
PRESS RELEASE

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Platinum deficit forecast for 2023 now over 1 million ounces on strong automotive and industrial demand growth and flat supply

- Total demand expected to increase 27% in 2023, while total supply will be flat
- Automotive recovery will see 2023 demand up 13% (+381 koz), driven by greater-than-expected vehicle production, increased substitution and higher loadings
- Capacity expansions drive forecast industrial demand in 2023 to a record 2,667 koz
- Strong ETF demand in Q2'23, with 2023 forecast total investment of 386 koz

The World Platinum Investment Council – WPIC® - today publishes its *Platinum Quarterly* for the second quarter of 2023 with an updated full-year forecast.

For the third consecutive quarter, global platinum demand rose, growing 31% (+519 koz) year-on-year in Q2'23. Strong year-on-year demand growth momentum in automotive (+19%, +136 koz) and industrial demand (+12%, +76 koz) added to continued positive investment demand. Meanwhile, refined platinum production fell 4% year-on-year (-65 koz) as did autocatalyst recycling (-13%, -37 koz) and jewellery recycling (-9%, -9 koz). This led to a market deficit of 348 koz for Q2'23, marking platinum's first two consecutive quarters of deficit since the second half of 2020.

These events, which continue trends seen in the first quarter of this year, have led to another upward revision of the deficit forecast for the full-year 2023 to 1,005 koz, the largest deficit on record in terms of both absolute ounces and as a percentage of annual demand. Total supply is expected to remain flat, aligned with the weak 2022 level of 7,224 koz (-31 koz), while demand is expected to increase significantly by 27% to 8,230 koz (+1,738 koz).

Strong quarterly increase in vehicle production adds to existing drivers for platinum automotive demand growth

Platinum automotive demand rose 19% year-on-year (+136 koz) to 840 koz in Q2'23, as the semiconductor shortage continued to ease, leading to a healthy uplift in vehicle production. Global light-duty vehicle (LDV) production increased 14% year-on-year, while heavy-duty vehicle (HDV) production grew by 18%.

For full-year 2023, automotive platinum demand is being driven higher by increased vehicle production, with LDV and HDV production forecast to grow by 6% and 7% respectively, ongoing substitution of platinum for palladium, and higher platinum group metal (PGM) loadings. Tighter Chinese emissions standards for HDV (effective from 1 July 2023) will see a rise in demand for platinum as PGM-coated particulate filter systems are phased in. These factors will lift 2023 global platinum automotive demand by 13% (+381 koz) to 3,283 koz.

2023 industrial demand forecast revised upwards

Industrial platinum demand totalled 697 koz in Q2'23, a 12% increase year-on-year and its highest level since Q3'21. In particular, the chemical industry saw an 87% year-on-year increase (+109 koz) this quarter thanks to higher demand for platinum-bearing catalysts from the paraxylene industry, which offset contractions in other areas of industrial demand. Looking at 2023 as a whole, the already record-breaking forecast for industrial demand has been revised even higher, to 2,667 koz (+14% year-on-year, +336 koz). This is in large due to

capacity expansions in glass (+50%, +251 koz) and chemical (+12%, +82 koz) applications. This will counterbalance lower demand from the electrical (-8%, -9 koz) and petroleum (-11%, -22 koz) segments.

Net investment demand of 386 koz forecast for 2023

As with the previous quarter, Q2'23 saw increased investor interest resulting in net positive investment demand of 154 koz. Platinum ETF holdings grew by 155 koz in Q2'23, their largest quarterly increase since Q3'20 and up 196 koz since the start of the year, with significant renewed interest from South African funds (in preference to PGM mining equities). However, overall ETF holdings are expected to soften during the rest of 2023. Despite a fall in global bar and coin investment to 26 koz (-64%, -46 koz) in the second quarter, full-year 2023 is likely to see a year-on-year jump of 45% (+102 koz), to 326 koz, the first growth in bar and coin investment in three years, driven by a return to positive net platinum investment in Japan. The result will mean net investment demand of 386 koz in 2023.

Total supply remains constrained

Refined mine production declined 4% (-65 koz) year-on-year in Q2'23, totalling 1,464 koz, as increases from North America and Russia were heavily outweighed by a decline from South Africa. Following three consecutive quarters of declining supply, South African output improved this quarter, reaching 1,028 koz. Nevertheless, this was still a 9% decline (-101 koz) year-on-year, primarily due to processing-asset maintenance in addition to disruption due to Eskom load curtailment. For 2023, mined platinum supply is forecast to be flat on 2022 (5,565 koz), although South African platinum supply remains vulnerable to ongoing electricity shortages.

Global recycling of platinum declined 12% (-46 koz) year-on-year to 345 koz in Q2'23. Supply from spent autocatalysts was down 13% (-37 koz) year-on-year, with lower-than-expected end-of-life vehicle supply persisting. Full-year platinum recycling supply is forecast to fall by 4% to 1,620 koz.

Trevor Raymond, CEO of the World Platinum Investment Council, commented: “The core drivers of platinum’s expected 27% demand growth in 2023 – including strong growth in automotive and industrial demand – were clear to see in Q2, and built upon foundations laid in the previous two quarters. These favourable conditions are expected to continue in 2023. Looking beyond today’s *Platinum Quarterly*, our research shows that automotive and industrial demand growth underpin total demand growth in 2024 and beyond. This offers both short and long-term value incentives for investors, as well as protection from downside risks presented by inflationary headwinds and high interest rates. Meanwhile, continuing electricity shortages in major producer South Africa have exacerbated the deficit and maintained downside risk to mined supply. In Q2'23, this combination of demand growth and constrained supply was met by strong ETF inflows, all of which have contributed to a widening gap between the supply of, and demand for, platinum.

“As the deficit grows, it is important to highlight the reducing availability of above ground stocks to meet this deficit, and to consider the consequences of that. By the end of 2023, above ground stocks will represent only five months of annual demand, with most of these stocks held in China and not readily able to be exported to meet global shortfalls, increasing concerns over metal availability. This, combined with sustained demand growth and mine supply remaining at risk further strengthens the investment case for platinum.

“Similarly, the link between platinum and the hydrogen economy is increasingly well-known. Green hydrogen produced by platinum-containing electrolyzers has a significant role to play in the energy transition. While hydrogen-related platinum demand is relatively small in 2023 – of more relevance in a tight market – it is expected to grow substantially in the medium term and could become a proxy for investors looking for exposure to global decarbonisation.”

Platinum Supply-demand Balance (koz)	2019	2020	2021	2022	2023f	2022/2021 Growth %	2023f/2022 Growth %	Q2 2022	Q1 2023	Q2 2023
SUPPLY										
Refined Production	6,075	4,989	6,297	5,522	5,575	-12%	1%	1,530	1,177	1,464
South Africa	4,374	3,298	4,678	3,915	3,919	-16%	0%	1,129	763	1,028
Zimbabwe	458	448	485	480	502	-1%	5%	124	116	126
North America	356	337	273	263	281	-4%	7%	64	71	74
Russia	716	704	652	663	667	2%	1%	161	180	190
Other	170	202	208	201	205	-3%	2%	52	48	47
Increase (-)/Decrease (+) in Producer Inventory	+2	-84	-93	+43	+30	N/A	-0	-2	+24	+14
Total Mining Supply	6,077	4,906	6,204	5,565	5,605	-10%	1%	1,528	1,201	1,478
Recycling	2,112	1,997	2,079	1,691	1,620	-19%	-4%	391	374	345
Autocatalyst	1,567	1,509	1,590	1,250	1,180	-21%	-6%	281	262	244
Jewellery	476	422	422	372	370	-12%	0%	92	95	84
Industrial	69	66	67	68	69	3%	2%	17	17	17
Total Supply	8,189	6,902	8,283	7,256	7,224	-12%	0%	1,918	1,575	1,823
DEMAND										
Automotive	2,810	2,324	2,557	2,902	3,283	13%	13%	703	850	840
Autocatalyst	2,810	2,324	2,557	2,902	3,283	13%	13%	703	850	840
Non-road	†	†	†	†	†	N/A	N/A	†	†	†
Jewellery	2,106	1,830	1,953	1,899	1,893	-3%	0%	489	462	480
Industrial	2,248	2,105	2,534	2,331	2,667	-8%	14%	621	622	697
Chemical	795	637	663	676	758	2%	12%	126	251	235
Petroleum	219	109	169	193	171	14%	-11%	48	42	42
Electrical	144	130	135	106	97	-21%	-8%	27	23	24
Glass	228	473	753	505	756	-33%	50%	202	89	170
Medical	277	256	269	278	287	3%	3%	69	71	71
Other	585	501	546	573	598	5%	4%	149	147	154
Investment	1,233	1,536	-56	-640	386	N/A	N/A	-162	169	154
Change in Bars, Coins	263	571	324	225	326	-31%	45%	72	100	26
Change in ETF Holdings	991	507	-241	-558	60	N/A	N/A	-112	40	155
Change in Stocks Held by Exchanges	-20	458	-139	-307	0	N/A	N/A	-123	29	-27
Total Demand	8,397	7,796	6,988	6,491	8,230	-7%	27%	1,652	2,103	2,171
Balance	-208	-893	1,295	764	-1,005	-41%	N/A	267	-528	-348
Above Ground Stocks	3,442**	2,549	3,844	4,608	3,603	20%	-22%			

Source: Metals Focus 2019 - 2023

Notes:

1. **Above Ground Stocks 3,650 koz as of 31 December 2018 (Metals Focus).
2. † Non-road automotive demand is included in autocatalyst demand.

-ENDS-

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Notes to Editors:

About Platinum Quarterly

Platinum Quarterly is the first independent, freely available, quarterly analysis of the global platinum market. Platinum Quarterly is a World Platinum Investment Council publication. It is largely based upon research and detailed analysis commissioned by WPIC and conducted by Metals Focus, an independent authority on the platinum group metals markets.

About the World Platinum Investment Council - WPIC®

The World Platinum Investment Council Ltd. is a global market authority on physical platinum investment, formed to meet the growing investor demand for objective and reliable platinum market intelligence. WPIC's mission is to stimulate global investor demand for physical platinum

through both actionable insights and targeted product development. WPIC was created in 2014 by the leading platinum producers in South Africa. WPIC's members are: Anglo American Platinum, Impala Platinum, Northam Platinum, Royal Bafokeng Platinum, Sedibelo Platinum and Tharisa.

For further information, please visit www.platinuminvestment.com

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About Metals Focus

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About Platinum

Platinum is one of the rarest metals in the world with distinctive qualities making it highly valued across a number of diverse demand segments. Platinum's unique physical and catalytic properties have established its value in industrial applications. At the same time, its unique precious metal attributes have made it the premier jewellery metal.

Platinum's supply comes from two main sources: primary mining output, and recycling, which typically comes from end-of-life auto catalysts and jewellery recycling. Over the last five years, between 73% and 77% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is robust and becoming more diverse. There are four core segments of platinum demand: automotive, industrial, jewellery and investment demand.

Platinum demand from autocatalysts has equated to between 31% and 46% of total demand in the last five years. Platinum's diverse non-automotive industrial uses account on average for 30% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 27% of total platinum demand. Investment demand is the most variable category over the past five years, ranging between -10% and 20% of total demand (excluding movements in unpublished vaulted investor holdings).

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