PLATINUM PERSPECTIVES

World Platinum Investment Council

The potential reemergence of debasement concerns could override rate hikes, boosting platinum investment

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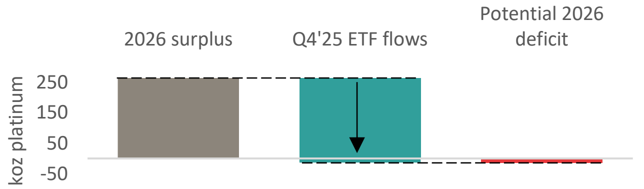
The macroeconomic and macropolitical environments are pushing in different directions with divergent outcomes on precious metal value establishment. Fed rate hikes should be negative for precious metal prices, but debasement risks potentially reemerging could override this and support higher prices (much as during Nov'25 to Jan'26). Current indicators suggest we are not currently in a debasement environment, but continued White House (WH) pressure on the Fed and the state of the federal balance sheet mean it is something to watch out for.

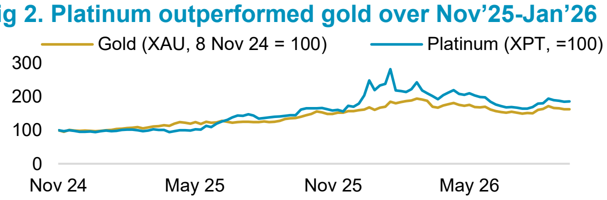
On 16 September, the US Federal Reserve hiked reserve rates by 25 bp to combat exogenous inflation driven by higher oil prices linked to the spreading conflict in the Middle East. Chairman Warsh has strongly indicated that a second hike will be called for if inflation doesn't ease through the remainder of the year. The October FOMC meeting is by convention probably too close to the November Mid-terms for any change to be made, except in extremis, so the next hike will likely come on 9 December if needed. All else being equal, higher rates would support the dollar and weigh on precious metal prices. In practice that relationship has been weak through this cycle.

Fig 1. Repeating Q4'25 investment moves '26 into balance



*Source: Metals Focus, WPIC Research, *ETFs plus exchange stocks*

Fig 2. Platinum outperformed gold over Nov'25-Jan'26



Source: Bloomberg, WPIC Research

In contrast stands the political environment in the US with repeated WH demands for the Fed to cut rates as well as threatening to cut off trade with countries the US has a trade deficit with if the Fed doesn't cut rates. A rate cut would be positive for precious metals. However, longer-dated Treasury yields may well continue to rise on inflation, the fiscal balance sheet and refinancing requirements, and concerns over Fed independence. Rising yields would normally be negative for precious metals, but when long yields rise while the front-end stays anchored, the relationship between real yields and metals breaks down, triggering the debasement trade, as seen in April 2025, when Treasuries sold off while the dollar fell and gold rose. However, with the Fed tightening¸ since June the increase in the ten-year real yield has come from expected short rates rather than from term premium, and the metals complex has been broadly flat. The debasement trade that emerged over 2025 and peaked around the turn of the year was highly positive for precious metals and drove significant Pt ETF inflows. Pt's outperformance in that period (figs 2 and 5) also reflected exceptional tightness in the London market, where three-month lease rates averaged over 15% and the forward curve was in sustained backwardation. That squeeze unwound by mid-2026 but has begun to rebuild, with a return to backwardation in September 2026 (fig 6) and lease rates now around a third of their peak and rising (fig 7). Should term premium-led steepening of the curve reoccur, and platinum markets' physical tightness continues, investment demand could reengage. Were that to occur at a similar pace to Q4'25 (the height of debasement), the resulting investment inflows would be sufficient to move the full year 2026 Pt market balance from a surplus towards balance (fig 1).

We forecast a platinum market surplus of 265 koz in 2026, but a return to the debasement linked investment flows akin to Q4 2025 could move platinum markets back towards a balance for 2026.

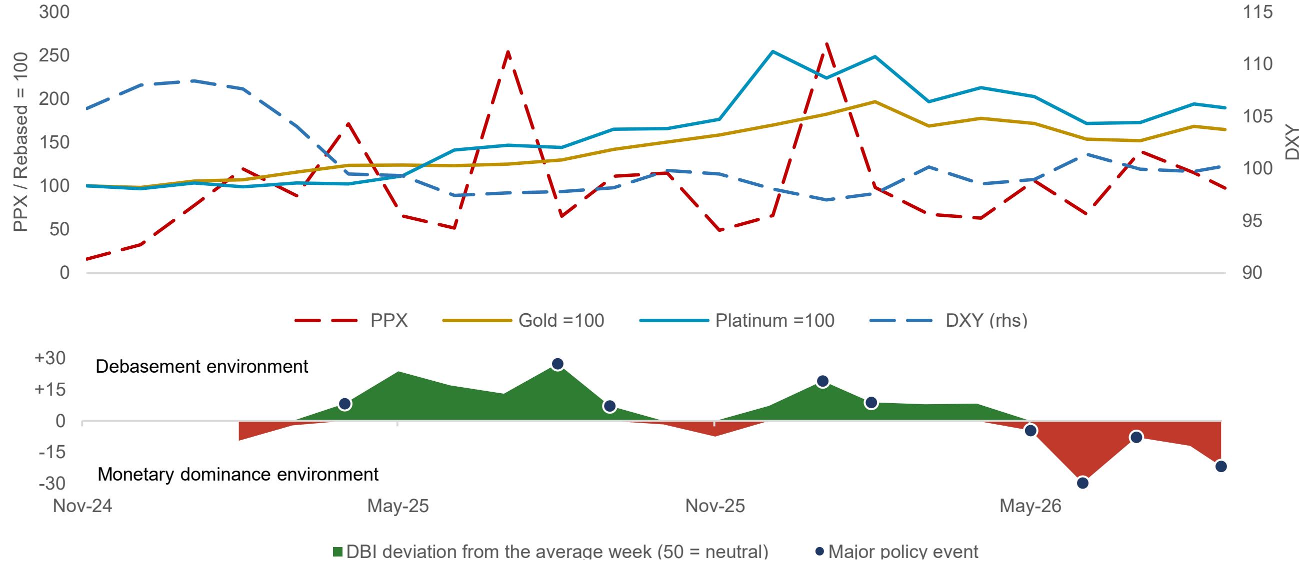
The charts overleaf track political pressure on the Fed, trade/tariffs and political independence of foreign allies as well as debasement indicators and the relative tightness of the platinum market versus gold.

The key indicator to watch for debasement is the real curve moving higher (fig 4) and separately for platinum market tightness, the London OTC market trending into deeper backwardation (fig 6).

Platinum's attraction as an investment asset arises from:

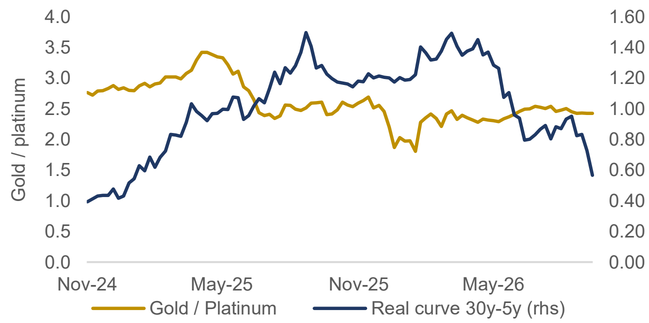
- WPIC research indicates that the platinum market entered a period of sustained supply deficits from 2023-2025 which have depleted above ground stocks
- A move into a modest surplus market for full year 2026 reflects H1 ETF and exchange stock outflows with a return to deficit market conditions in the second half of the year
- Although higher platinum prices have supported increased recycling supply, total supply demand remains challenged
- Platinum is a critical mineral in the global energy transition underpinning a key role in the hydrogen economy, as well as being an increasingly key input in semiconductor production and AI datacentres
- The platinum price remains significantly below the price of gold in contrast to its historical premium

Figure 3: WPIC generated debasement indicator (DBI) against WPIC generated political pressure index (PPX), the metals and the dollar with dates of major policy events noted (see notes for explanations)



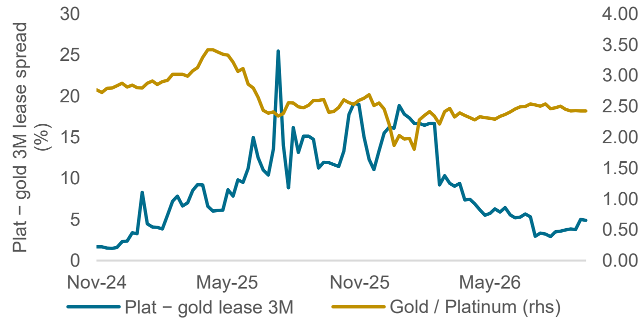
Source: Bloomberg, WPIC research, N.B. Top: PPX tracks the number of comments made by the Trump administration that pressure the Fed or threaten trade barriers or tariffs or the independence of foreign allies, note that the ability to track comments deteriorates post January 2026 (100 = average month, lhs); gold, platinum and dollar strength rebased to 100 at Nov 2024 (lhs). Bottom: The DBI index is derived from the rates complex to detect credibility driven bear steepening environments; dots mark major policy-event months, such as the recent Fed cut, speeches with significant policy messages, or Liberation day tariffs

Figure 4: Gold/platinum ratio against the real curve shows platinum's leverage versus gold, the real curve trending higher would be a strong debasement signal



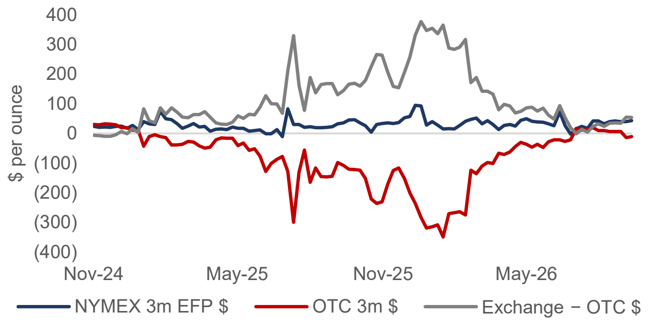
Source: Bloomberg, WPIC research, N.B. through 2025 the ratio fell as the curve steepened, platinum was the leveraged expression of the debasement trade.

Figure 5: Platinum-minus-gold lease spread against the gold/platinum ratio highlights the platinum market is significantly tighter than the gold market



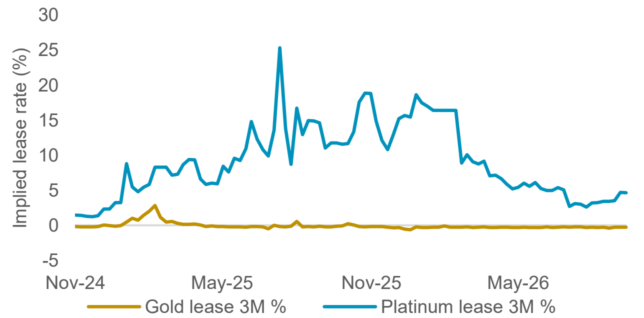
Source: Bloomberg, WPIC research, N.B. If the ratio narrows while the lease spread is wide, platinum is being squeezed in London. If it narrows while the spread is quiet, the move is monetary

Figure 6: NYMEX 3m Platinum EFP against the London OTC 3m which has returned to backwardation



Source: Bloomberg, WPIC research, N.B. when the exchange sits in contango while London is backwardated, the gap is a direct read on London borrowing stress rather than on price direction

Figure 7: Gold and platinum 3-month implied lease rates, platinum appears to have bottomed and is ticking higher



Source: Bloomberg, WPIC research

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