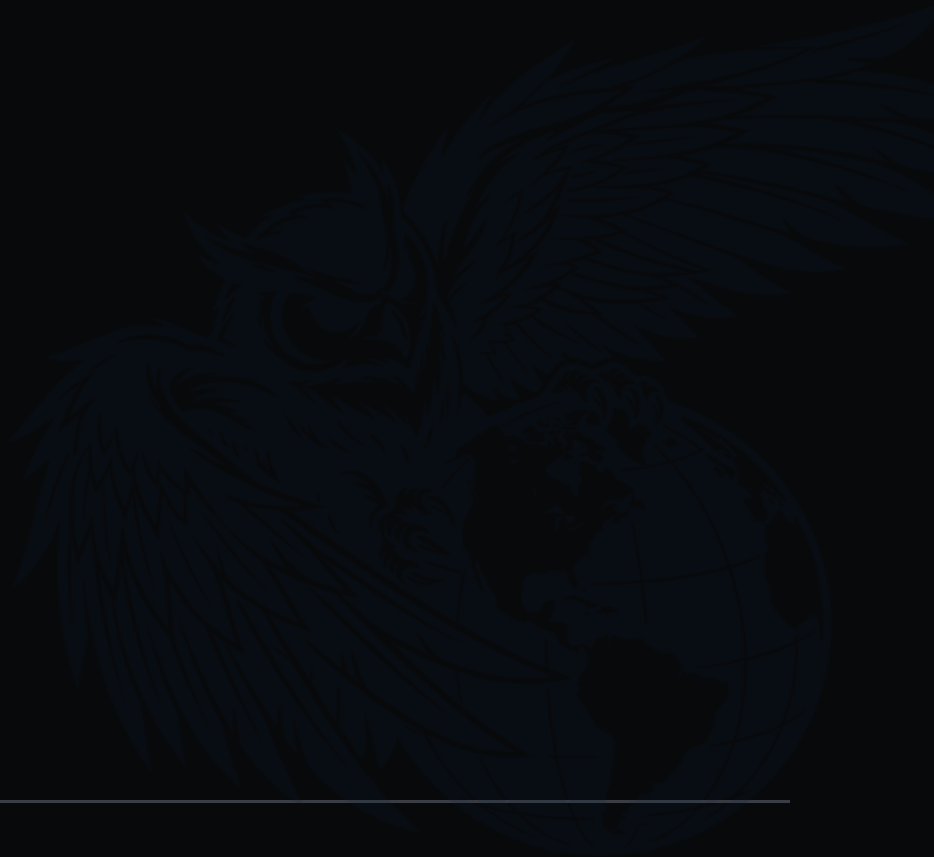

PUBLISHED MARKET RESEARCH

Precious and Primary Metals Into Year End

US primary metals mills stay far below capacity with no narrowing of their gap to total industry, while precious metals answer to drivers that US mine supply does not touch

AIG-MIN-26-009 · 17 OCTOBER 2026

PUBLIC RELEASE
THE AEGEAN REGISTER



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US primary metals mills stay far below capacity with no narrowing of their gap to total industry, while precious metals answer to drivers that US mine supply does not touch

US primary metals mills gained in September but still run far below their long-run rate of use, and their gap to total industry has moved sideways in a range since the spring rather than narrowing. US mine supply is unlikely to move gold and silver, whose other drivers this text cannot rank, the platinum and palladium view rests on one forecast summary, and the official survey record of US precious metal output lags the market by months, so year-end judgments rest on the Fed's output index more than on the mines' own data.

Primary metals remains the weak corner of US industry into the year end, even after a September gain, and the Fed's next two releases are more likely to confirm that than to break it. Utilization in the sector has stayed in a narrow band far under its long-run average from April to September, with output alternating between gains and losses and no sustained rise. Total industry rose in September, largely on utilities, and the gap between the two sectors' shortfalls from their own norms has moved sideways in a range rather than narrowed. Gold and silver fell over the month to mid October, silver far more than gold, and the evidence read does not show what drove them. The USGS monthly surveys arrive months late, so they will describe the spring and summer rather than the year end.

HEADLINE INDICATORS

68.0 percent PRIMARY METALS CAPACITY UTILIZATION, SEPTEMBER 2026	77.1 percent PRIMARY METALS UTILIZATION, LONG-RUN AVERAGE 1972 TO 2025	76.9 percent TOTAL INDUSTRY CAPACITY UTILIZATION, SEPTEMBER 2026
0.7 percent TOTAL INDUSTRIAL PRODUCTION CHANGE, SEPTEMBER 2026	4147 USD/oz GOLD PRICE, 15 OCTOBER 2026	

DOCUMENT CONTROL

REGISTER NUMBER	AIG-MIN-26-009 · formerly PMR-2026-1017-GLB-009
PRODUCT	Assessment · Publishable Market Research
DESK	manufacturing
ISSUED	2026-10-17 · Aegean Intelligence Group
TIMELINESS	CURRENT
DISTRIBUTION	Public release · The Aegean Register · aegeanintel.com/research

CITE THIS REPORT

Aegean Intelligence Group, “Precious and Primary Metals Into Year End,” AIG-MIN-26-009, The Aegean Register, 2026-10-17.

CENTRAL JUDGMENT

US primary metals production is stuck in a low-utilization band that the Fed's October and November readings are likely to extend, not escape. Its gap to total industry is not narrowing: measured as each sector's shortfall from its own norm, the gap has moved sideways in a range since the spring, and the September rise in total industry came largely from utilities rather than factories. Inside the sector, the Fed's steel output index is up on the year while aluminium is flat and erratic, so the low utilization does not show steel mills losing output under the Section 232 tariffs, but the split of capacity by metal was not read and the tariff effect remains unproven. For precious metals the defensible call is narrow: US mine supply news will not move gold and silver into the year end, inflation data and Fed rate expectations are one set of drivers among several that this text cannot rank, and the platinum and palladium view rests on a single forecast summary.

KEY JUDGMENTS

KJ-1	Primary metals utilization is likely to stay below its long-run average in the October and November readings, the November reading on the revised basis that follows the Fed's annual revision. Every monthly reading from April to September, the September gain included, sat in a narrow band far under that average, a gap no plausible capacity revision closes.	MODERATE
KJ-2	The gap between primary metals and total industry will persist into the year end, moving sideways in a range with no trend rather than narrowing. Measured as each sector's shortfall from its own norm, the gap has held in a narrow range since April, and the one September move came from metals rising more than total industry, whose own rise came largely from utilities and on its own would widen the gap.	MODERATE
KJ-3	The direction of primary metals output in any single month is close to a coin toss, with at most a slight lean toward reversal after a large gain. Over the long record of the Fed's index a large monthly gain has been followed by a fall only slightly more often than not, and six alternating signs this year are too few to show a real cycle.	LOW
KJ-4	US mine supply news is unlikely to move gold and silver prices into the year end, and inflation data and Fed rate expectations are one set of drivers among several, with the dollar, real yields, central bank buying, fund flows and industrial demand for silver, that this text cannot rank. Platinum and palladium appear to answer more to South African supply and car demand, a view that rests on one trade press report of a BMI forecast read from the publisher's summary. The price evidence read shows the month's falls in gold and silver but not their cause, and the rival drivers were not read.	LOW
KJ-5	The USGS monthly surveys will not describe year-end conditions in time to inform year-end decisions. The latest gold survey carries June data in a file created on 18 September 2026, and the latest silver and platinum group metal surveys cover March.	MODERATE

KEY STATISTICS

68.0 percent Primary metals capacity utilization for September 2026, 2026-10-16 ¹	77.1 percent Primary metals capacity utilization, average from 1972 to 2025, 2026-10-16 ¹	67.0 percent Primary metals capacity utilization, average for the first quarter of 2026, 2026-10-16 ¹	1.6 percent Primary metals output change in September 2026 from August, 2026-10-16 ¹
1.3 percent Primary metals output change from September 2025 to September 2026, 2026-10-16 ¹	76.9 percent Total industry capacity utilization for September 2026, 2026-10-16 ¹	0.7 percent Total industrial production change in September 2026 from August, 2026-10-16 ¹	3.7 percent All-items CPI change over the 12 months to September 2026, 2026-10-14 ³
4147 USD/oz Gold price at 9:10 a.m. Eastern Time, 2026-10-15 ⁷	-10.32 percent Silver price change over the month to 15 October, 2026-10-15 ⁸		

Scope and method

METHOD

This text reads the Federal Reserve's industrial production and capacity utilization release for September 2026, published on 16 October 2026, with its industry and utilization tables, and the Fed's release calendar; the Fed's seasonally adjusted output indexes for primary metals, iron and steel products and alumina and aluminium as carried by Federal Reserve Economic Data, in their current vintage; Proclamation 11021 on steel, aluminium and copper imports in the Federal Register; the Bureau of Labor Statistics consumer price release for September; the US Geological Survey's statistics pages for gold, silver and the platinum group metals and its list of monthly mineral surveys; and listed press reports on precious metal prices and forecasts. Monthly figures are dated as read from the September release, which revised the earlier months; figures from the August release that the current tables no longer show are not used. The gap between primary metals and total industry is measured as the primary metals shortfall from its 1972 to 2025 average less the total industry shortfall from its own average. The base rate for the October output claim counts, in the current vintage of the primary metals index, the months from February 2010 to August 2026 in which output rose more than 1.0 percent and the share of them followed by a fall. Capacity utilization by metal inside the sector was not read. No client-attributable material is used.

SECTION 01 • ASSESSMENT

Primary metals output and use of capacity

Primary metals output rose 1.6 percent in September 2026 after falling a revised 0.6 percent in August, following changes of 1.4 percent in July, -1.9 percent in June, 1.6 percent in May and -2.3 percent in April; output was 1.3 percent above its level of a year earlier.¹

Primary metals capacity utilization was 68.0 percent in September 2026, against 67.1 percent in August, 67.6 percent in July, 66.8 percent in June, 68.2 percent in May and 67.2 percent in April, a first quarter average of 67.0 percent, and a 1972 to 2025 average of 77.1 percent.¹

UNKNOWN: Capacity utilization by metal inside the sector was not read, so this text cannot say whether steel, aluminium or other nonferrous mills hold the most idle capacity.

ASSESSMENT • MODERATE CONFIDENCE

Primary metals utilization is likely to stay under its long-run average through the October and November readings, and probably under 70 percent, though the November reading will be on the revised basis that follows the annual revision. The monthly readings from April to September sit in a band from 66.8 to 68.2 percent, roughly nine to ten points under the average, and reaching the average from the September reading would need output roughly 13 percent higher, several times the largest monthly rise this year.

SECTION 02 • ASSESSMENT

Steel and aluminium behind the tariff wall

Proclamation 11021 applies a standard Section 232 duty of 50 percent to aluminium and steel articles, most copper articles and certain derivative articles entered on or after 6 April 2026.¹¹

The proclamation states that domestic capacity utilization rose from approximately 72.3 percent in 2017 to approximately 77.2 percent for steel production, and from approximately 39 percent to approximately 50.4 percent for aluminium production, at the time it was signed on 2 April 2026; these are the proclamation's own industry measures, not readings of the Fed's index, and are not compared with it here.¹¹

The Fed's index of iron and steel products output stood at 113.1 in September 2026 on a 2017 base of 100, up 1.5 percent from August, and its average for January to September 2026 was about

3.5 percent above the same months of 2025; the alumina and aluminium index stood at 97.1, up 1.1 percent on the month, with a January to September average about 0.4 percent below 2025's, after swinging from 84.3 in February to 111.6 in March.¹²

UNKNOWN: Import volumes, new mill capacity and capacity utilization by metal for 2026 were not read, nor were the copper and other nonferrous output indexes.

ASSESSMENT • LOW CONFIDENCE

The sector's low utilization does not show steel mills losing output behind the tariff wall: steel output is up on the year, while aluminium output is flat and erratic, so the weakness more likely reflects capacity outrunning output and the nonferrous side of the sector than import competition alone. Capacity and utilization by metal were not read and the output indexes will be restated in the annual revision, so the attribution is tentative.

SECTION 03 • ASSESSMENT

Total industry and the gap

Total industrial production rose 0.7 percent in September 2026 after a revised 0.1 percent gain in August and stood 2.2 percent above its level of a year earlier; manufacturing output rose 0.3 percent, mining rose 0.2 percent and utilities rose 3.5 percent.¹

Total industry capacity utilization was 76.9 percent in September 2026, against 76.4 percent in August, 76.4 percent in July, 76.3 percent in June, 76.2 percent in May and 76.2 percent in April, and a 1972 to 2025 average of 79.4 percent; manufacturing utilization was 75.9 percent in September, 2.3 points below its own average.¹

On those tables, the primary metals shortfall from its average less the total industry shortfall from its average was about 6.7 points in April, 5.7 in May, 7.2 in June, 6.5 in July, 7.0 in August and 6.6 in September 2026.¹

UNKNOWN: Whether the September jump in utilities output reflects weather that will reverse in October was not read.

ASSESSMENT • MODERATE CONFIDENCE

The gap between primary metals and total industry persists and is moving sideways rather than narrowing, in a range of about six to seven points since April with no trend, the September reading wider than the May one. A rise in total industry on its own widens the gap unless metals rise more, which happened only in September, and much of the September gain in total industry came from utilities rather than factories.

SECTION 04 • ASSESSMENT

The release calendar and the annual revision

The Federal Reserve schedules its industrial production releases for 16 October, 17 November and 16 December 2026.²

The Federal Reserve plans to publish its annual revision to industrial production and capacity utilization on 24 November 2026, with 2022 as the new base year.¹

UNKNOWN: The size and direction of the annual revision to primary metals output and capacity are not known before it is published.

ASSESSMENT • MODERATE CONFIDENCE

The October reading, published on 17 November, will be the last on the current basis, and the November reading, published on 16 December, will be the first on the revised basis, so any claim on these series should name the first published reading. A revision that rebases the index and revises capacity can move utilization levels and long-run averages by more than a typical monthly change, though not by the nine points that separate metals from its norm.

SECTION 05 • ASSESSMENT

Precious metal prices: inflation, rates and supply

The all-items consumer price index rose 0.6 percent in September 2026 and 3.7 percent over 12 months; the index excluding food and energy rose 0.3 percent on the month and 2.6 percent over 12 months, in a release dated 14 October 2026.³

Gold cost USD 4,147 per ounce at 9:10 a.m. Eastern Time on 15 October 2026, up 1.27 percent from the same hour a day earlier, down 3.36 percent from USD 4,291 a month earlier and down 0.96 percent from a year earlier.⁷

Silver cost USD 56.71 per ounce at 7:15 a.m. Eastern Time on 15 October 2026, down 3.14 percent from a day earlier, down 10.32 percent from USD 63.24 a month earlier and up 6.91 percent from a year earlier.⁸

BMI lowered its 2026 average forecasts to USD 1,900 per ounce for platinum and USD 1,400 per ounce for palladium in September 2026, when platinum traded at USD 1,796 and palladium at USD 1,317, citing shrinking car sales and recovering South African supply, and still expected both metals to end the year in deficit.⁹

UNKNOWN: The dollar, real yields, central bank gold purchases, investment fund flows and industrial demand for silver over the month were not read from a listed source, nor was an end-of-day benchmark price for any of the four metals after the inflation report; the gold and silver prices each rest on one press report.

ASSESSMENT • LOW CONFIDENCE

US mine supply news is unlikely to move gold and silver prices into the year end, and US inflation data and Fed rate expectations are one set of drivers among several, alongside the dollar, real yields, central bank buying, investment fund flows and, for silver, industrial demand from solar and electronics, which this text cannot rank. For platinum and palladium, South African supply and car demand look like the stronger drivers, but that view rests on one trade press report of a BMI forecast read from the publisher's summary. The listed price evidence shows gold down about three percent and silver about ten percent over the month without stating a cause, each price rests on a single press report with no end-of-day benchmark, and the rival drivers were not read, so the attribution rests on judgment.

SECTION 06 • ASSESSMENT

The lag in the USGS precious metal surveys

The USGS publishes monthly mineral industry surveys for gold, silver and the platinum group metals, among other commodities.⁶

The latest gold survey listed by the USGS covers June 2026, and its file was created on 18 September 2026; the latest silver and platinum group metal surveys listed cover March 2026.^{4,5}

The value of US mineral production rose 5.6 percent to USD 112 billion in 2025, a rise the USGS attributed in part to precious metal prices.¹⁰

UNKNOWN: Monthly US mine output of gold, silver, platinum and palladium for the months after those surveys is not available in the public record read for this text.

ASSESSMENT • MODERATE CONFIDENCE

The surveys due before the year end will describe spring and summer production, not current conditions, and will not move year-end prices or decisions, even if the silver and platinum group metal surveys are posted in a catch-up batch. The listed gold survey carries June data in a file created on 18 September 2026, and the silver and platinum group metal surveys trail by longer.

SECTION 07 • DECISION

Decision

Decision	Owner	Trigger	Pre-authorised action
Review exposure to US primary metals mill volumes	Reader's commercial or procurement lead	October primary metals utilization at or above 70.0 percent in the November release	Revisit the low-volume planning case and test supply contracts for upside volume
Hedge or stage precious metal purchases	Reader's treasury or investment committee	The October consumer price report shows the index excluding food and energy up 0.4 percent or more on the month	Stage purchases in tranches rather than at one date
Reset baselines after the annual revision	Reader's analytics team	Publication of the Fed's annual revision	Re-base internal metals output series to the revised index

SECTION 08 • OUTLOOK

Outlook

Baseline. Primary metals utilization stays in its low band in the October and November readings, total industry holds near its September level as the utilities surge fades, the gap between the two keeps moving sideways in its range, and gold and silver trade on a mix of inflation data, rate expectations, the dollar and central bank demand, with silver the more volatile.

Deterioration. A hot October inflation print and a tighter Fed weigh on manufacturing demand, primary metals gives back its September gain and slips toward the bottom of its band, the gap widens toward the top of its range, and gold and silver extend their October losses.

Stabilization. Metals mills post a second strong month that lifts utilization to the top of its band, the annual revision trims metals capacity and pulls the gap below its recent range, and gold and silver recover as rate expectations soften.

Claim C-1. Fed primary metals output for October 2026 is lower than in September 2026. Probability 0.55. Resolves on 2026-11-17 from Federal Reserve Board data & statistics: YES if the industrial production release of 17 November 2026 shows the seasonally adjusted primary metals (NAICS 331) index for October 2026 below its September 2026 level, as first published, whatever the method. Horizon 30 days. Output rose 1.6 percent in September, and in the current vintage of the index 34 of the 64 months from February 2010 to August 2026 with a gain of more than 1.0 percent were followed by a fall, or 32 of 57 leaving out the pandemic rebound of 2020. Mean reversion was weighed: each of the three earlier gains of more than 1.0 percent in 2026 reversed the next month, which lifts the call a little above the base rate, but six alternating signs remain thin evidence of a cycle and the count rests on revised rather than first-published data. Base rate: 0.53, from Federal Reserve Economic Data, as of 2026-10-17.

Claim C-2. Fed primary metals capacity utilization for October 2026 is below 70.0 percent. Probability 0.85. Resolves on 2026-11-17 from Federal Reserve Board data & statistics: YES if the industrial production release of 17 November 2026 shows primary metals (NAICS 331) capacity utilization for October 2026 below 70.0 percent, as first published, whatever the method. Horizon 30 days. Every monthly reading from April to September 2026 sat between 66.8 and 68.2 percent, and the September reading sits 2.0 points under the line. Clearing it would need an October output gain of roughly 3 percent, about twice the largest monthly gain from April to September; the October reading is the last on the current basis, while the November reading, published on 16 December, will be on the revised basis after the annual revision. Base rate: 1.00, from Federal Reserve Board data & statistics, as of 2026-10-17. Why the probability differs: the base rate rests on only six monthly readings from April to September 2026, the 1.6 percent September gain moved the reading to within 2.0 points of the line, and the September figure is preliminary.

Claim C-3. Fed total industry capacity utilization for October 2026 is below 77.0 percent. Probability 0.50. Resolves on 2026-11-17 from Federal Reserve Board data & statistics: YES if the industrial production release of 17 November 2026 shows total industry capacity utilization for October 2026 below 77.0 percent, as first published, whatever the method. Horizon 30 days. Total utilization was 76.9 percent in September 2026, only 0.1 point under the line, after rising 0.5 point on the month. A reversal of September's 3.5 percent gain in utilities output would pull the total down, while a further factory gain would push it over, so the call sits at even odds. Base rate: 0.40, from Federal Reserve Board data & statistics, as of 2026-10-17.

Indicators.

- The Fed's October industrial production release in November, primary metals output and utilization and total utilization
- The revisions to September in that release, for primary metals and for utilities
- The Fed's iron and steel and alumina and aluminium output indexes, and the gap between metals and total industry shortfalls
- The Fed's annual revision to industrial production and capacity in November, and the November reading on the revised basis in December
- Steel and aluminium import volumes and any change to the Section 232 rates
- The October consumer price report, the dollar, real yields, central bank gold buying and futures-implied Fed policy odds
- The USGS gold, silver and platinum group metal monthly surveys as each is posted

SECTION 09 • SCORECARD

Scorecard

- CLM-2026-343: Recorded as resolved before this draft; this draft does not rescore it.
- CLM-2026-342: Recorded as resolved before this draft; this draft does not rescore it.

SOURCE REGISTRY

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