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Global Platinum market remains in deficit during Q2 2015

Smaller deficit than Q1 2015 due to improved mine supply and lower seasonal jewellery sales

Increased investor interest boosts total demand

London, 8th September 2015: The World Platinum Investment Council (WPIC) today announces the publication of its fourth *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 second quarter of 2015.

Platinum Quarterly is a WPIC publication. It is based upon research and detailed analysis commissioned with, and conducted by, SFA (Oxford), an independent authority on the platinum group metals market.

Overview of key data presented in *Platinum Quarterly*:

The global platinum market remained in deficit during the second quarter of 2015 with an estimated shortfall of 55 koz.

The key drivers behind the smaller deficit in Q2 2015 from today's report include:

- Increased mining supply from South Africa due to higher operational efficiencies and improved safety performance than in Q1 2015.
- Lower jewellery demand in China, partly as expected, as Q1 2015 benefitted from Chinese New Year related sales.
- A sharp increase in investment demand with significant growth in bar and ETF demand reversing the weakness in the preceding three quarters.
- Robust automotive demand remaining at similar levels to Q1 2015 supported by strong vehicle sales in Western Europe.

Total global supply of platinum was 1,985 koz during the second quarter of 2015, with total mining supply estimated at 1,520 koz.

- South African refined production rose to 1,080 koz as operational and safety performance improved, compared to the below par production of 890 koz in the first quarter of 2015.

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- Increased output from Zimbabwe and Russia contributed an additional 20 koz and 10 koz respectively to the increased mine supply, compared to the first quarter of 2015.
- Supply from recycling increased 7% quarter-on-quarter to 465 koz, with growth in jewellery recycling offsetting slightly lower secondary supply from scrapped autocatalysts.

Total global demand for platinum was 2,040 koz during the second quarter of 2015, up 15 koz compared to the first quarter of 2015.

- Automotive demand remained robust at 875 koz for Q2 2015, with strong demand from the main platinum markets of Western Europe and North America.
- Platinum jewellery demand for the second quarter is estimated at 665 koz, an 11% decline quarter on quarter. Demand in China in Q2 eased as expected without the benefit of Chinese New Year related sales, due to the declining platinum price and ongoing lower gold related footfall through stores. Continued growth in jewellery sales in India softened the overall decline in the second quarter.
- Industrial demand declined by an estimated 4% (15 koz) quarter-on-quarter to 400 koz in Q2 2015, primarily due to uneven timing in plant expansions in the glass and chemical sectors.
- A sharp increase in investment demand reflected the increase in bar and coin sales and the turnaround in ETF demand, from three quarters of net sales (50 koz in Q1) to net purchases of 45 koz. The majority of gains were in the two South African funds, which increased their holdings by a combined 60 koz. US investors also moved from being net sellers in Q1 2015 to modest purchasers in Q2 2015, increasing their ETF holdings by 9koz.
- Bar and coin purchases totalled 60 koz in Q2 2015 up from 35 koz in Q1 2015, as Japanese investors took advantage of lower prices in local currency terms.

The full year 2015 global platinum market deficit forecast increases to 445 koz from the 190 koz forecast in the Q1 2015 *Platinum Quarterly*. The sharp rise in investment demand in the second and third quarters of 2015 underpins the increased forecast.

- The total supply forecast is expected to increase by 9% to 7,910 koz, with higher South African production reflecting the recovery from the 2014 strikes and contribution from an increase in recycling of 3%.
- Total demand is forecast to reach 8,355 koz in 2015, representing 4% annual growth. This is primarily due to projected investment demand, which has been upwardly revised to 310 koz for the year following accelerated Japanese bar purchases and substantial ETF buying in South Africa.
- The continued growth in automotive, industrial and investment demand is set to offset a decline in jewellery demand in 2015 when compared to 2014.
- Autocatalyst demand is forecast to grow by 5% to 3,445 koz for the year.

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Paul Wilson, chief executive officer of WPIC commented:

“The fourth edition of *Platinum Quarterly* shows that developments in Q2 2015 support the forecast deficit in 2015 of 445 koz, which is significantly up from the 190 koz forecast in May. This is despite a smaller deficit for Q2 2015 than the 230 koz deficit in the first quarter following improved mine supply and, partly as expected, the seasonal decline in Chinese jewellery demand. The second and third quarters have also seen an encouraging turnaround in investor demand, with positive flows into the South African ETFs in particular”.

“While the past quarter has seen an improvement in mine supply due to improved mine performance, the medium term picture looks less promising. Our recently commissioned report by Venmyn Deloitte, an independent consultancy, highlights that the collapse of capital investment, from over \$3 billion per annum in 2008 to under \$1 billion per annum in 2015, has had a negative impact on South African platinum supply. Using capital expenditure alone as an indicator would imply that South African mining supply in 2016 and 2017 will be noticeably lower than 2015 levels and would support ongoing deficits in the platinum supply-demand balance.”

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 Holdings 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

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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 41% 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 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 increases or decreases in above ground stocks).