

Higher PGM prices support recycling supply growth, but headwinds remain

In response to higher prices, recycling is expected to underpin PGM supply growth in 2026f. However, working capital finance headwinds, and trade flow restrictions across the Middle East are emerging risks to our supply growth forecasts. Recycling supply missing projections would continue a trend of it underperforming expectations since 2022, reinforcing recognition of constrained total platinum supply.

Individual prices in the 3E PGM basket have increased by 50% to 100% over the past year (Fig. 3). Theoretically, higher prices should illicit a supply response. However, supply growth is only expected from recycling as the latest production guidance from miners shows declining output for FY '26f (Fig. 4). We have previously discussed recycling as being price elastic ([link](#)) and thus expect recycling supply to increase by 10% y/y in 2026f following a 10% y/y increase in 2025. Notwithstanding recycling growth in 2025, automotive recycling supply growth has frequently missed expectations.

When our initial forecasts are compared to actual supply outcomes since 2022, platinum recycling supply has been, on average, 9% lower than expected (Fig. 1). Constrained recycling (Fig. 2) has occurred for two principal reasons. Firstly, when the new car market was impacted by supply chain disruptions and rising selling prices (Fig. 5), consumers held onto their cars for longer thereby restricting the supply of spent autocatalysts. Secondly, in 2023 and 2024, depressed PGM prices limited the economic incentive to recycle leading some scrapyards to hoard autocatalysts (Fig. 6).

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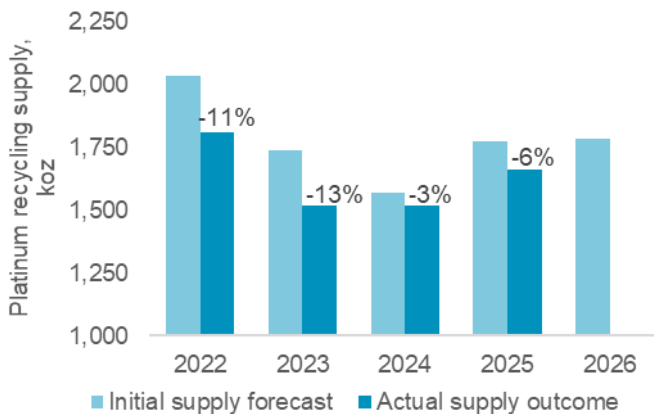
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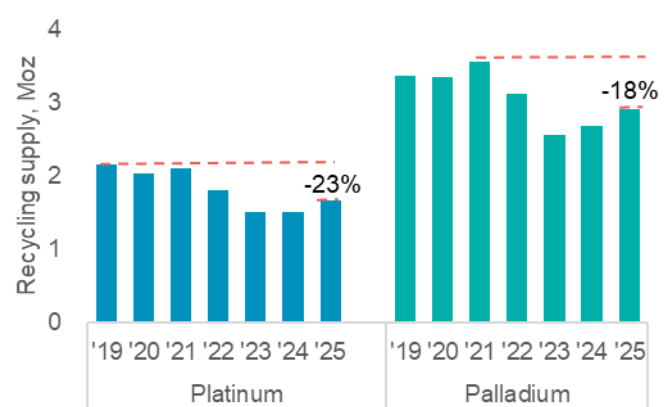
16 April 2026

Fig 1. Platinum recycling has underperformed forecasts



Source: Metals Focus, WPIC estimates

Fig 2. Recycling supply has been constrained



Source: Metals Focus, WPIC research

Several constraints to recycling supply have alleviated, with robust PGM prices clearly incentivising the release of spent autocatalysts which may have been hoarded during recent price troughs. However, with its recent track record of undershooting expectations, two emerging risks may constrain expected PGM recycling supply growth.

Firstly, the industry is reportedly facing working capital constraints due to higher PGM prices and interest rates with banks being cautious in extending credit facilities, limiting potential output. Secondly, the contagion of the Iran War across the strait of Hormuz is impacting trade across the Middle East. The UAE has developed into reasonably sized aggregation hub for automotive PGM recycling, and a protracted conflict may restrict metal flows. Another aspect which could weigh on recycling supply, would be a conflict-led slowdown in the new vehicle market. Were this to occur, we would concurrently expect an automotive demand impact.

PGM markets have been plagued by supply constraints in recent history. Accordingly, further recycling underperformance would add to the 240 koz platinum market deficit forecast in 2026f (Fig. 7) and could result in palladium remaining in deficit rather than transitioning to a surplus in 2026f (Fig. 8).

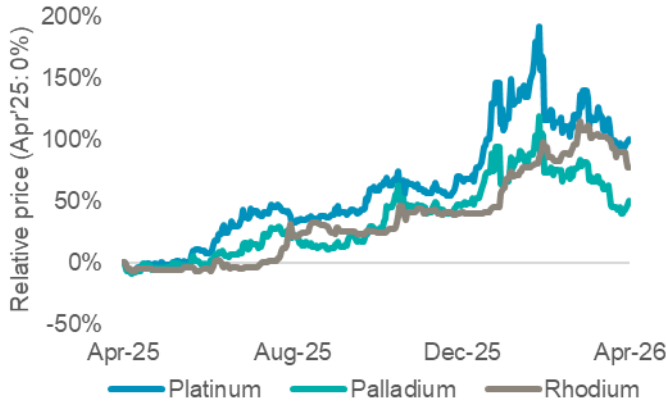
While higher PGM prices should stimulate a supply response, these may not materialise as,

- Miners' published guidance shows no planned growth, and
- Recycling supply has missed expectations by an average of 9% since 2022.

Platinum's attraction as an investment asset arises from:

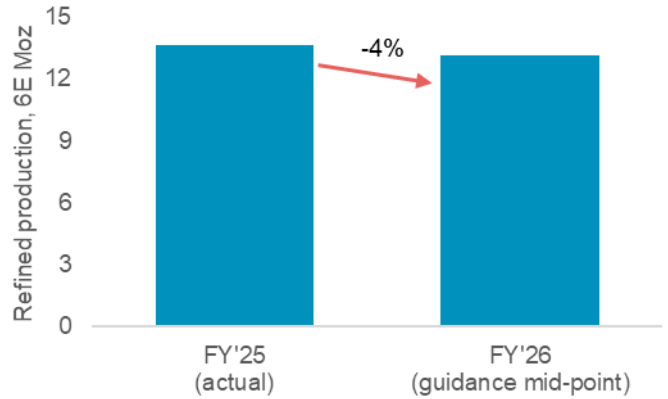
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023, although a smaller deficit is forecast in 2026 it is not expected to alleviate current market tightness
- Platinum supply remains challenged, materially for mining supply, less so for recycling supply
- Platinum's end markets are the most diversified of PGMs which is supportive of long-term demand and mitigates future downside risks from external events (Iran War) or structural trends (drivetrain electrification)
- Elevated lease rates and OTC London backwardation highlight sustained tight market conditions
- The platinum price remains significantly below the price of gold

Figure 3: PGM prices have increased by between 50% (Pd) to 100% (Pt) over the past twelve months



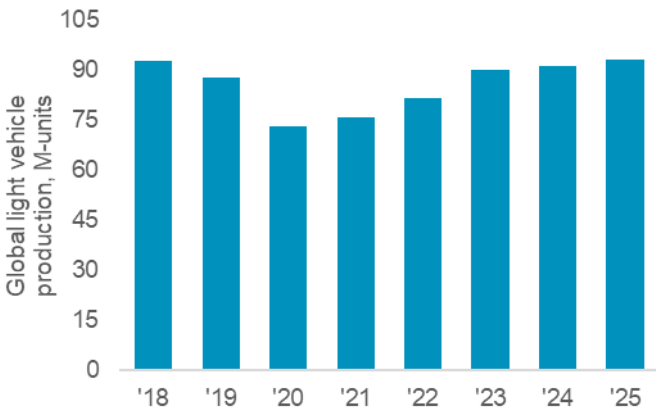
Source: Bloomberg, WPIC research

Figure 4: Key PGM miners are, in aggregate, guiding for FY'26f refined production to decline by 4% versus FY'25



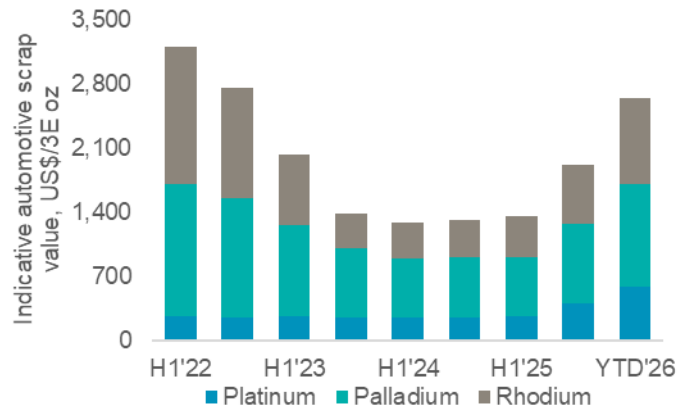
Source: Company data (Implats, Nor Nickel, Northam, Sibanye-Stillwater, Valterra), WPIC estimates

Figure 5: The Covid/semiconductor-driven slowdown in new car production reduced end-of-life vehicle scrapping and spent autocatalyst supply



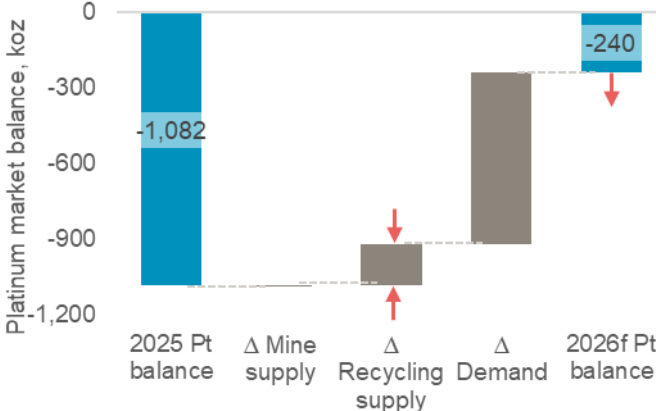
Source: OICA, WPIC research

Figure 6: Depressed PGM prices in 2023 and 2024 reduced the economic incentive to recycle leading to hoarding by some scrapyards



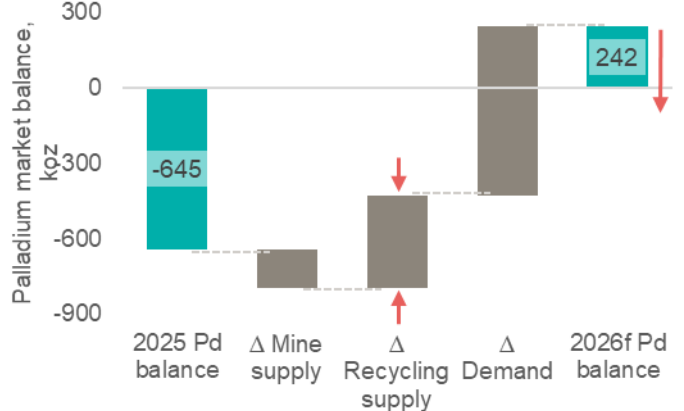
Source: Bloomberg, WPIC estimates

Figure 7: Should recycling supply growth underperform expectations, it would support a mildly deeper platinum market deficit in 2026f, whereas...



Source: Metals Focus, WPIC research

Figure 8: ...Should palladium recycling supply growth underperform expectations, it may support markets remaining in deficit versus transitioning to surplus in 2026



Source: WPIC research

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