

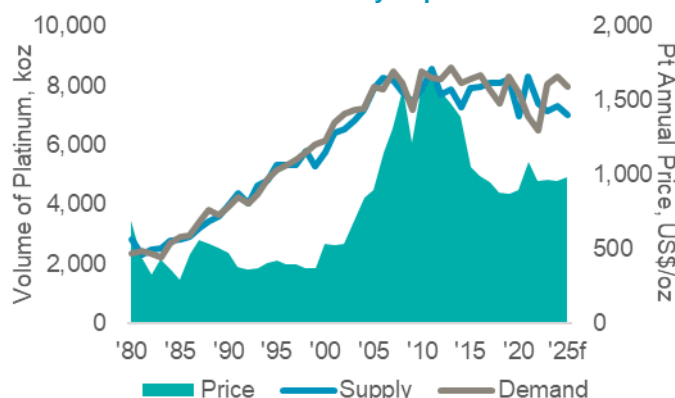
Platinum supply and demand are price inelastic in the short-term, leading to sustained market imbalances

Platinum prices have increased by 55% year-to-date to reach a 10-year high. Historic data indicates that both platinum supply and platinum demand are price inelastic over the short term. Accordingly, we see limited risk that either respond to higher prices over the remainder of 2025f, with a market deficit expected to reach 966 koz.

Following a prolonged period of rangebound pricing (~\$900-\$1,100/oz), platinum surpassed \$1,330/oz as of 18 June, marking its highest level since 2014. Despite this rally, we do not anticipate any meaningful supply or demand response in the near-term. Our May 2025 *Platinum Quarterly* ([link](#)) forecast a -4% year-on-year reduction in both total platinum supply and demand in 2025, and this view remains unchanged.

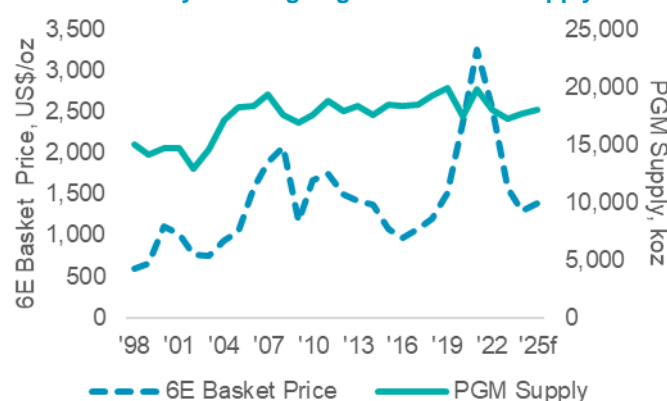
Figure 1 illustrates that historical movements in the platinum price have not triggered an immediate change in supply or demand, with responses often lagging by several years. On the supply side, platinum's inelasticity is structural. Around 85% of platinum is mined as part of broader PGM operations. Whilst platinum is generally the largest revenue constituent of a PGM mine, new production decisions hinge on expectations of the overall basket including base metal by-products. Notably, an 83% surge in the basket price between 2017 and 2023 had no impact on total supply, which actually declined 7% over the same period (Fig. 2). Even sharp price signals take years to translate into new supply - most mines require 8-9 years to reach full production capacity, if they do so at all (Fig. 3). Recycling is more responsive to prices, but these ounces are small in the context of total supply (Fig. 4). Automotive recycling increased ~50% from 2015 to 2021 and decreased to 2023 as prices rose and fell (Fig. 5).

Fig 1. Platinum supply and demand have historically shown little short-term sensitivity to price movements



Source: Johnson Matthey 1975-2012, SFA (Oxford) 2013-2018, Metals Focus 2019-2025f

Fig 2. Despite sharp price increases, the PGM basket has failed to drive any meaningful gains in overall supply



Source: Johnson Matthey 1975-2012, SFA (Oxford) 2013-2018, Metals Focus 2019-2025f

Demand is also unlikely to fall in the short-term despite the price rally. Across the automotive, jewellery, industrial and investment sectors, platinum consumption has historically shown limited price sensitivity (Fig. 6). Between 2003 and 2008, for instance, autocatalyst demand rose by over 25% even as prices climbed from ~\$600 to ~\$2,000/oz, only falling after the global financial crisis prompted a broader downturn and substitution to lower-priced palladium (Fig. 7). Industrial demand has shown some delayed inverse relationship with price, but volumes tend to adjust over multiple years rather than on a quarterly timescale. Jewellery is structurally more elastic, yet platinum's relatively more attractive affordability versus gold is now emerging as a counterforce. The gold-to-platinum price ratio reached 3.5x in May 2025, its highest level since 2015, prompting some Chinese fabricators to switch to platinum (Fig. 8). **These persistent demand patterns and supply rigidity reinforce continued platinum market deficits through 2029, as outlined in our recent 5-year outlook ([link](#)).**

Market responses lag far behind price movements. Today's rally is unlikely to materially affect supply or demand for some years.

Supply is slow to respond due to structural rigidity and long lead times, while demand has historically continued to grow even amid sharp price increases.

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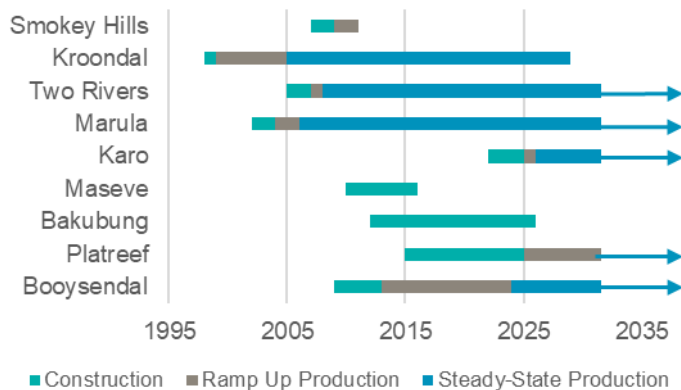
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Platinum's attraction as an investment asset arises from:

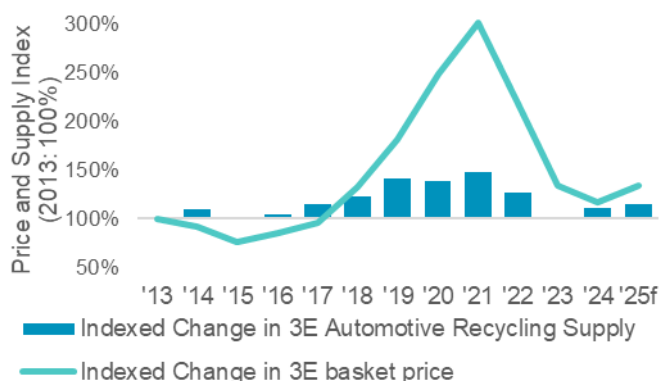
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023 and these are expected to fully deplete above ground stocks by 2029f
- Platinum supply remains challenged, both in terms of primary mining and secondary recycling supply
- Elevated lease rates and OTC London backwardation highlight tight market conditions
- Platinum is a critical mineral in the global energy transition underpinning a key role in the hydrogen economy
- The platinum price remains historically undervalued and significantly below the price of gold

Figure 3: Long lead times, upfront capex requirements and technical challenges delay or prevent new PGM production even when prices are supportive



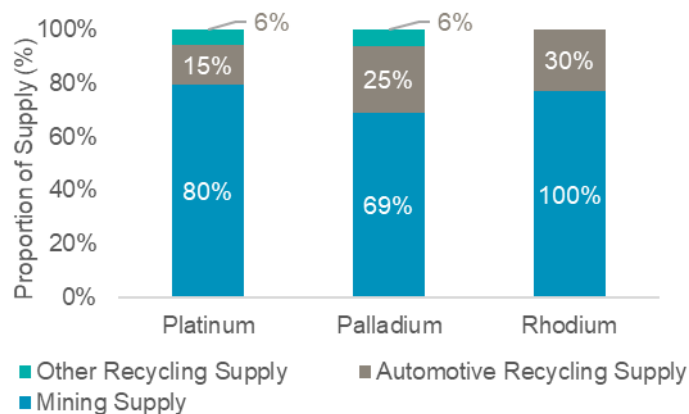
Source: Northam, Ivanhoe, Wesizwe, Tharisa, Implats, Sibanye Stillwater

Figure 5: Between 2015 and 2021, the rise in basket price prompted an increase in 3E automotive recycling supply, but the impact on total supply was limited



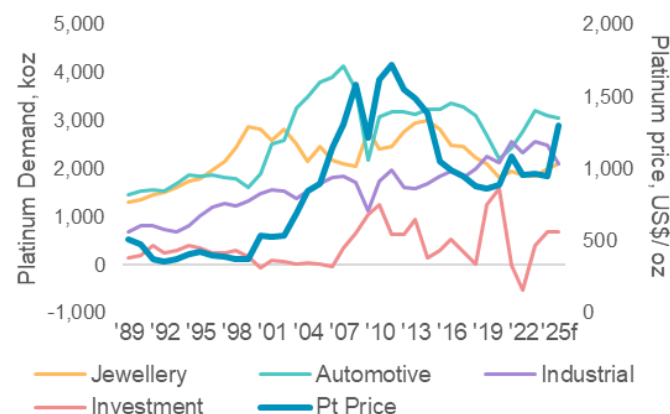
Source: Metals Focus, WPIC Research, N.B.: Indexed 3E basket price is calculated using the ratio of 3E supply from automotive recycling

Figure 4: Recycling supply makes up a small proportion of total 3E supply



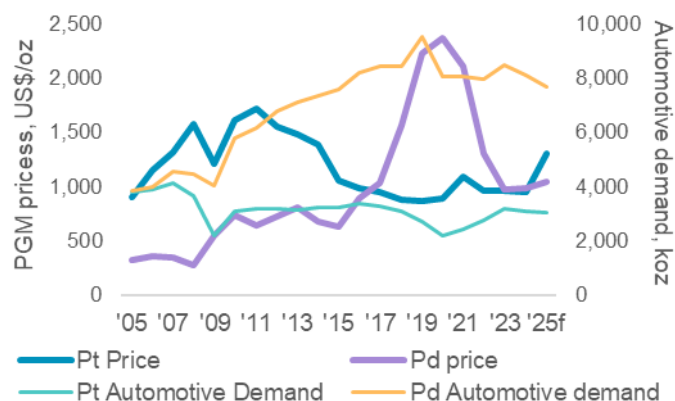
Source: Metals Focus, WPIC Research

Figure 6: Demand across platinum's major end-use sectors shows limited short-run price sensitivity



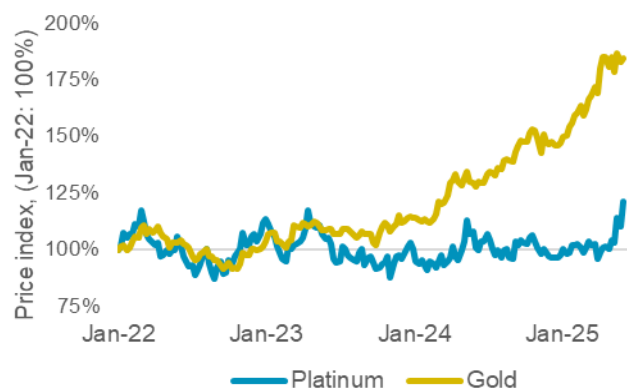
Source: Johnson Matthey 1975-2012, SFA (Oxford) 2013-2018, Metals Focus 2019-2024, WPIC Research 2025>, N.B.: latest spot price used for 25f charting purposes

Figure 7: Autocatalyst substitution patterns reflect structural rather than short-term price dynamics



Source: Platinum: Johnson Matthey 2005-2012, SFA (Oxford) 2013-2018, Metals Focus 2019-2025, WPIC Research 2026>, Palladium: Johnson Matthey 2005-2012, Metals Focus 2013-24, WPIC Research 2025>, N.B.: latest spot price used for 25f charting purposes

Figure 8: Rising gold prices led some Chinese fabricators to switch to platinum with buyers being priced out of gold



Source: Bloomberg, WPIC Research

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