PLATINUM ESSENTIALS

Platinum's 2025 price rally in-part driven by elevated lease rates pushing end-users towards ownership

In this Platinum Essentials, we examine how elevated lease rates have altered market behaviour and reshaped the availability of metal. As leasing costs rose sharply from late 2024, some end users reassessed how they access platinum, with a growing preference for ownership over leasing. This behavioural shift began from May 2025 against a backdrop of already depleted above-ground stocks, coinciding with the start of platinum's rally that resulted in a 127% price increase by the end of the year and continued into 2026. Whilst the total demand for metal has not significantly changed, the pivot to ownership reduces the volume of metal cycling through the lease market, effectively reducing liquidity and sustaining higher lease rates, perpetuating tight market conditions in 2026.

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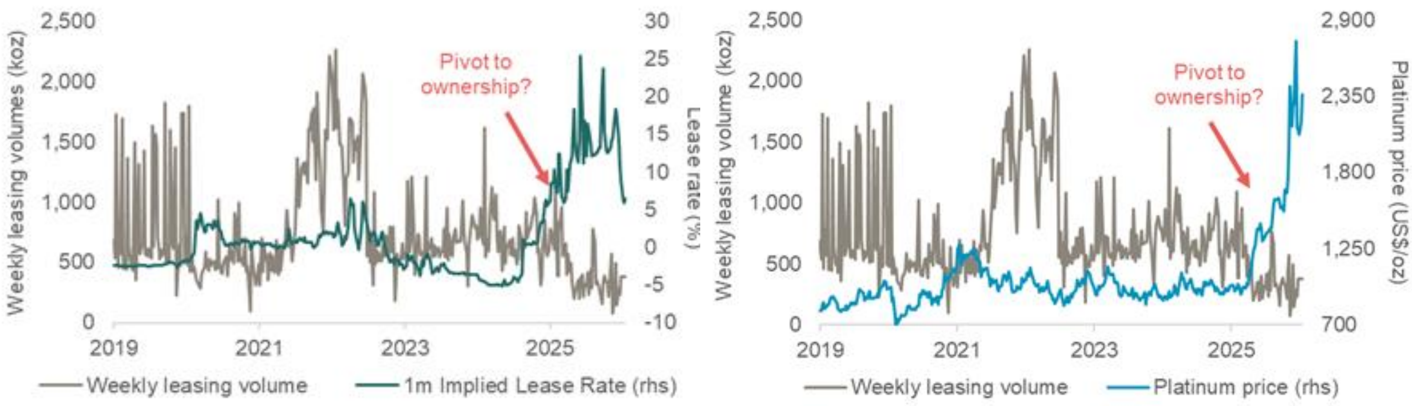
A substantial share of platinum demand is entrained within industrial, automotive and jewellery applications, where metal is held for extended periods irrespective of whether it is leased or owned. We estimate that at any given time, around 14 Moz of platinum demand may have historically relied upon leasing rather than ownership. Reported annual leasing volumes, however, significantly overstate this reliance, as lease contracts are typically short-term and frequently rolled. As a result, annual LBMA/LPPM leasing volumes can reach around 60 Moz in periods of elevated activity, compared with a more normalised level closer to ~30 Moz.

From late 2024, implied lease rates began to rise on US import tariff fears, which was compounded by successive market deficits depleting above ground stocks to unsustainably low levels. Leasing activity initially proved resilient, with end-users presumably hoping this was a temporary situation, but by mid-2025 leasing volumes began to decline even as end-user requirements remained broadly unchanged. This divergence reflects a finance-driven behavioural shift, as leasing became uneconomic at prevailing rates and ownership offered more predictable means of securing metal.

Leasing volumes have declined ~60% since the beginning of 2025, while lease rates have risen six-fold. Platinum prices rallied 127% over the course of 2025 with the start of the rally seemingly coinciding with the pivot from leasing to owning.

While the choice between leasing and ownership does not determine the level of above-ground stocks, it does influence how readily inventories can be accessed. With above-ground stocks already historically low and unlikely to rebuild meaningfully without sustained surpluses, reduced circulation of metal has amplified price sensitivity and were likely an important driver of platinum's price rally from mid-2025.

Figure 1. Elevated lease rates drove a decline in leasing volumes, incentivising pivot towards ownership that coincided with the onset of the platinum price rally



Source: Bloomberg, WPIC research

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The role of leasing in the platinum market

Leasing has historically been an important mechanism through which platinum is made available to end users without requiring outright ownership. In practice, leasing allows holders of above-ground stocks – such as banks, traders, and other inventory holders – to generate income from that metal through lending it out to industrial, automotive and jewellery fabricators, whilst retaining beneficial ownership of it. With implied lease rates, before any credit spread, having been close to 0% for much of the 2010's, this was a balance sheet efficient decision for end-users to take, while having the additional advantage of eliminating the need to manage price exposure.

Leasing has historically played a key role in facilitating access to platinum without requiring ownership.

Industrial users, in particular, have relied on leasing as a cost-efficient alternative to outright ownership, while some automakers, jewellery and investment product fabricators have also made use of leasing to reduce upfront capital requirements and scale metal holdings in line with production needs.

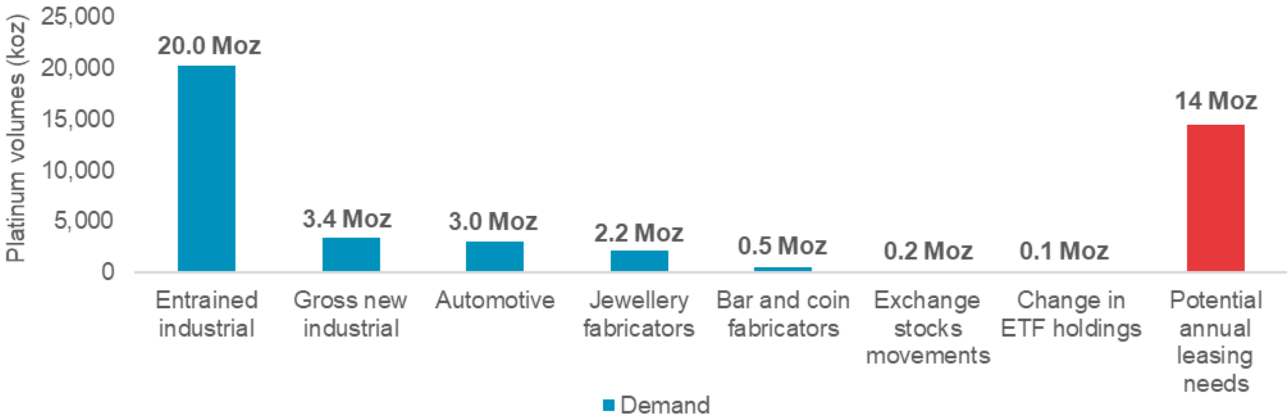
Leasing metal can be balance sheet efficient and is a mechanism for managing price risk.

However, the attractiveness of leasing is highly sensitive to financing costs. When lease rates rise materially, the economic advantages of leasing diminish, increasing the relative appeal of ownership. Recent market developments have highlighted this sensitivity, as exceptionally elevated lease rates have prompted a reassessment of how platinum is accessed across parts of the market.

The scale and structure of the platinum leasing market

As platinum can be readily recycled within a number of its end uses, the true scale of platinum demand is substantially greater than the estimates of incremental new demand included in WPIC's supply/demand analysis. Consequently, a substantial amount of platinum is entrained within applications, where metal is held for extended periods rather than consumed outright.

Figure 2. A large share of platinum is entrained, primarily in industrial, with around 14 Moz estimated to historically have been potentially reliant upon the leasing market



Source: Metals Focus, WPIC Research

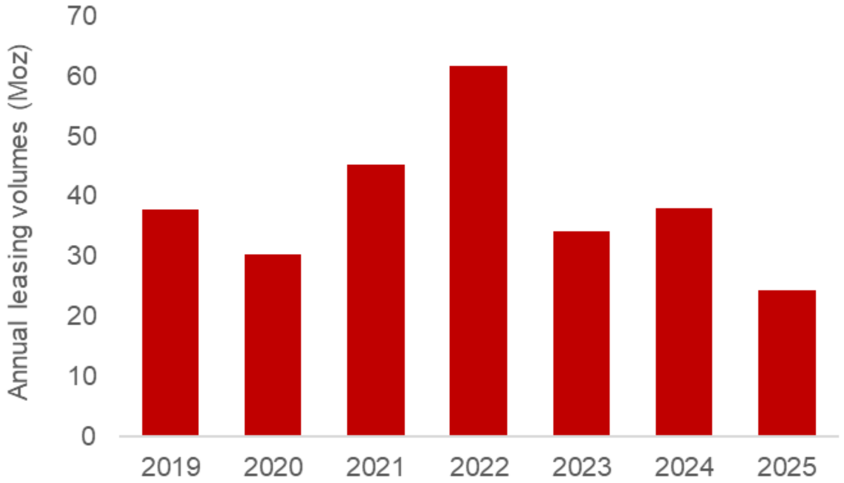
Much of this metal has historically been financed through leasing arrangements rather than ownership. In addition, some end-users, such as automakers or jewellery fabricators may choose to lease metal through the production process as a mechanism for managing price exposure, opening and closing leases in line with inventory needs and sales volumes. We estimate that around 14 Moz of platinum has, at any given time, been potentially reliant upon the lease market (fig. 2).

The likelihood of end-users choosing to lease varies materially by application. Industrial uses account for the largest share of leased metal, reflecting both the scale of platinum required and the preference among fabricators to minimise balance sheet exposure. Some jewellery fabricators and automakers have historically relied on leasing, albeit to a lesser extent, while bar and coin fabrication exhibits a much lower propensity to lease. Investment holdings, including ETFs, are typically financed through ownership rather than leasing.

The lease market primarily serves fabricators and end users rather than investment holders.

Reported annual leasing volumes, however, significantly exceed this underlying stock of leased metal. Lease contracts are typically short term and frequently rolled, theoretically meaning the 'same metal' can be leased multiple times within a single year. As a result, published annual LBMA/LPPM leasing volumes largely reflect the velocity of metal moving through the financing system rather than the scale of end-user reliance on leasing. In periods of elevated activity, reported volumes can therefore appear disproportionately large relative to the underlying market.

Figure 3. The short-term nature of many lease contracts results in elevated reported annual leasing volumes compared to actual annual demand



Source: LBMA/LPPM, Bloomberg Finance L.P., WPIC research

The short-term nature of leasing inflates reported annual leasing volumes.

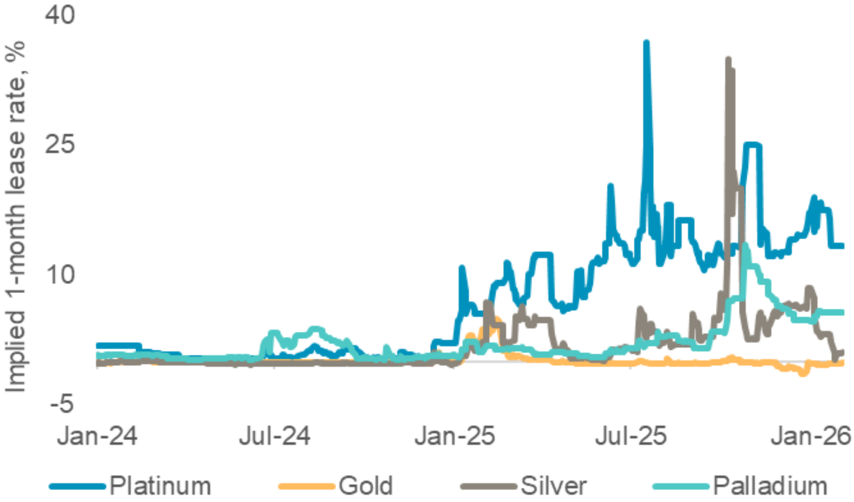
This dynamic is evident in historical leasing data. Annual leasing volumes reached around 60 Moz in 2022, despite the amount of platinum structurally reliant on leasing being far lower (fig. 3). More normalised conditions are associated with annual leasing volumes closer to around 30 Moz, consistent with lower rollover activity rather than a reduction in underlying end-user demand.

Recent developments: rising lease rates and behavioural change

From late 2024, lease rates began to rise sharply on rising competition for metal due to increased trade tensions and declining above-ground stocks (fig.

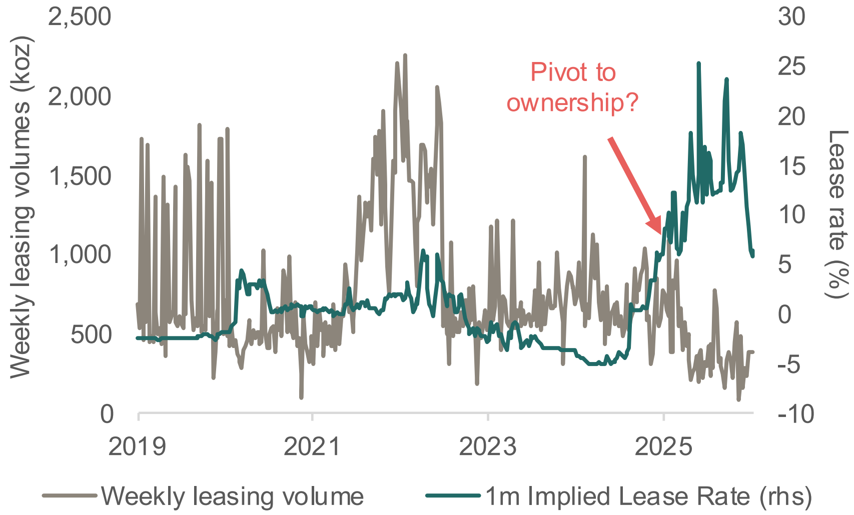
4). Initially, leasing activity remained resilient, suggesting market participants were willing to absorb higher financing costs in anticipation that lease rates would ease. By mid-2025, however, leasing volumes began to decline materially, despite end-user requirements remaining broadly unchanged (fig. 5).

Figure 4. Platinum lease rates have increased markedly since late 2024, standing out relative to other precious metals



Source: Bloomberg, WPIC research

Figure 5. Elevated lease rates have led to declining leasing activity, as market participants pivot towards ownership



Source: LBMA/LPPM, Bloomberg Finance L.P., WPIC research

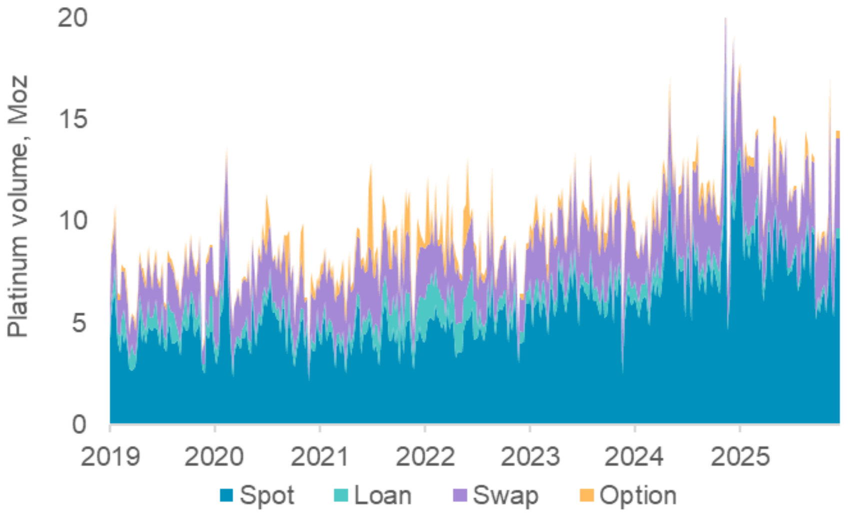
This divergence points to a behavioural shift; as lease rates rose, the economic advantages of leasing eroded, prompting some participants to reassess whether ownership offered a more predictable and cost-effective means of securing metal. In this environment, leasing volumes fell not because platinum was no longer required, but because leasing had become a sufficient cost burden to justifying moving metal on to the balance sheet.

From leasing to ownership: implications for market availability and price sensitivity

The shift from leasing to ownership did not change the level of underlying platinum demand, but it materially altered how metal was held and circulated in the market. As more participants chose to secure platinum through ownership rather than short-term leasing, this reduced the recirculation of metal which effectively reduced liquidity even though the total amount of metal in the world was effectively unchanged.

This effect is evident in broader market activity. Trading volumes across spot and financing instruments peaked in late 2024 before declining through 2025, with the contraction spanning spot, loans, swaps and options, but only to a level commensurate with volumes at the beginning of 2024 (fig. 6). The broad-based nature of this decline suggests that metal was being withdrawn from circulation rather than reallocated between instruments, consistent with increased ownership following the deterioration in leasing economics. More recently, spot purchase and swap volumes have risen again, whilst leasing has remained depressed (fig. 7). This may reflect some buyers returning to the market, having previously held back, hoping for a price reset.

Figure 6. A broad-based decline in platinum trading activity from late 2024 suggests metal in circulation reduced due to a shift towards ownership



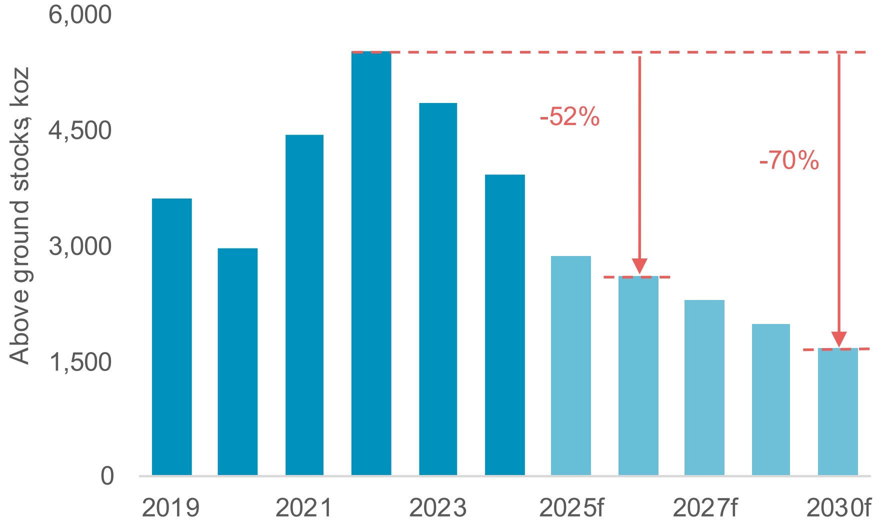
Source: Bloomberg Finance L.P., WPIC research

Figure 7. Recent trends stand out in an index of four week rolling average volumes (options not shown)

Source: Bloomberg Finance L.P., WPIC research

At the same time, above-ground stocks remain historically constrained, being forecast to fall by 52% from 2022 highs by the end of 2026 and 70% by 2030 (fig. 7).

Figure 8. Above ground stocks are falling to unsustainably low levels, reinforcing persistent market tightness as leasing activity declines

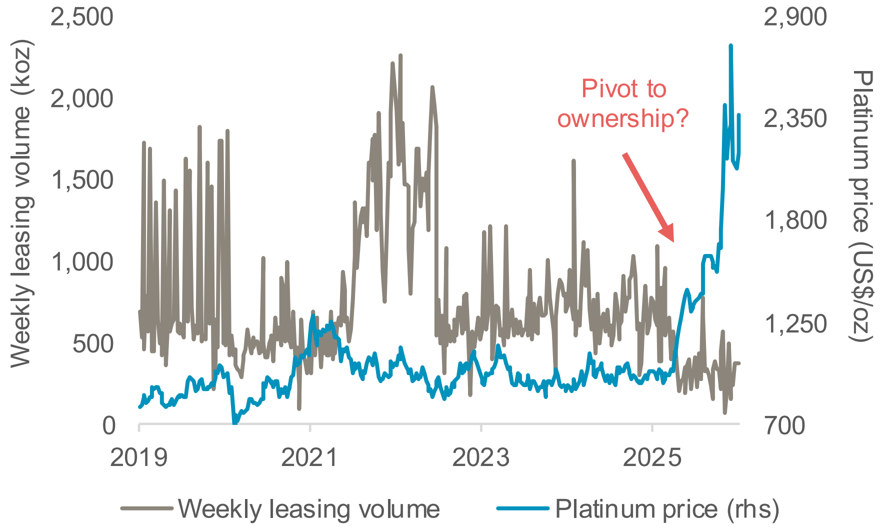


Source: Metals Focus (2019 – 2026f), WPIC research

The pivot towards ownership has reduced metal availability at a time of structurally low above ground stocks, intensifying price responses across the market.

In this context, the shift from leasing to ownership has increased price sensitivity by reducing the accessibility of metal rather than the quantity of metal available. Reduced circulation amplified the impact of low inventories, contributing to the sharp price appreciation observed through much of 2025 (fig. 8). Although platinum prices have recently retraced from their peaks, they remain elevated relative to earlier periods, consistent with the persistence of constrained inventories and reduced access to leased metal.

Figure 9. The pivot towards ownership appears to have been a key driver of the platinum price rally from mid-2025



Source: LBMA/LPPM, Bloomberg Finance L.P., WPIC research

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