
PRESS RELEASE

London, 16 May 2016

FY2016 Platinum deficit forecast increases as market tightens

- **2016 to be in deficit by 455 koz – up from original 135 koz**
- **Investment demand surges buoyed by Japanese bar-buying in Q1 2016**

London, 16th May 2016: 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. The report incorporates analysis of platinum supply and demand during the first quarter of 2016. The report also provides a revised forecast of supply and demand for the full year 2016, highlighting a market that is set to post a greater deficit for the year than was originally forecast, further reducing Above Ground Stock levels.

Platinum Quarterly is a WPIC publication. It is largely based upon research and detailed analysis commissioned with, and conducted by, SFA (Oxford), an independent authority on the platinum group metals market. Two additional themes in the foreword to this edition are: platinum investment market development and investor perspectives.

Overview of key data presented in *Platinum Quarterly*:

SFA (Oxford)'s revised supply and demand forecast increases the full-year 2016 deficit by 320 koz, to a predicted deficit of 455 koz from the 135 koz forecast at the end of the last quarter:

- Global **platinum demand** is projected to increase to 8,255 koz during the full year 2016 – up from 8,220 koz in 2015.
- Growth is being powered by strong investment demand, forecast to rise to 350 koz in 2016; assisted by booming demand in Japan.
- Jewellery consumption is expected to increase by 1% during the full year, with growth in India, the US and Europe offsetting weaker demand elsewhere.
- Automotive demand is forecast to remain largely similar to 2015, down only 1% from the previous year.
- On the **supply side** the estimate of the amount of total mining supply and recycling for the full year has been reduced by 230 koz.
- Total supply is forecast to decrease by 1% to 7,800 koz this year, lower than the pre-strike level of 2013, as lower refined production from South Africa and Russia outweighs increases in other regions and from recycling.

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- Refined supply is forecast to be 5,895 koz in 2016, with total mining supply at 5,995 koz with some sales from producer inventory expected.
- Platinum recovered via recycling is estimated to increase by 95 koz (+6%) to 1,805 koz, with secondary supply from autocatalysts growing to 1,305 koz (+10%), rebounding as volumes recover alongside the improvement in metal prices.
- The key **Above Ground Stocks** measure is now predicted to fall by 19% for the full-year 2016 to approximately 2 moz.

For the first quarter of 2016, today's report once again highlights a market that is tightening, with supply falling and demand rising:

- Total platinum supply fell 210 koz (-11%) quarter-on-quarter to 1,735 koz, with total mining supply slipping 230 koz and recycling growing by only 20 koz.
- Refined production fell 420 koz quarter-on-quarter owing to a decline in South African refined output caused by a temporary refinery closure, the effect of which was not totally offset by sales of 150 koz from producer inventory.
- Global platinum demand rose 180 koz (+10%) quarter-on-quarter to 2,010 koz despite lower jewellery (-11%) and industrial usage (-6%), as automotive demand improved (+2%) and investment demand enjoyed a positive quarter after seeing disinvestment in Q4'15.

Paul Wilson, chief executive officer of WPIC commented:

"SFA (Oxford)'s data highlights that the market for platinum continues to tighten, with supply contracting and demand increasing, driven by significant investment demand growth in Japan. Although the forecast for the full year is for supply to recover from the temporary interruption in the first quarter, the expected full year deficit is larger than the 2015 deficit.

The increased tightness in the platinum market is clearly evident in the fundamental analysis published today. The recent price increase is likely to further reduce the availability of vaulted investor holdings to meet market shortfalls in the coming months."

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

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Notes to Editors:

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.

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.

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 77% of total annual platinum supply (in refined ounces) has come from primary mining output.

Global demand for platinum is growing 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 42% of total demand in the last five years. Platinum's diverse other industrial uses account on average for a little over 20% of total global demand (five year average). Over the same period, global annual jewellery demand has

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averaged 34% 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).