
PRESS RELEASE

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Modest surplus for 2021 as processed backlog boosts platinum supply recovery and exceeds strong automotive and industrial demand growth

- Post-COVID recovery sees global demand up 23% on Q2'20, with stand out rises in automotive and industrial sectors
- Boost from faster processing of 2020 plant outage backlog sees supply increase 55%, with Q2'21 and annual forecast both in surplus
- Following two record years, investment demand settles back to levels still above the pre-pandemic average as COVID-driven exchange stock inflows are not repeated

The World Platinum Investment Council (WPIC) today published its *Platinum Quarterly* for the second quarter of 2021, with a revised forecast for 2021.

Despite global demand in Q2'21 continuing the positive year-on-year growth trend seen in the previous three quarters, with stand out rises in automotive and industrial segments, the combination of mines operating at 97% of capacity and the faster-than-expected processing of material built up during plant outages in 2020 meant supply outstripped demand, resulting in a surplus for the quarter of 161 koz.

With recoveries in economic output surprising even the most optimistic growth expectations, platinum demand benefitted and this is expected to continue for the rest of the year. Global platinum demand was up sharply against Q2'20 increasing 23% (+352 koz) year-on-year to 1,907 koz, with 2021 forecast to increase by 1% (+59 koz) over 2020 to 7,753 koz.

Recycle supply has not yet fully recovered to pre-pandemic levels (-13% on Q2'19), but global mine supply was lifted 65% (+615 koz) over Q2'20, bolstered by the processing of a higher-than-expected portion of the backlog created by plant outages in 2020 and a reduction of 34 koz of refined working inventory. The news that 300 koz of the 500 koz of platinum in semi-finished stock is expected to be processed in 2021, not 200 koz as previously anticipated, means that supply for the year rises by 17% (+1,132 koz) and 2021 is now forecast to be in a surplus of +190 koz.

Despite semiconductor shortages, automotive demand grew 75%

Automotive demand jumped 75% (+285 koz) year-on-year in Q2'21 as global light vehicle production recovered from the pandemic. Had it not been for stoppages across the world, as the semiconductor shortage persisted, demand for platinum would have been higher – by an estimated 50 koz.

Automotive platinum demand increased most noticeably in Europe (82%, +127 koz) due to a combination of the implementation of Euro 6d and some platinum for palladium substitution gains, and despite a further fall in the portion of diesel car sales. So too there were significant rises in North America, where vehicle production surged, lifting platinum demand by 130% (+51 koz). This demand category is expected to rebound strongly this year, up 22% (+529 koz) on 2020 and is also higher than 2019 (+2%, +58 koz).

Industrial demand rises 46% and exceeds pre-COVID levels

The recovery from COVID was particularly evident in the industrial segment which rose 46% (+188 koz) on Q2'20, and 10% (+54 koz) on Q2'19. The use of platinum in industrial applications is expected to increase by 25% (+493 koz) in 2021.

Consumer demand for petroleum as the global economic recovery accelerated saw platinum petroleum demand more than doubling (+22 koz). This trend sees platinum petroleum demand set to rebound by 65% (+71 koz) in 2021. Meanwhile, platinum demand from chemical in Q2'21 was up 83% (+93 koz) on Q2'20, and from glass up 39% (+31 koz) and similarly, their forecasts for 2021 will increase 14% (+80 koz), and 69% (+268 koz) respectively.

Strong jewellery recovery from weak Q2'20 but hampered by Chinese weakness

Jewellery fabrication rose by 19% (+73 koz) in Q2'21, spurred on by strong demand in Europe, up 125% (+36 koz), and North America, up 141% (+65 koz), with improving consumer sentiment, a rebounding economy and the re-start of weddings playing contributing roles. In contrast, Chinese fabrication fell 25% (-54 koz) due to fierce competition from gold and COVID-related disruption.

Global platinum jewellery demand in 2021 is forecast to rise by 4% (+69 koz), with the most significant rises in Europe (+20%) and North America (+35%). Similarly, these healthy gains will be neutralised by an expected 14% decline in China (-116 koz).

Investment demand settles after two colossal years

Following the exceptional demand in 2019 and 2020 for ETFs and bar and coin, elevated further in 2020 by unprecedented exchange stock inflows, investor demand in Q2'21 was a robust 191 koz, albeit a 50% fall year-on-year.

ETF holdings continued to grow in Q2'21 by 31 koz, and rising by 137 koz in H1'21 with strong gains in North America and Europe offsetting declines in South Africa, where rotation from the ETF to platinum mining equities was to benefit from healthy dividend yields. Bar and coin demand in the quarter remained historically high, easing slightly by 10% year-on-year to 111 koz and exchange stocks increased by 49 koz in response to increased mitigation of risk by market maker banks.

For the year, investment demand is forecast at 521 koz, which although 66% lower than in 2020 is still above the pre-COVID average from 2013 of 495 koz per annum.

Paul Wilson, CEO of the World Platinum Investment Council commented: "Since the start of this year, the pace of recovery in economic activity has exceeded expectations with both platinum demand and supply increasing, a trend which looks set to continue for the rest of the year.

"While we have revised our forecast to a modest surplus in 2021, this should be considered within the context of the unprecedented and seismic change caused by the pandemic. There are currently a number of different dynamics at play. In the short term, the transitory nature of higher mine supply in 2021 and 2022 arising from processing the semi-finished material built up during plant outages in 2020 has presented an upsurge in supply that has tipped the balance. Meanwhile, chip shortages are hampering growth potential in the automotive sector. Longer term, however, signs of an established recovery are present, benefitting in particular the industrial and automotive sectors. Demand growth appears likely due to higher loadings and rising production of heavy-duty vehicles, increasing platinum substitution for palladium, industrial demand growth and growing investor interest in the burgeoning hydrogen economy."

Platinum Supply-demand Balance (koz)	2018	2019	2020	2021f	2020/2019 Growth %	2021f/2020 Growth %	Q2 2020	Q1 2021	Q2 2021
SUPPLY									
Refined Production	6,125	6,100	4,989	6,047	-18%	21%	942	1,468	1,557
South Africa	4,470	4,399	3,298	4,402	-25%	33%	521	1,036	1,165
Zimbabwe	465	458	448	465	-2%	4%	110	114	128
North America	345	356	337	365	-5%	8%	87	83	75
Russia	665	716	704	621	-2%	-12%	175	184	136
Other	180	170	202	194	19%	-4%	49	51	52
Increase (-)/Decrease (+) in Producer Inventory	+10	2	-84	-40	N/A	N/A	+25	-26	+34
Total Mining Supply	6,135	6,102	4,906	6,007	-20%	22%	967	1,442	1,591
Recycling	1,935	2,118	1,905	1,936	-10%	2%	368	493	477
Autocatalyst	1,420	1,584	1,427	1,454	-10%	2%	257	361	365
Jewellery	505	476	422	424	-11%	1%	97	118	98
Industrial	10	57	56	58	-2%	3%	13	14	14
Total Supply	8,070	8,220	6,811	7,943	-17%	17%	1,335	1,935	2,068
DEMAND									
Automotive	3,075	2,838	2,366	2,895	-17%	22%	379	715	664
Autocatalyst	2,930	2,838	2,366	2,895	-17%	22%	379	715	664
Non-road	145	†	†	†	†	†	†	†	†
Jewellery	2,245	2,099	1,820	1,889	-13%	4%	388	477	461
Industrial	1,935	2,129	1,955	2,448	-8%	25%	403	679	591
Chemical	570	694	585	665	-16%	14%	112	119	204
Petroleum	235	219	109	179	-50%	65%	18	35	40
Electrical	205	144	130	134	-10%	3%	29	33	35
Glass	250	236	391	658	65%	69%	80	286	112
Medical	240	249	238	246	-4%	3%	60	62	59
Other	435	587	502	565	-14%	13%	104	143	141
Investment	15	1,253	1,554	521	24%	-66%	385	157	191
Change in Bars, Coins	280	283	586	361	107%	-38%	123	18	111
Change in ETF Holdings	-245	991	509	110	-49%	-78%	123	106	31
Change in Stocks Held by Exchanges	-20	-20	458	50	N/A	-89%	138	33	49
Total Demand	7,270	8,319	7,694	7,753	-8%	1%	1,555	2,028	1,907
Balance	800	-99	-883	190	N/A	N/A	-221	-93	161
Above Ground Stocks	3,270	3,551**	2,667	2,857	-25%	7%			

Source: Metals Focus 2019 - 2021, SFA (Oxford) 2018

Notes:

- ** Above Ground Stocks 3,650 koz (114 t) as of 31 December 2018 (Metals Focus)
- † Non-road automotive demand is included in autocatalyst demand
- Data from Metals Focus and SFA (Oxford) may not have been prepared on the same or directly comparable basis
- Prior to 2019 SFA data is independently rounded to the nearest 5 koz

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Notes to Editors:

About Platinum Quarterly

Platinum Quarterly is the first independent, freely available, quarterly analysis of the global platinum market. Platinum Quarterly is a World Platinum Investment Council publication. It is largely based upon research and detailed analysis commissioned with, and conducted by, Metals Focus, an independent authority on the platinum group metals markets.

About the World Platinum Investment Council

The World Platinum Investment Council Ltd. (WPIC) is a global market authority on physical platinum investment, formed to meet the growing investor demand for objective and reliable platinum market intelligence. WPIC's mission is to stimulate global investor demand for physical platinum through both actionable insights and targeted product development. WPIC was created in 2014 by the leading platinum producers in South Africa. WPIC's members are:

Anglo American Platinum, Impala Platinum, Northam Platinum, Royal Bafokeng Platinum, Sedibelo Platinum and Tharisa.

For further information, please visit www.platinuminvestment.com

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About Metals Focus

Metals Focus is one of the world's leading precious metals consultancies. They specialise in research into the global gold, silver, platinum and palladium markets producing regular reports, forecasts and bespoke consultancy. The Metals Focus team, spread across eight jurisdictions, has an exhaustive range of contacts across the world. As such, Metals Focus is dedicated to delivering world-class statistics, analysis and forecasts for the precious metals markets.

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About Platinum

Platinum is one of the rarest metals in the world with distinctive qualities making it highly valued across a number of diverse demand segments. Platinum's unique physical and catalytic properties have established its value in industrial applications. At the same time, its unique precious metal attributes have made it the premier jewellery metal.

Platinum's supply comes from two main sources: primary mining output, and recycling, which typically comes from end-of-life auto catalysts and jewellery recycling. Over the last five years, between 72% and 77% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is robust and becoming more diverse. There are four core segments of platinum demand: automotive, industrial, jewellery and investment demand.

Platinum demand from autocatalysts has equated to between 31% and 43% of total demand in the last five years. Platinum's diverse non-automotive industrial uses account on average for 24% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 28% of total platinum demand. Investment demand is the most variable category over the past five years, ranging between 0% and 20% of total demand (excluding movements in unpublished vaulted investor holdings).

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