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What are the LBMA Prices in gold, silver, platinum, and palladium?

The LBMA Prices are global benchmarks and integral to the function of the wholesale precious metals sector. Independent administrators run transparent auctions in gold, silver, platinum, and palladium each London business day.

Administrators adhere to the IOSCO Principles for Financial Benchmarks. This means that IBA and LME have policies to address participant conflicts of interest and, should termination of a benchmark become necessary, they will be open about the transition to the new price-setting mechanism.

LBMA Price Auctions	Gold	Silver	Platinum/Palladium
Independent Administrator	ICE Benchmark Administration™	ICE Benchmark Administration™	LME An HKEX Company
Time (London)	AM: 10:30; PM: 3:00	12:00 PM	AM: 9:45; PM: 2:00
# Authorized participants	15	13	5
Settlement in USD	Bilateral spot (2-day settlement) or centrally cleared upon request		Bilateral spot

The administrator authorizes the firms that take part in the auctions. Participants can provide their clients access to the auction price, who in turn trade with their own clients using the Prices, and so on. Miners, refiners, fabricators, investors, and a myriad of other firms rely on the Prices for spot trading, monthly averaging, fixed for floating swaps, options, unwinding of old deals, valuation, and much more. A silver mine might have a contract to sell silver to Tiffany at the average of the fourth quarter LBMA Price. One central bank might sell gold to another central bank using a certain day's PM LBMA Gold Price. A catalytic converter manufacturer could refer to the LBMA Platinum and Palladium Prices when selling products to car companies. An ETF provider might use the Price for valuation purposes. From these few examples, you get a sense of how important the Prices are to the regular function of the precious metals market.

An auction begins with a benchmark administrator announcing a price. Participants show their buying or selling interest on the administrator's electronic platform. (Note that participants are 'blind' in that they do not see orders from other firms). If the net number of ounces is less than a prescribed amount (in gold that is 10,000 oz.), then the administrator settles the auction. If demand is higher than the threshold, the price goes up; if there is more for sale than the threshold, the price goes down. The process repeats until a price is determined that falls within the threshold, concluding the auction. The benchmark administrator then allocates trades amongst the participants.

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