

GFEX platinum and palladium futures supporting liquidity and price discovery in China's evolving PGM markets

Ahead of Shanghai Platinum Week commencing 6 July 2026, it's worth reflecting on how China's platinum and palladium markets have responded to the new futures contracts and options on the Guangzhou Futures Exchange (GFEX). GFEX has supported domestic liquidity and improved price discovery with some evidence of a shift away from SGE. From here, we would expect China to play a larger role in global price discovery once GFEX opens access to international participants.

Platinum and palladium futures contracts and options launched on GFEX in Nov'25, with the first contract having expired in Jun'26. Enthusiasm for all precious metals buoyed trading at the end of 2025 and in early 2026 with open interest peaking at 1.7 Moz (52 t) (daily volumes peaked at 7.3 Moz, 228 t). GFEX noted that retail investors accounted for most early volumes. During the initial months of GFEX's launch, contracts traded at a premium to SGE, which was likely due to overexuberance from retail investors who could not trade on the SGE. From Feb'26, the precious metals rally began easing due to a hawkish Fed chair appointment and Iran war. Through Q2 2026, GFEX open interest moderated and averaged 620 koz (19 t) (Fig. 1) with average daily trade of 186 koz (5.8 t) (Fig. 3). LBMA and NYMEX record average daily volumes of one and two million ounces respectively.

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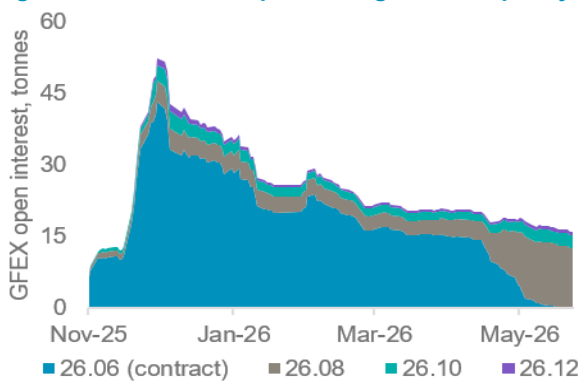
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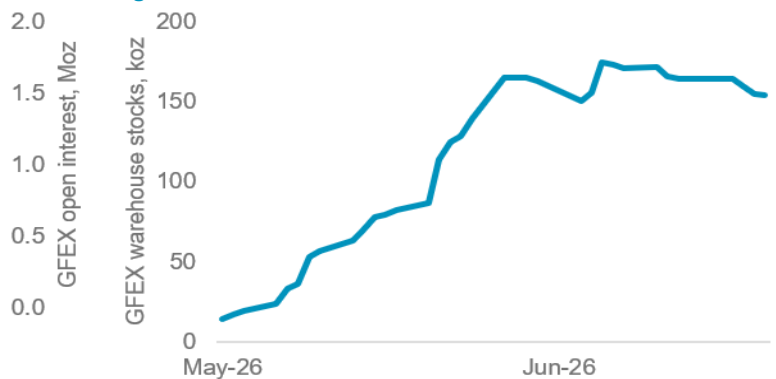
1 July 2026

Fig 1. Platinum futures provide significant liquidity



Source: GFEX, WPIC Research

Fig 2. GFEX warehouse stocks have settled above 150 koz



Source: GFEX, WPIC Research

Until GFEX secures Qualified Foreign Investor (QFI) scheme approval arbitraging domestic prices to international benchmarks has been limited to some Chinese institutional investors. Since China is the largest global PGM consumer, it could play a greater role in price discovery if QFI is approved as foreign investors increase GFEX volumes to trade the natural arbitrage across exchanges. The Arbitrage opportunity between exchanges should narrow as participation increases.

Until then, we are left to assess a largely domestic response to GFEX. SGE volumes have been at their lowest levels this decade during 2026 (Fig. 5) which contrasts with China's net platinum imports being in-line with historical averages (Fig. 6). Although GFEX contracts allow for physical delivery, it is primarily used for price hedging rather than procurement. The SGE however, only offers one-way trading with physical metal delivery. What is likely happening is that, with GFEX prices beginning to trade at a discount to SGE (Fig. 7), domestic participants are hedging with GFEX while making physical purchases from direct imports or secondary markets such as RTG (both no longer VAT disadvantaged). Chinese imports have also been supported by GFEX exchange stocks building to around 150 koz (4.7t) platinum by Jun'26.

The listing of platinum futures in China has supported liquidity within the world's largest single PGM market and with volumes stabilising GFEX prices have trended to a discount to SGE.

Platinum's attraction as an investment asset arises from:

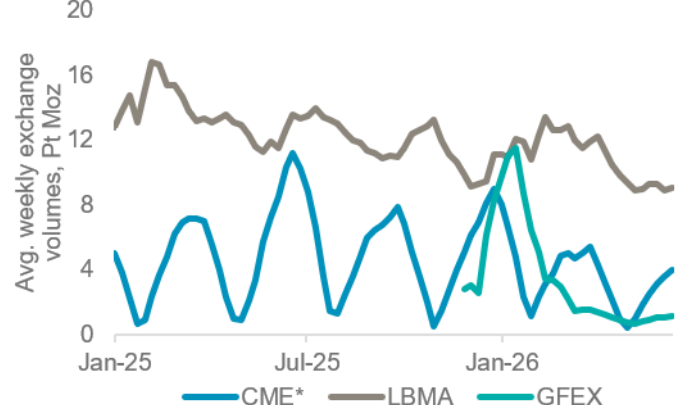
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023 and these are expected to fully deplete above ground stocks by 2029f
- Platinum supply remains challenged, both in terms of primary mining and secondary recycling supply
- Elevated lease rates 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: GFEX volumes average 6 tonnes per day in Q2 2026 as initial enthusiasm from retail investors waned from Feb'26 as prices eased



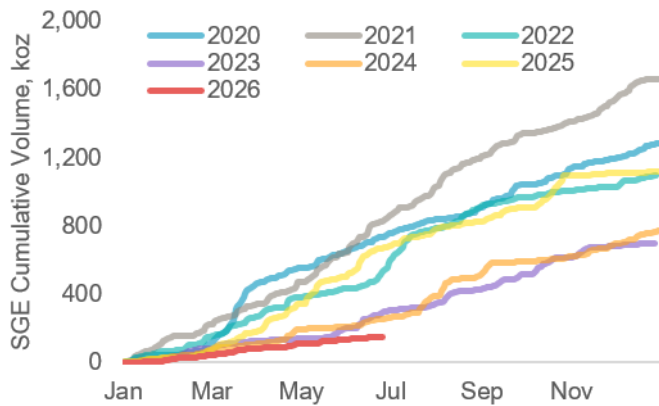
Source: GFEX, WPIC Research

Figure 4: With QFI scheme approval, GFEX volumes are likely to increase as arbitrage opportunities across exchanges become more easily tradeable



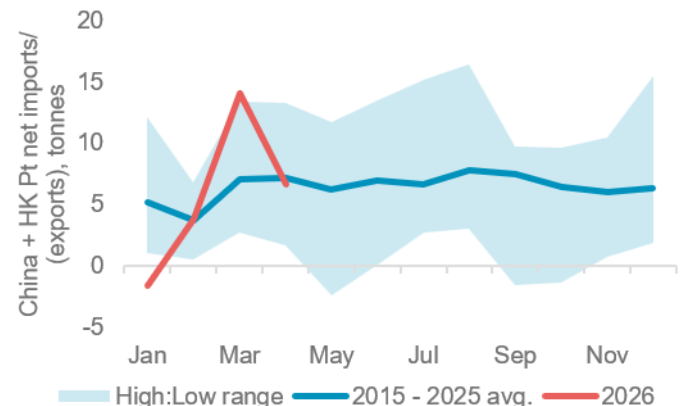
Source: Bloomberg, GFEX, WPIC Research, *CME represents the front month contract

Figure 5: Cumulative SGE volumes in 2026 are at their lowest this decade



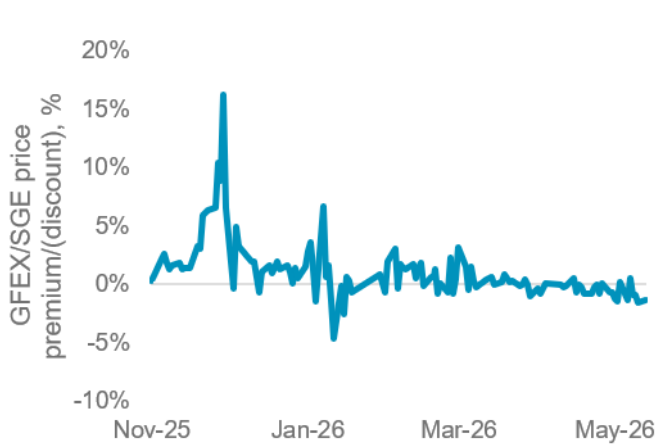
Source: Bloomberg, WPIC research

Figure 6: China's net platinum imports (incl. HK) to April are in line with average imports over the past ten years



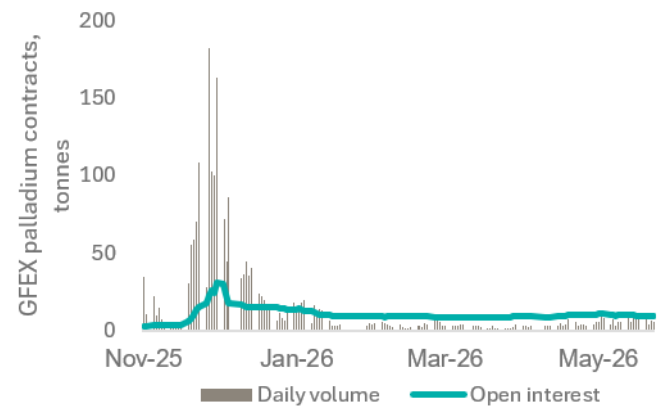
Source: Bloomberg, WPIC research

Figure 7: GFEX prices have trended towards a discount to SGE prices



Source: GFEX, Bloomberg, WPIC research

Figure 8: Palladium futures and options contracts have, similarly to platinum, supported domestic liquidity with open interest averaging 9 tonnes during Q2 2026



Source: GFEX, WPIC Research

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