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## PRESS RELEASE

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London, 06 September 2017

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### **Platinum market forecast to remain in balance during 2017**

- **Evidence of continued supply constraints in Q2 2017**
- **Automotive demand for FY 2017 estimated at 2014 level**
- **Sixth consecutive quarter of positive investment demand**

**London, 6<sup>th</sup> September 2017:** The World Platinum Investment Council (WPIC) today announces the publication of its latest *Platinum Quarterly* - the first independent, freely-available, quarterly analysis of the global platinum market. This report incorporates analysis of platinum supply and demand for the full year and the second quarter of 2017, with the market expected to be broadly in balance, albeit with a small 15 koz deficit predicted.

Today's report highlights that overall supply is expected to contract further in 2017, due to closures of uneconomic mining at current market prices, with total platinum supply expected to decrease by 2% year-on-year to 7,795 koz. Secondary supply is forecast to slip by 3% when compared to 2016, with a reduction in jewellery recycling outweighing increased autocatalyst recycling.

On the demand side of the equation, conditions remain lacklustre. Nevertheless, it is encouraging to observe the continued resilience of platinum demand from the automotive sector, which is counter to many negative commentaries on the sector. The full-year forecast for the segment is 3,360 koz, down just 2% on 2016 (3,435 koz) and very close to overall automotive demand in 2015 and 2014, despite a further reduction in diesel market share in Western Europe.

The report shows that while diesel share in Europe continues to erode in the smaller and mid-sized vehicle segments, it remains robust and as high as ~80% in the larger, luxury and MPV (multi-purpose vehicle) segments. Application of mild hybrid technology can also re-assert diesel's efficiency advantages over its gasoline counterparts, particularly with respect to CO2 emissions. An example of a diesel mild hybrid is Audi's SQ7.

Global platinum jewellery consumption is estimated to fall 1% to 2,590 koz in 2017, however, this masks significant changes in demand by country. The decline in demand from China this quarter was largely offset by increases in other regions, particularly in India and the U.S.

Today's data reaffirms the strong prospects for the Indian jewellery market, reflecting published data from Platinum Guild International (PGI), which recently reported that sales had accelerated by 48% year-on-year in Q2'17.

Global investment demand came in at 90 koz in Q2'17, with bars and coins and exchange-traded funds (ETFs) seeing gains, while exchange stocks remain unchanged. This marks the sixth

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consecutive quarter of positive investment demand. Today's data indicates that overall investment growth in 2017 is likely to be greater than expected, should the rate of growth observed in the first half of the year continue over the next two quarters.

Overall, industrial demand data was weak during the second quarter, down 65 koz to 400 koz. This fall was prompted by the timing of plant consolidation in petroleum refining. The report shows, however, that there was an increase in platinum demand for use in medical devices.

**Paul Wilson, chief executive officer of WPIC commented:**

'Today's report once again highlights the complexity of the platinum market and the many different underlying dynamics at work, all of which add up to a market largely in balance. Supply clearly remains constrained, with the longer-term effects of reduced capital expenditure and above inflation increases in operating costs beginning to bite in some areas.

Platinum demand, while lacklustre overall, is less clear-cut than one might think. Autocatalyst demand for platinum remains robust, defying the expectations of some, with overall demand levels for this year expected to be roughly the same as in 2014. It is pleasing to see that the debate around emissions is becoming grounded in fact, which I firmly believe will show investors the role automotive use of platinum will play in future demand growth. We look forward to shining a light on the extent to which automakers are increasing platinum loadings in their new models and fleets in coming quarters.

Finally, it is noteworthy that investment demand, should it continue at the same rate in the second half of 2017 as it did in the first, will likely be higher than initially expected. Today's report highlights the direct impact the WPIC's market development efforts are having too, with an increasing number of investors using BullionVault's service to add to their vaulted platinum bar holdings. We look forward to providing further updates on our exciting market development partnerships (projects) in the autumn.'

To download this edition of *Platinum Quarterly* and/or subscribe to receive the research in the future, without charge, please visit our website: [www.platinuminvestment.com](http://www.platinuminvestment.com)

**-Ends-**

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**Notes to Editors:**

**About *Platinum Quarterly***

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*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 with, and conducted by, SFA Oxford (SFA), an independent authority on the platinum group metals market.

### **About the World Platinum Investment Council**

The World Platinum Investment Council Ltd. (WPIC) 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 six leading platinum producers in South Africa: Anglo American Platinum Ltd, Aquarius Platinum Ltd, Impala Platinum Ltd, Lonmin plc, Northam Platinum Ltd and Royal Bafokeng Platinum Ltd.

For further information, please visit [www.platinuminvestment.com](http://www.platinuminvestment.com).

WPIC's offices are located at: 64 St James's Street, London, SW1A 1NF.

### **About SFA (Oxford)**

Founded in 2001, SFA (Oxford) is regarded as one of the most important independent authorities on the platinum group metals market. The company's in-depth market research and integrity is underpinned by extensive consulting from mine to market to recycler, as well as an unrivalled global industry network.

SFA have a team of nine dedicated PGM analysts with wide and varied industry expertise and knowledge, each one specialising in a core area of the value chain, as well as many internationally-based associates. SFA is able to provide its clients with answers to the most difficult questions affecting the future of the industry.

No part of the data or commentary shall be used for the specific purpose of accessing capital markets (fundraising) without the written permission of the authors.

For more information go to: <http://www.sfa-oxford.com>

### **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 72% and 78% of total annual platinum supply (in refined ounces) has come from primary mining output.

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Global demand for platinum is strong 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 37% and 41% of total demand in the last five years. Platinum's diverse other industrial uses account on average for 20% of total global demand (five year average). Over the same period, global annual jewellery demand has averaged 35% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 2% and 11% of total demand (excluding movements in vaulted investor holdings).