

PLATINUM PERSPECTIVES

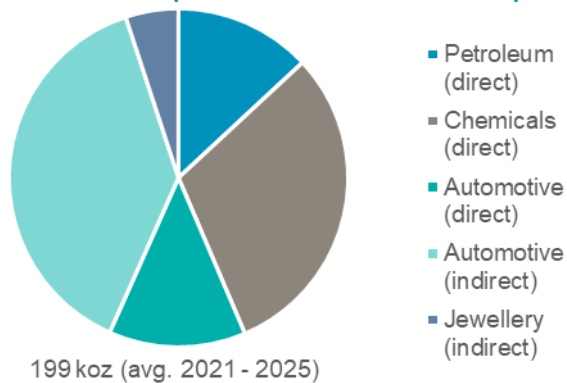
The Iran War's direct impact on platinum demand appears modest, but higher interest rate expectations and a stronger US dollar could weigh on investment demand

The Iran war has entered its second month. Iran and the broader Middle East (ME) are not large direct markets for platinum supply and demand. Contagion impacts currently appear more likely from the economic drag caused by restrictions across the Strait of Hormuz and the potential for a global helium shortage to impact semiconductor production (which may impact vehicle production). While the second order impacts to platinum's fundamentals appear modest, at this time, the primary risk to demand stems from the potential for investors to liquidate positions as rising interest rate expectations and a recovering US dollar weigh on broader metals prices.

We estimate the ME accounts for around 2.5% of global platinum demand or ~200 koz pa (Fig. 1). Direct platinum demand is around 110 koz pa from vehicle production of ~1M units, and chemical and petroleum market shares of ~10% and 15% respectively. Indirect platinum demand of ~90 koz pa stems from vehicle imports of 2-3M units and jewellery imports. While a protracted conflict would invariably negatively impact some platinum demand tied to the ME, the impact of restricting the Strait of Hormuz and higher energy prices (Fig. 3) may have a greater impact on platinum markets.

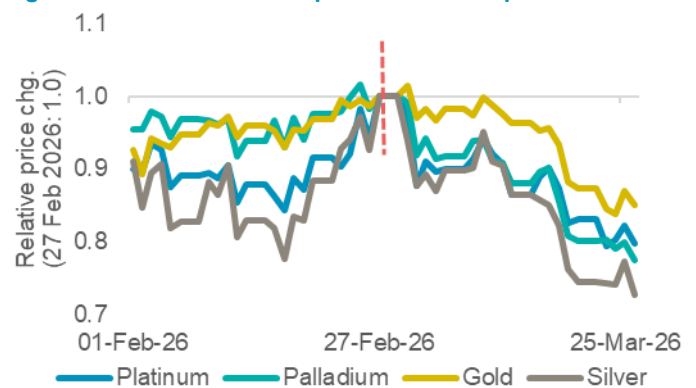
Around 20% of global crude and LNG output flows via the Strait. Without these feedstocks for petroleum refining and chemicals sectors, utilisation rates decline and some maintenance is deferred. We estimate global platinum top-up requirements for the petroleum and chemicals markets is around 250 koz pa. (Fig. 4). Simplistically, losing 20% of annual feedstock supply could imply a 50 koz reduction in platinum top-up needs.

Fig 1. Middle Eastern platinum demand is ~200 koz pa



Source: WPIC estimates

Fig 2. The Iran War has led precious metals prices lower



Source: Bloomberg, WPIC research, N.B. 27 February was the last day before the war began

Three factors may weigh on automotive demand. Firstly, higher oil prices might prompt switching from ICE vehicles to BEVs (ignoring higher upfront costs and that electricity prices are also likely to rise). Each 1% gain in BEV market share reduces platinum demand by ~25 koz. Secondly, with higher energy prices being inflationary, rate setting expectations for the US Fed are revised from two cuts to none in 2026f (Fig. 5). Higher finance costs could lead to deferred new car purchases. Our March *Platinum Quarterly* ([link](#)) assumed light-duty (LDV) production would increase by 2% YoY to 95M units in 2026f (Fig. 6). Platinum demand could be impacted by -35 koz in 2026f, if economic conditions inhibit LDV growth. Finally, restrictions to Qatar's helium exports (~30% global supply) could impact semiconductor manufacturing and in turn vehicle production (reminiscent of 2021/22).

We currently do not believe that auto or industrial platinum demand would cumulatively reduce enough to erode our current deficit of 240 koz in 2026f (Fig. 7). However, recent investor positioning has been more impactful. In March 2026, platinum ETF holdings declined by 224 koz (Fig. 8) as the broader precious metals complex saw prices decrease ~20% (Fig. 2) on higher interest rate expectations and US\$ strength.

The Middle East is estimated to account for 2.5% of annual platinum demand.

Second order impacts from the war could have a greater impact on platinum markets than demand losses directly within the Middle East.

Edward Sterck

Director of Research

+44 203 696 8786

esterck@platinuminvestment.com

Wade Napier

Analyst

+44 203 696 8774

wnapier@platinuminvestment.com

Brendan Clifford

Head of Institutional Distribution

+44 203 696 8778

bclifford@platinuminvestment.com

World Platinum Investment Council

www.platinuminvestment.com

166 Piccadilly,

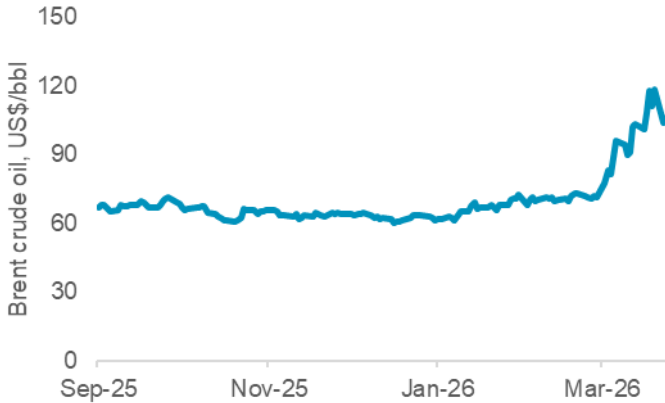
London, W1J 9EF

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Platinum's attraction as an investment asset arises from:

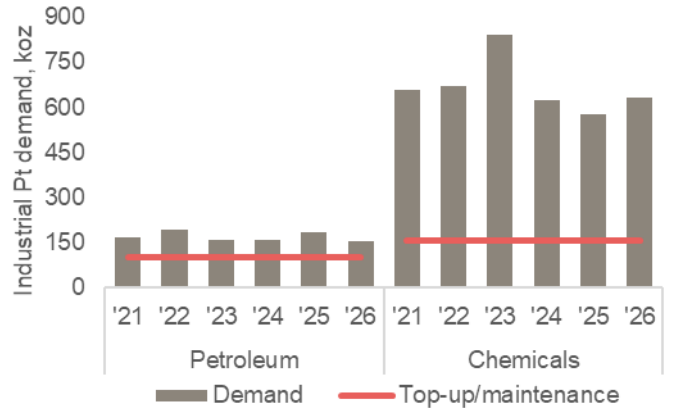
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023, although a smaller deficit is forecast in 2026 it is not expected to alleviate current market tightness
- Platinum supply remains challenged, materially for mining supply, less so for recycling 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: The Brent crude oil price has increased by approximately 60% since the start of the Iran War on 28 February 2026



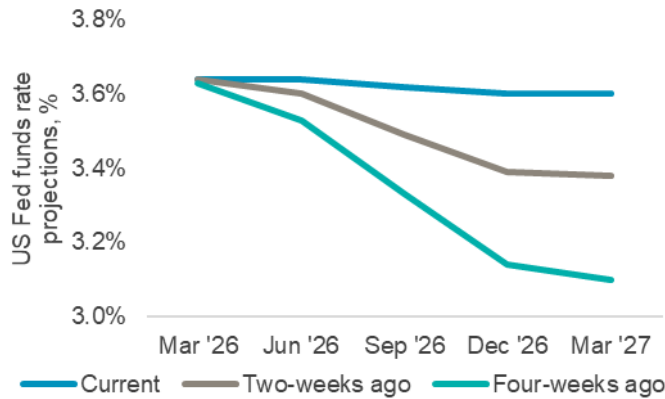
Source: St. Louis Fed., WPIC research

Figure 4: On an annualised basis, installed petroleum refining and chemicals infrastructure requires around 250 koz pa of platinum for catalyst maintenance purposes



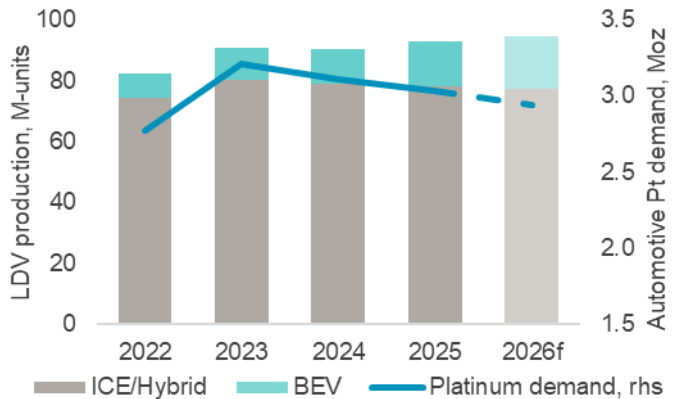
Source: Metals Focus, WPIC estimates

Figure 5: The number of projected US Fed interest rate cuts in 2026 has declined since the start of the Iran War due to higher inflation expectations



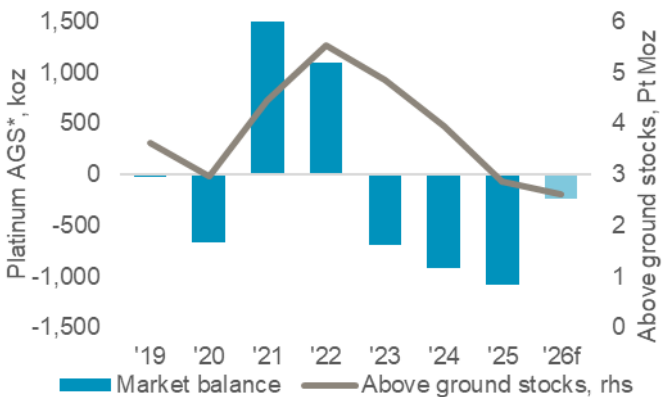
Source: Street Stats, WPIC research, Current projects dated 27/03/2026

Figure 6: The war could slow LDV production, however, an accelerated transition to BEV appears unlikely since hybrids similarly help mitigate higher fuel costs



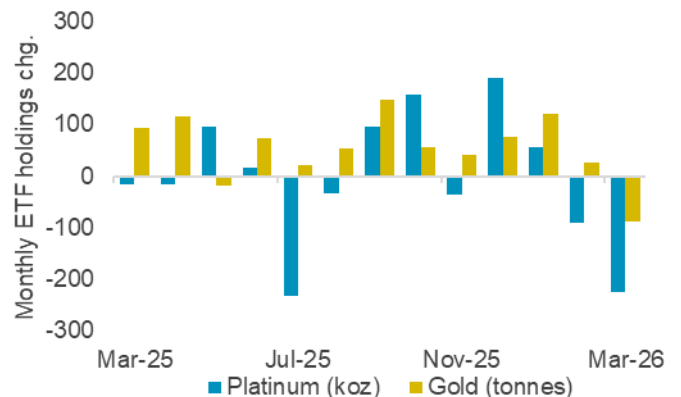
Source: Metals Focus, WPIC research

Figure 7: The cumulative impacts to platinum automotive and industrial demand are unlikely to completely erode a fourth consecutive year of platinum market deficits



Source: Metals Focus, WPIC research, *Above Ground Stocks

Figure 8: The second order effects that the Iran War has had on interest rate expectations has led investors to liquidate some ETF holdings in March 2026



Source: Bloomberg, World Gold Council, WPIC research

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