

## A hawkish US Fed is a headwind to platinum markets, but there could be signs of a turnaround from late 2026

In updating our medium-term platinum market forecasts ([link](#)), we highlighted that platinum's underlying fundamentals were structurally resilient but challenged by negative sentiment. The unambiguously hawkish tone of new US Federal Reserve Chair, Kevin Warsh, adds downward pressure on the precious metals complex. However, with a MoU between the United States and Iran signed and the Strait of Hormuz reopening, this could be the catalyst investors need to re-engage with precious metals around the end of 2026.

After reaching record price levels in January, the Iran War has been a drag on all precious metals in 2026 (Fig. 2). With the closure of Hormuz, energy led inflation pressure (Fig. 3) is forcing upward revisions to interest rates. US 2-year Treasury yields have risen ~80bps since Mar'26 (Fig. 4) negatively impacting demand for non-yielding assets. In parallel, higher yields have supported US\$ appreciation which is negative for commodity prices. The upward bias to interest rate expectations has been compounded by Fed Chair Warsh, who, after his first FOMC meeting cited inflation as a burden, giving no reason not to pursue the reserve's 2% target (May'26 CPI: 4.2% YoY). Against this backdrop, the platinum price has declined by 17% year-to-date. ETF holdings are -504 koz lower year-to-date and alongside some exchange stock outflows (-240 koz) and strong Q1'26 SA mine supply, physical platinum availability has improved with one-month implied platinum lease rates reaching ~5% during Jun'26 vs. ~15% in Q4'25 (Fig. 6).

Fig 1. ETF holdings have declined by 14% year-to-date



Source: Bloomberg, WPIC Research

Fig 2. Precious metals prices have declined since Jan'26



Source: Bloomberg, WPIC Research

While off from its highs, platinum's implied lease rate of ~5% is still high by historical standards (Fig. 6). This reflects three years of substantial market deficits with above ground stocks reduced by 60%. ETF outflows YTD have therefore eased but not eliminated market tightness. Indeed, some factors point to platinum's potential recovery in late 2026. We noted ETF disposals as a headwind, but total holdings of 3,021 koz are at a two-year low and since early 2019, platinum ETF holdings found support at the 3.0 Moz threshold (Fig. 1) which may suggest some sticky ounces. Furthermore, ETF disposals reflect some profit taking and sellers are not price agnostic since investors seek a return ([link](#)). We calculate that the current weighted average cost of ETF holdings on a per ounce basis is US\$1,800 in real terms (Fig. 7). Accordingly, with a spot platinum price of ~US\$1,700/oz, average holdings are no longer in the money.

Finally, if second-order inflationary impacts from energy costs are avoided, the expected rate hikes could be short lived. In the US, core-CPI has increased from 2.5% in Feb'26 to 2.9% in May'26. This indicates that energy inflation has been somewhat contained, albeit FIFA World Cup linked spending may distort summer CPI readings. Monetary policy which ensures a transitory energy shock may allow investors to re-engage in precious metals, including platinum, in late 2026, on or ahead of a return to easing interest rates from 2027.

**Interest rate expectations have risen leading to platinum price pressure and some ETF outflows.**

**Precious metals sentiment could improve if higher Q2'26 energy prices do not translate into second-order inflationary pressure.**

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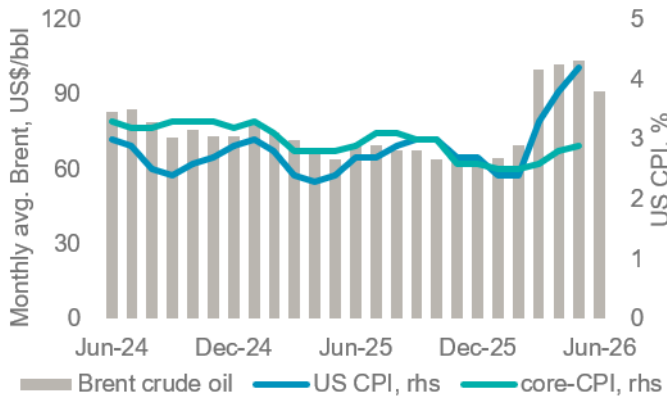
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**Platinum's attraction as an investment asset arises from:**

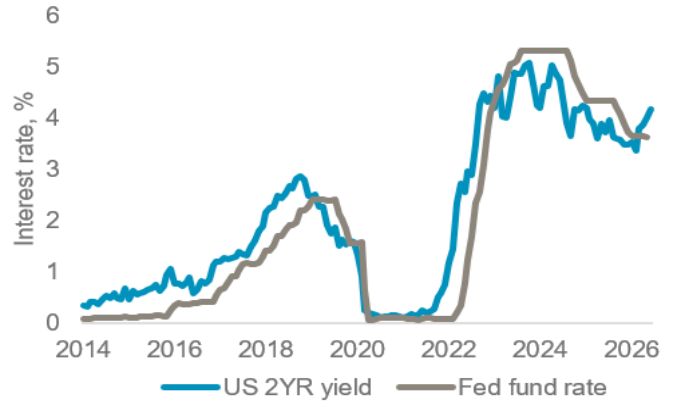
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023, although a smaller deficit is forecast in 2026 it is not expected to alleviate current market tightness
- Platinum supply remains challenged, materially for mining supply, less so for recycling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

**Figure 3: Higher energy prices have underpinned rising inflation through 2026, albeit core-CPI has yet to meaningfully reflect second-order impacts**



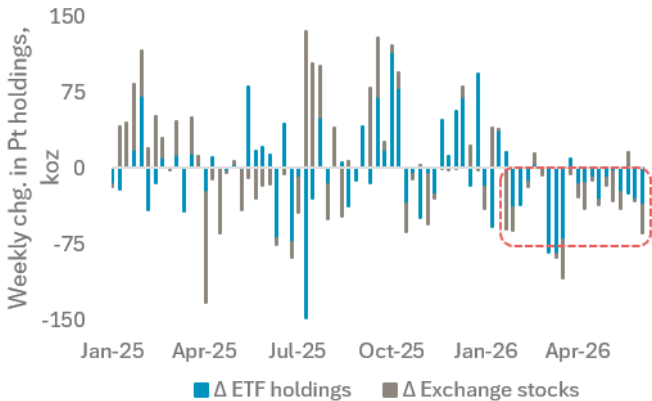
Source: Bloomberg, WPIC Research

**Figure 4: With two-year yields typically anticipating Fed decisions, the ~80bps increase in yields since the start of the Iran war suggests the market expects a rate hike**



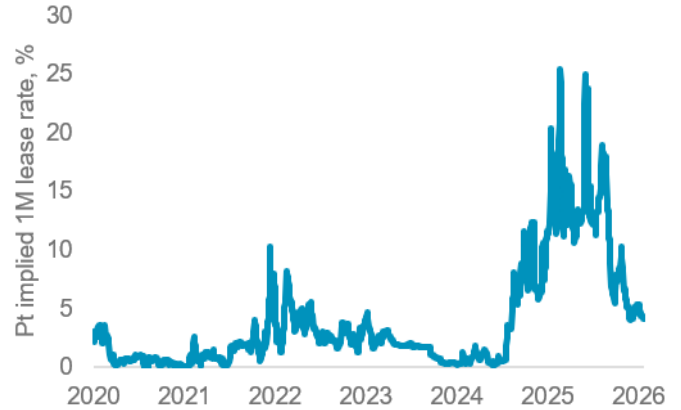
Source: Bloomberg, WPIC Research

**Figure 5: The change in weekly ETF and exchange stock holdings for platinum has largely recorded outflows thus far in 2026**



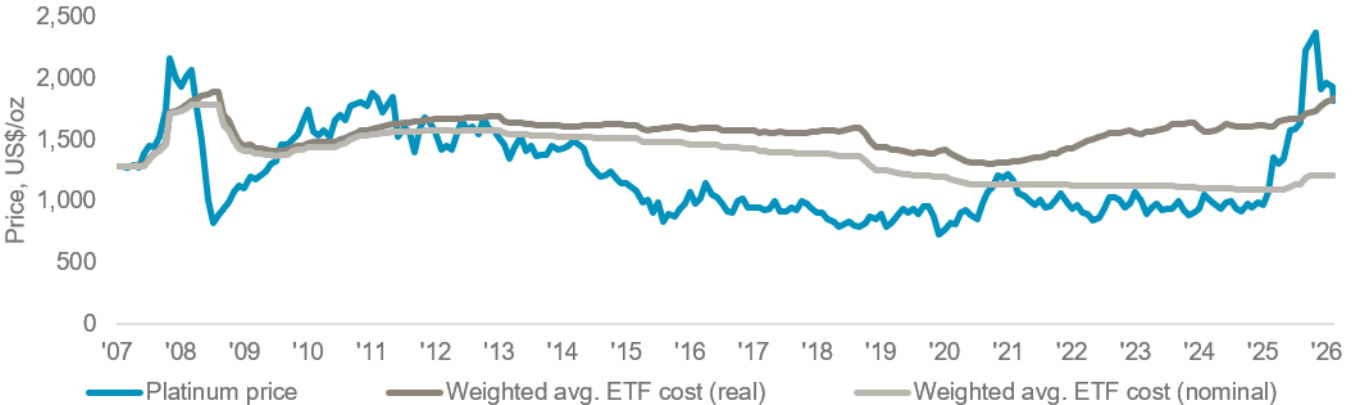
Source: Bloomberg, WPIC Research

**Figure 6: Implied lease rates have declined to mid-single digits on improved availability from investment ounces and mining and recycling supply**



Source: Bloomberg, WPIC Research

**Figure 7: Spot platinum prices have crossed below our estimated weighted avg. cost of platinum ETF holdings (in real\* terms) which may disincentivise selling**



Source: Bloomberg, WPIC Research, \*Real: 2007

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