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## PRESS RELEASE

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London, 28 November 2018

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### **Global platinum demand forecast to increase by over 2% in 2019**

- **2019 demand up on continued growth in industrial and rebound in investment**
- **2019 automotive forecast excludes meaningful platinum for palladium substitution**
  - **Platinum surplus forecast in 2019 — 10% lower than 2018 surplus**

**London, 28<sup>th</sup> November 2018:** 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 includes a forecast for 2019 and incorporates analysis of platinum supply and demand for the third quarter of 2018, full-years 2018 and 2019.

The 2019 forecast shows a market surplus of 455 koz, 10% lower than the surplus in 2018 due to a 1.6% increase in supply and a 2.4% increase in demand. 2019 demand growth will be driven mainly by chemical and petroleum demand reflecting economic growth, and a doubling in investment demand as a rebound in ETFs adds to robust bar and coin demand.

Challenges remain in the automotive sector as European diesel appetite continues to decline on negative consumer sentiment, driven by uncertainty regarding diesel car restrictions in some European cities. Automotive demand is assumed to remain on its downward trajectory but at a slower rate.

The automotive platinum demand forecast for 2019 assumes no significant substitution by platinum for palladium in gasoline auto-catalysts, despite palladium's price premium exceeding \$300/oz. Economic and supply concerns argue strongly for automakers to consider a partial switch from palladium to platinum. Though technological development and certification may pose switching costs, these are probably more than overcome by the current palladium price premium over platinum.

Recycling platinum supply growth will remain at 1% year-on-year in 2019, due to additional autocatalyst supply, which will offset weaker jewellery recycling.

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

“2019 looks encouraging based on continued demand growth for platinum in industrial and a rebound in investment. We believe more ETF investors find platinum's widening price discount to palladium and rhodium interesting. Demand for bars and coins in 2018 has shown a strong trend, at 210 koz year-to-date, up 45% year-on-year, which we believe has been aided by our product development efforts, and platinum's significant discount to gold.

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New platinum investment products and services have been made possible through our strong partnerships with The Royal Mint, Tanaka (TKK), Valcambi, GraniteShares and BullionVault plus, most recently from our Shanghai office, Hengfu and Taiyuan (CNOOC).

2018 is proving to be a tough year for platinum as our Q3 report shows, especially as the automotive sector remains subdued. However, we believe we can look forward to a number of promising trends in 2019.”

### 2018

Today’s report predicts that mining supply in 2018 will fall by 1% from 2017. Weakness primarily in Russia will offset the small 15koz production increase in South Africa, driven by a decrease in operational disruptions from last year. The update on 2018’s platinum supply and demand forecast raises the surplus from 295koz to 505koz, primarily on weaker jewellery demand.

Global demand for platinum is expected to fall by 4% in 2018 year-on-year, however with a number of positive indicators identified. Industrial demand is up 8%, driven by an 85% year-on-year increase in demand from petroleum, and a 19% increase in demand from glass. The expected rebound from petroleum comes after a weak 2017, on the back of refinery capacity shutdowns in Japan that have now passed. The glass demand increase is due to new plants coming online this year in China and RoW.

Double digit growth in Indian jewellery partially offsets reduced consumer spending and competition from low carat gold jewellery in China, leaving jewellery demand down by an expected 2% for 2018.

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)

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

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### **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 leading platinum producers in South Africa. WPIC's members are: Anglo American Platinum, Impala Platinum, Lonmin, Northam Platinum, Royal Bafokeng Platinum and Sibanye-Stillwater.

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.

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 37% and 41% of total demand in the

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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).

**Disclaimer**

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