
PRESS RELEASE

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Balanced global platinum market in 2020 with coronavirus jewellery risk but automotive opportunity

- New 2020 forecast shows platinum supply to narrowly exceed demand by 1.5% or 119 koz, indicating a balanced market.
- Outlook driven by strong industrial and growing automotive demand with upside from reducing CO₂ emissions and responding to palladium shortages.
- In 2019, platinum surplus reduced to 65 koz from 790 koz in 2018, with total supply up 1% and total demand up 11%.

London, Wednesday 4 March 2020: The World Platinum Investment Council (WPIC) has today published its *Platinum Quarterly* for the fourth quarter of 2019, which also includes full-year 2019 and its new 2020 forecast.

Set against an earlier prediction of a sizeable surplus for 2020, the WPIC today forecasts that in 2020 platinum supply will exceed demand only by 1.5% or 119 koz, with total supply of 8,117 koz and total demand of 7,998 koz.

Demand in 2020 reflects automotive demand growth, from more platinum per heavy-duty vehicle in China and per diesel hybrid passenger vehicle in Europe, and particularly strong demand growth in glass manufacture.

Platinum supply and demand were similar in 2019, resulting in a balanced platinum market – a surplus of 65 koz - in contrast to the surplus of 790 koz in 2018. Total supply was up 1% from 8,060 koz to 8,125 koz with mining supply flat and recycling supply up 2%. The massive increase in the value of palladium and rhodium in recovered catalysts had some impact on spent autocatalyst volumes. Total demand in 2019 increased by 11% compared to 2018, from 7,270 to 8,060 koz, with the significant increase in investment demand more than offsetting lower automotive, jewellery and industrial demand.

Meanwhile, global jewellery demand contracted by 7% to 2,095 koz in 2019, with the majority of the contraction in China (-14% to 945 koz). As coronavirus fears continue to rattle markets worldwide, there is the potential for the impact of the virus to reduce platinum demand if it is not contained within months; particularly platinum jewellery demand in China where containing the outbreak has already reduced store traffic.

Investment demand continues into 2020

In 2019, exceptional investment demand of 1,185 koz (985 koz ETF and 215 koz bar and coin) was 1,170 koz higher than in 2018 and more than offset demand decreases in other segments.

Going into 2020, the forecast predicts total investment demand of 633 koz, with ETF holdings rising by 330 koz, just under a third of their growth in 2019, and bar and coin demand expected to reach 303 koz.

2020 could be the turning point for automotive platinum demand

While demand for platinum in the automotive sector fell 7% in 2019 (down 8% in Q4'19), projections for 2020 include increased demand from more platinum in diesel hybrid vehicles in Europe, and heavy-duty vehicles in China. The forecast shows automotive demand up modestly at 3,011 koz in 2020.

The ongoing unavailability of palladium has become more pronounced into 2020, increasing further the likelihood of platinum demand growth as it substitutes for palladium in autocatalysts. The range of forecasts for the palladium deficit in 2020, from participants in the palladium market, now vary between 900 koz and 1,900 koz. There is wider awareness that palladium supply is unable to respond to very high prices and that many Chinese automakers buy metal for near-term vehicle production in the spot market. This is reflected in the palladium market price and its sustained backwardation.

To reduce the very significant fines faced by automakers if their fleet CO₂ level exceeds new limits being introduced in Europe in 2020, many automakers have increased the number of diesel hybrid models on sale with very low NO_x and CO₂ emissions. Higher platinum loadings per vehicle support increased platinum demand in 2020.

Industrial demand

Industrial demand for platinum fell by 1% (-20 koz) to 1,890 koz in 2019 as the rise in platinum use in the chemical industry, primarily in China, of 6% (to 605 koz) was unable to offset declines in other segments.

Industrial demand for platinum in 2020 is forecast at 2,284 koz. Key to this is the expected robust performance from the glass industry. LCD glass furnace construction will be fuelled by healthy increases in Chinese capacity, as well as the replacement of some Japanese furnaces with significantly larger ones. Demand for glass fibre manufacture is expected to be steady, supported by continued growth in global capacity.

Paul Wilson, CEO of World Platinum Investment Council commented: "In November 2019, we published a forecast predicting a sizeable surplus for 2020. Today however, we forecast a near-balanced market in 2020 where supply will exceed demand only by 1.5% or 119 koz. Supply remains constrained in 2020, with strong industrial platinum demand and growth potential from autocatalysts. This is likely to support further investor interest and growth in platinum investment.

“The heightened global prominence of addressing climate change has elevated the importance of reducing CO₂ emissions from vehicles; making extremely efficient clean diesel and fuel cell electric vehicles more likely to provide short- and medium-term solutions in this regard. The case for platinum to replace palladium in autocatalysts in the world’s two largest passenger car markets, China and North America, is compelling as an investment proposition. Any evidence or confirmation of substitution would attract additional investment demand.”

“The sustained elevated level of global debt with negative yields maintains the increased investment attractiveness of precious metals, including platinum. The coronavirus has added considerably to global risk, lifting the gold price materially and providing an underpin for platinum. This enhances platinum’s investment case, already bolstered by material demand growth potential.”

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- Ends-

	2017	2018	2019	2019/2018 Growth %	2020f	Q4 2018	Q1 2019	Q4 2019
Platinum Supply-demand Balance (koz)								
SUPPLY								
Refined Production	6,125	6,120	6,125	0%	6,043	1,565	1,470	1,570
South Africa	4,380	4,470	4,415	-1%	4,332	1,170	1,020	1,180
Zimbabwe	480	465	465	0%	473	120	115	115
North America	365	350	370	6%	377	90	85	95
Russia	720	665	690	4%	690	145	205	135
Other	180	170	185	9%	171	40	45	45
Increase (-)/Decrease (+) in Producer Inventory	+30	+10	+25	150%	+0	-20	+5	+40
Total Mining Supply	6,155	6,130	6,150	0%	6,043	1,545	1,475	1,610
Recycling	1,890	1,930	1,975	2%	2,074	495	480	505
Autocatalyst	1,325	1,420	1,490	5%	1,553	380	355	390
Jewellery	560	505	475	-6%	463	115	125	115
Industrial	5	5	10	100%	58	0	0	0
Total Supply	8,045	8,060	8,125	1%	8,117	2,040	1,955	2,115
DEMAND								
Automotive	3,325	3,100	2,890	-7%	3,011	765	760	700
Autocatalyst	3,185	2,955	2,745	-7%	3,011	735	725	665
Non-road	140	145	150	3%		40	40	40
Jewellery	2,460	2,245	2,095	-7%	2,070	560	550	485
Industrial	1,685	1,910	1,890	-1%	2,284	490	470	465
Chemical	565	570	605	6%	629	135	150	145
Petroleum	100	235	230	-2%	186	55	50	50
Electrical	210	205	195	-5%	139	55	55	55
Glass	180	245	240	-2%	483	65	65	35
Medical	235	240	240	0%	249	70	55	75
Other	395	415	380	-8%	598	110	95	105
Investment	275	15	1,185	N/M	633	-65	770	80
Change in Bars, Coins	215	280	215	-23%	303	50	75	40
Change in ETF Holdings	105	-245	985	N/M	330	-115	695	45
Change in Stocks Held by Exchanges	-45	-20	-15	-25%	0	0	0	-5
Total Demand	7,745	7,270	8,060	11%	7,998	1,750	2,550	1,730
Balance	300	790	65	-92%	119	290	-595	385
Above Ground Stocks	2,370	3,160	3,225	2%	3,651			

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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, SFA (Oxford) from 2013 to 2019 and Metals Focus from 2020, both independent authorities 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 and Royal Bafokeng Platinum.

For further information, please visit www.platinuminvestment.com

WPIC's offices are located at: 64 St James's Street, London, SW1A 1NF.

About SFA (Oxford)

Founded in 2001, SFA (Oxford) (SFA) is regarded as one of the most important independent authorities on the platinum group metals market. The company's in-depth market research and integrity is underpinned by extensive consulting from mine to market to recycler, as well as an unrivalled global industry network.

SFA have a team of nine dedicated PGM analysts with wide and varied industry expertise and knowledge, each one specialising in a core area of the value chain, as well as many internationally-based associates. SFA is able to provide its clients with answers to the most difficult questions affecting the future of the industry.

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For more information go to: <http://www.sfa-oxford.com>

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 76% and 78% 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 36% and 43% of total demand in the last five years. Platinum's diverse other industrial uses account on average for 23% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 31% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 0% and 15% of total demand (excluding movements in unpublished vaulted investor holdings).

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