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London, 24 November 2015

Platinum market deficit in Q3 2015

**Smaller overall 2015 deficit anticipated after early Q4 ETF outflows
Market forecast to be in balance in 2016**

London, 24th November 2015: The World Platinum Investment Council (WPIC) today announces the publication of its fifth *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 third quarter of 2015, including the WPIC's first year-on-year quarterly data comparison. The report also provides forecasts of supply and demand, for the full years 2015 and 2016.

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.

Overview of key data presented in *Platinum Quarterly*:

The global platinum market remained in deficit during the third quarter of 2015 with an estimated shortfall of 320 koz, versus a 20 koz deficit in Q2 2015 and a 240 koz surplus in Q3 2014. Key drivers of the deficit and the changes include:

- Total platinum supply in Q3 2015 of 1,975 koz reduced by 40 koz quarter-on-quarter, and increased by 20 koz year-on-year, with higher post-strike mining supply offset by a fall in supply from recycling.
- An increase in total demand of 260 koz quarter-on-quarter in Q3 2015 as growth in jewellery, investment and industrial demand offset the usual seasonal, northern hemisphere summer holiday dip in automotive demand.
- Automotive demand was up 6% year-on-year in Q3 2015 primarily due to increased platinum usage in light and heavy-duty autocatalysts reflecting increased vehicle sales and higher platinum loadings per vehicle to achieve Euro 6 compliance.
- Investment demand significantly increased between Q3 2014 and Q3 2015, on the back of strong bar sales in Japan and net ETF increases in South Africa.

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Total global supply of platinum was 1,975 koz during the third quarter of 2015, with total mining supply estimated at 1,505 koz.

- Total mining supply increased by 120 koz to 1,505 koz compared to Q3 2014, as South African mining production moved closer to pre-strike levels.
- South African refined production was 1,110 koz for the quarter, up 240 koz year-on-year due to the post-strike recovery, but down on Q2 2015 due to safety-related stoppages and smelter maintenance that increased pipeline lockups.
- Production from Zimbabwe, limited in Q2 2015 by a smelter outage, recovered by 35 koz to 115 koz in Q3 2015 while North American and Russian supply was down quarter-on-quarter and year-on-year.
- Supply from recycling declined quarter-on-quarter to 470 koz, with suppressed rates of jewellery recycling offsetting a slight increase in supply from scrapped autocatalysts.

Total global demand for platinum was 2,295 koz during the third quarter of 2015, up by 260 koz from Q2 2015.

- Automotive demand was up 6% year-on-year in Q3 2015 moving from 775 koz to 825 koz, primarily due to increased usage in light and heavy-duty vehicle autocatalysts.
- A slight reduction in autocatalyst demand in Q3 2015 to 785 koz from 830 koz in Q2 2015, which is a usual northern hemisphere summer seasonal trend.
- Investment demand rose strongly to 275 koz in Q3 2015 up from 100 koz in the second quarter due to a sharp rise in ETF holdings and bar purchases in Japan. The increase of 161 koz in South African ETF holdings resulted from net purchases in July and August, only partially offset by net sales in September.
- Platinum jewellery demand for Q3 2015 is estimated at 790 koz, up 19% on the previous quarter, with notable increases in China, North America and India. Elevated jewellery demand in China was driven by restocking ahead of the wedding season and the national holiday, while India represented the strongest region in terms of growth, with Q3 sales up over 20% from Q2, as the region heads into peak wedding season.
- Platinum consumption by industrial end users grew 9% year-on-year in Q3 2015, to 405 koz lifted by higher demand from the glass and petroleum sectors.

The full year 2015 global platinum market deficit forecast from SFA reduces to 300 koz from the 445 koz forecast in the Q2 2015 *Platinum Quarterly*.

- The total supply forecast is expected to increase by 6% to 7,730 koz, as a return to pre-strike production levels in South Africa more than offsets a 7% decline in recycled platinum owing to lower jewellery demand in China and weaker PGM prices.
- Total demand is forecast to expand slightly to 8,030 koz as stronger automotive, industrial and investment demand more than offsets a drop in jewellery demand.

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- Investment demand has increased to 160 koz in 2015 owing to the platinum price decline encouraging a sharp increase in bar purchases by Japanese investors. Despite strong growth in Q2 and Q3, ETFs could see net outflows for the year.
- Automotive platinum usage is forecast to add some 130 koz, a 4% rise to 3,415 koz in 2015, from 3,285 koz in 2014; the result of higher vehicle sales and higher loadings per vehicle.

The Q3 2015 *Platinum Quarterly* also includes a complete forecast for 2016, which estimates that the platinum market will be close to being balanced next year due to a range of factors.

- Total mining supply is expected to grow 4% year-on-year in 2016 with global refined supply increasing 2% year-on-year to 5,965 in 2016.
- Platinum recycling is forecast to be 205 koz higher next year, at 2,095 koz, due primarily to an increase in volume of recycled autocatalysts and higher loadings associated with past growth in diesel vehicle share.
- Total platinum demand is forecast to rise by 2% as automotive, industrial and jewellery demand growth offset the forecast decline in investment demand.
- Automotive demand for platinum is expected to reach 3,315 koz in 2016, up 2% from 2015 with growth forecast in most regions, while jewellery sales, demand for industrial end-uses and investment demand are currently anticipated to deliver modest growth next year.
- The major supply-side sensitivities for the current outlook include possible supply disruption during wage negotiations in South Africa and higher than expected recoveries in jewellery and autocatalyst recycling. Asian jewellery trends and the level of investment demand are the principal demand-side sensitivities, alongside European diesel market developments.

Paul Wilson, chief executive officer of WPIC commented:

"This edition of *Platinum Quarterly* provides us with the first data set where we can make year-on-year comparisons, allowing us to draw more meaningful conclusions about supply and demand drivers and to interrogate seasonal and cyclical influences on the platinum market."

"The last quarter has understandably been overshadowed by concerns about the impact of the VW scandal on diesel engines and the need for platinum catalysis. However, we believe that the negative implications for platinum demand, in both scale and rate of change, have been greatly overstated. While October's vehicle sales showed some slowing of growth, diesel cars in Western Europe are set to remain a major part of the car market and the largest global consumers of platinum for autocatalysts, so the prospects for this sector remain key to platinum demand growth. We believe there is as much upside, as downside, for platinum demand from recent events."

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"Overall, the platinum market is projected to be close to balance in 2016, with total mining supply and recycled platinum forecast to increase, with more modest demand growth across jewellery, industrial and investment segments. These dynamics highlight the importance of the WPIC's market development efforts in stimulating investment demand and we look forward to updating the market on a number of promising initiatives over the next few 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>

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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 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).

The diversity of platinum's demand drivers can be explored further through an infographic on our website: www.platinuminvestment.com