
PRESS RELEASE

London, 8 September 2016

FY2016 platinum market deficit forecast revised upward

- **Recycling supply growth weaker than expected as scrappage rates lowered**
- **Small Q2 surplus as supply rebounds following Q1 outage, while demand from key sectors remains robust**

London, 8th September 2016: The World Platinum Investment Council (WPIC) today announces the publication of its latest *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 second quarter of 2016, which is accompanied by a forecast for the full year 2016. Today's report shows that the deficit for the full year 2016 will now be higher than the previous forecast at the end of Q1 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.

Overview of key data presented in *Platinum Quarterly*:

SFA (Oxford)'s revised supply and demand forecast increases the full-year 2016 deficit by 65 koz, to a predicted deficit of 520 koz from the 455 koz forecast at the end of the first quarter:

- The report shows that while total demand for the full year 2016 will marginally increase, total mining supply will fall by 3 per cent.
- Weaker than predicted total supply for the full year 2016 comes as the recycling growth forecast is lowered to 2 per cent in 2016.
- Automotive demand is expected to be largely static – down 15 koz on 2015 – as is jewellery demand – up 5 koz on 2015 – buoyed by growth in India, the US and Western Europe offsetting declines in China and Japan.
- Industrial demand for the full year 2016 is expected to dip by 2 per cent year-on-year because of lower requirements from the petroleum, electrical and glass sectors.
- Total investment demand is forecast at 350 koz, up 45 koz, as bar and coin demand remains strong and after ETF net sales tapered in the first half of the year.
- In light of the revised forecast for 2016 the key Above Ground Stocks measure is predicted to reduce to 1,875 koz – down 55 per cent from 4,140 koz at the end of 2012.

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For the second quarter of 2016, today's report shows a rebound in supply and a fall in demand:

- Total mine supply in Q2 increased by 22 per cent from the previous quarter, as production from South Africa returned to more normal levels as refining resumed after the safety related refinery stoppage in Q1.
- Jewellery demand in Q2 increased by 3 per cent from the previous quarter, largely due to growth in Chinese and European fabricator demand.
- Retail sales of jewellery in India remain strong, with demand increasing 25 per cent year-on-year in Q2.
- Industrial demand grew by 3 per cent in the quarter, while total automotive demand in the quarter remained virtually unchanged.
- Investment demand remained strong despite the fall quarter-on-quarter as the record platinum bar and coin buying witnessed in recent quarters eased, while the decline in ETF holdings tapered further.

Paul Wilson, chief executive officer of WPIC commented:

“When the World Platinum Investment Council was launched in 2014 it was one of our primary aims to shine a light on the fundamental workings of the market. I hope today's report shows the value of our work because the data and analysis provides far greater insight than previously possible into a particularly complex quarter.

The overall picture for platinum in 2016, which has enjoyed a significant rebound in price over the course of the first half of the year, continues to be one of constraint and ultimately deficit in 2016 – a deficit greater than forecast in the previous quarter.

It also is important to note the extent to which Above Ground Stocks or vaulted investor holdings are available to meet the forecast deficit. Not only has the stock level shrunk since 2012 – down more than 50 per cent over the period – but positive sentiment has reduced the propensity of holders to sell platinum to meet deficits. We believe it is particularly worthwhile to consider the reduced likelihood of investor sales to meet deficits when considering this investment market in the medium term.”

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

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For any media requests, please contact CNC Communications:

Simon Evans

T: +44 (0) 20 3219 8809

wpic@cnc-communications.com

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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.

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).