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## PRESS RELEASE

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London, 02 March 2016

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### **Automotive demand for platinum strengthens in 2015 up 5% year-on-year**

- **Mining supply returns to pre-strike level but recycling falls**
  - **2016 forecast to be fifth consecutive deficit year**

**London, 2<sup>nd</sup> March 2016:** The World Platinum Investment Council (WPIC) today announces the publication of its sixth *Platinum Quarterly* - the first independent, freely-available, quarterly analysis of the global platinum market. The report incorporates analysis of platinum supply and demand during the fourth quarter of 2015 and for the full year 2015. The report also provides a forecast of supply and demand for the full year 2016.

*Platinum Quarterly* is a WPIC publication. It is largely based upon research and detailed analysis commissioned with, and conducted by, SFA (Oxford), an independent authority on the platinum group metals market. Three additional themes in the Foreword to this edition are: Recent price performance; platinum investment market development; the medium and long term outlook for platinum.

#### **Overview of key data presented in *Platinum Quarterly*:**

**The global platinum market ended year 2015 in deficit by 380 koz (2014: 725 koz) with key drivers of the shortfall including:**

- 2015 saw a 5% increase in automotive demand, reaching 3,455 koz, up from 3,290 koz in 2014 and 3,160 koz in 2013. Despite the impact of the Volkswagen diesel investigation, demand growth in 2015 was led by Western Europe vehicle sales growth, up 9% year-on-year, where the imposition of the new Euro 6 legislation also increased platinum loading per car. Automotive demand from India, also grew by 9%.
- Global investment demand increased by 110 koz over the year (73%), with a global fall in ETF holdings eclipsed by a surge in demand for bars and coins, particularly in Japan which experienced record buying in the final quarter.
- There was a 4% increase in industrial demand during 2015, buoyed by a 2% increase in chemical demand growth driven by North America, Western Europe and China. Greater global demand for oil refining and a swing from refinery reductions to net capacity expansion saw demand from the petroleum sector more than doubling (2014: 65 koz vs 2015: 160 koz).

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- Jewellery sales contracted by 4% over the year affected by a fall in Chinese demand. In contrast, demand for platinum in India surged by 26% on the back of strong bridal growth and increased sales of men's jewellery.
- Refined production grew by 24% over the year, led by a 41% increase in output from South Africa, where operations affected by the 2014 strikes returned to pre-strike levels and producer sales again exceeded refined production.
- Global supply from recycled platinum fell by 15% over the year to 1,725 koz, as lower platinum group metals prices reduced the flow of scrap catalysts from collectors, while depressed steel prices reduced the scrapping of vehicles.
- Above ground stock levels ended 2015 at 2,315 koz, down by 14% from 2,695 koz in 2014.

### **Forecasting a deficit of 135 koz in 2016, today's data from SFA (Oxford) shows:**

- A 1% contraction in refined production over the course of 2016. South African supply is predicted to fall by 2% over the year due to disruptions related to wage negotiations and safety stoppages.
- Recycling supply is forecast to rebound by 14% in 2016, compared to the 15% contraction in 2015.
- Automotive demand is predicted to increase by 3% on the back of another year of light vehicle sales growth and higher loadings per vehicle.
- Jewellery sales are expected to return to growth, up 1% in 2016, boosted by a recovery in China and strong demand growth in India, where the Evara Platinum programme continues to expand.

### **Paul Wilson, chief executive officer of WPIC commented:**

"Today's Platinum Quarterly clearly shows that the fundamentals of the platinum market are sound. Demand from all sectors remains robust, supported by growth in European diesel platinum demand and resilient jewellery demand in Asia. It is encouraging to see that personal disposable income – which is linked to China jewellery consumption – is growing at a rate almost double that of the overall economy."

"On the supply side a forecast of 3% growth in 2016 relies upon a 14% rebound in recycled supply. Meanwhile, sentiment driven supply from vaulted investor holdings looks less likely to satisfy market shortfalls than it did over the past four years."

To download this edition of *Platinum Quarterly* and/or subscribe to receive the research in the future, without charge, please visit our website: [www.platinuminvestment.com](http://www.platinuminvestment.com)

**-Ends-**

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### Notes to Editors:

#### **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 six leading platinum producers in South Africa: Anglo American Platinum Ltd, Aquarius Platinum Ltd, Impala Platinum Ltd, Lonmin plc, Northam Platinum Ltd and Royal Bafokeng Platinum Ltd.

For further information, please visit [www.platinuminvestment.com](http://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) 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.

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

#### **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 growing 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 37% and 42% of total demand in the last five years. Platinum's diverse other industrial uses account on average for a little over 20% of total global demand (five year average). Over the same period, global annual jewellery demand has

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averaged 34% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 2% and 11% of total demand (excluding movements in vaulted investor holdings).