World Platinum Investment Council

PRESS RELEASE

London, 00:01 Tuesday 8th September 2020

PLATINUM DEMAND FORECAST RISES AS INVESTORS FLOCK TO PRECIOUS METALS

- Q2 2020 demand down 19% year-on-year but supply down by 35%
- Weaker supply and strong investment demand move 2020 forecast to -336 koz deficit
- Since the price lows of 19th March 2020, platinum has significantly outperformed gold
- Hydrogen economy elevates platinum as a precious metal with long-term store of value

While the COVID-19 pandemic negatively impacted the world economy on an unparalleled scale, investment demand for platinum strengthened in Q2 2020 — as the combination of increased global risk and monetary and fiscal policy responses to the crisis boosted the appeal of precious metals, including platinum.

The latest edition of *Platinum Quarterly* from the World Platinum Investment Council (WPIC) reports a revised 2020 forecast that has moved the platinum market into an annual deficit of -336 koz compared to the prior estimate of a +247 koz surplus. Total platinum supply in 2020 is now forecast to fall by 14% (-1,159 koz) to 7,102 koz and reflects a 15% (-910 koz) decline in refined production and a 12% (-250 koz) decline in recycling supply.

Total platinum demand in 2020 is forecast to be 7,438 koz, 11% (-948 koz) lower than in 2019 due to lower demand from all four demand segments: automotive (-464 koz), jewellery (-287 koz), industrial (-5 koz) and investment (-192 koz). Investment demand is forecast to be 1,060 koz, 15% lower than in 2019 but 455 koz higher than previously forecast for the year. Indeed, heightened global risk is expected to continue to drive investor demand for hard assets, with bar and coin demand forecast to grow by 113% to 600 koz.

Heightened investor interest, which bodes well for the outlook for platinum, comes at a time when the latest WPIC *Platinum Quarterly* reveals details of the global impact on the platinum market during the peak of the COVID-19 crisis, a quarter that represented an unprecedented moment in history.

- **Supply** in the second quarter of 2020 fell by 35% year-on-year (-748 koz) to 1,408 koz. The second quarter bore the full supply impacts of a major smelting process outage and COVID-19 driven mining lockdowns in South Africa. Indeed, South African mines were completely locked down from 26th March to 30th April, and only widely reopened after 1st June. Platinum recycling in Q2 2020 was also severely impacted by COVID-19 related logistics disruptions, with volumes down 19% (-100 koz).

- **Demand** in Q2 2020 fell by only 19% year-on-year (-387 koz) to 1,599 koz, and was also only 2% (-36 koz) down on first quarter levels. Platinum automotive demand in Q2 2020 fell by 48% (-360 koz) as COVID-19 related shutdowns limited vehicle production from early in the quarter in all major markets bar China. Pandemic-related factory closures, retail restrictions and consumer caution reduced jewellery demand by 27%, while all industrial demand segments except glass contracted. However, heightened global risk coupled with government monetary and fiscal policies to limit the global economic impact of the pandemic, increased demand for precious metals including platinum with platinum ETF net inflows of 122 koz in Q2 in sharp contrast to net outflows of -213 koz during the first quarter. Robust bar and coin demand continued in the second quarter, with 133 koz added to investor holdings. Additionally, strong inflows of platinum metal into NYMEX depositories, initially prompted by COVID-19 related logistics constraints, saw Q2 demand from the change in stocks held by exchanges of 138 koz.

An evolving global sea-change in the environment debate may also be at play in changing investor sentiment towards platinum, significantly bolstering platinum's green and precious metal credentials. Platinum's role in unlocking the hydrogen economy heralds for it a robust basis as a long-term store of value. With the economic impact of COVID-19 depleting climate change funding, there has been growing impetus from China, Japan, South Korea the EU and the USA to prioritise the 'hydrogen economy' in cost-effectively driving forward the green agenda. On 8 July 2020, the EU implemented its hydrogen strategy, highlighting the crucial role hydrogen will play in decarbonising industry, transport, power generation and buildings across Europe. As increasing numbers of national governments recognise that the use of hydrogen as a fuel for primary power and transportation is one of the most cost-effective and sustainable routes to a better climate future, platinum's key catalytic role to help facilitate the hydrogen economy is becoming known. Not only is platinum key to the generation of green hydrogen, but it is also used in fuel cells for fuel cell electric vehicles (FCEVs). As the hydrogen economy and the FCEV market grow, it will create significant demand for platinum.

Signs of recovery by sector

The COVID-19 pandemic has had an unprecedented impact on economies around the world and every industry sector has been affected. Given this, global disruption to platinum supply and demand was expected in Q2. That said, *Platinum Quarterly* has also identified markets and market segments where platinum demand remained surprisingly resilient.

- **Jewellery – bounce-back in the USA:** The easing of lockdowns in June triggered an impressive recovery, with US platinum jewellery imports being more than five times the size of those in May.

- **Automotive – heavy duty resurgence in China:** During Q2 2020, approximately 25% of heavy-duty vehicles (gross weight above 6t) produced were fitted with a China VI compliant emission control system. Consequently, automotive demand for platinum in China for the quarter increased by 62% (+31 koz) helping to somewhat offset the reduction in other automotive markets.

- **Chemical – health and hygiene boost:** Despite declining volumes in chemical applications overall, platinum demand was robust for COVID-19 related silicone products used in medical, health, hygiene and home care applications.

- **Medical: pharmaceutical boost in India and China:** The significant improvement in health care policy in China, and more expansive health insurance coverage in India, have seen dramatic increases in production of active pharmaceutical ingredients (APIs) in these countries. In the first half of 2020, India saw a marked increase in demand for platinum in pharmaceutical products compared to the prior year and in China, local pharmaceutical companies reported an increase in sale of APIs of between 10-20%.

- **Glass – home working supports demand:** Q2 2020 glass demand was up 15% (+11 koz) to 82 koz compared to prior year of 71 koz. Some of this was due to demand for monitor and laptop panels, boosted as working from home proliferated.

Paul Wilson, CEO of the World Platinum Investment Council commented: "Platinum market demand and supply have both been significantly reduced year-on-year by the impact of the pandemic. However, due in part to some supply issues unrelated to the pandemic, plus the nature of physical investment demand, the potential effects of the pandemic on platinum's market balance are far less negative than previously expected. Forecasts of platinum's supply demand balance have moved from surplus to a deficit of -336 koz this year. Changes will depend on the timing of, and extent to which, lockdown measures are wound back, the likelihood and implication of second waves of infections, progress towards effective vaccines, and lastly, the longer-term implications of governments economic policy responses to the pandemic

"Since the platinum and gold price lows of 19th March 2020, at $599/oz and $1,474/oz respectively, platinum has significantly outperformed gold, rising 55 per cent versus gold's rise of 33 per cent by the end of August. At times of crisis this is no anomaly. In the two years subsequent to the price lows of the Global Financial Crisis in late 2008, platinum's weekly returns outperformed those of gold by between 30 and 65 per cent. With investment demand and platinum's fundamental outlook up in 2020, this significantly enhances the outlook for platinum."

Platinum Supply-demand Balance (koz)		2017	2018	2019	2020f	2020f/2019 Growth %	Q2 2019	Q1 2020	Q2 2020
SUPPLY									
Refined Production		**6,125**	**6,125**	**6,094**	**5,167**	**-15%**	**1,665**	**1,243**	**954**
	South Africa	4,380	4,470	4,402	3,517	-20%	1,218	832	532
	Zimbabwe	480	465	455	453	-1%	120	118	114
	North America	360	345	356	372	4%	99	98	87
	Russia	720	665	716	654	-9%	189	150	177
	Other	185	180	164	171	4%	40	45	44
Increase (-)/Decrease (+) in Producer Inventory		+30	+10	+2	+20	>±300%	-28	+41	+36
Total Mining Supply		**6,155**	**6,135**	**6,097**	**5,187**	**-15%**	**1,637**	**1,284**	**989**
Recycling		**1,895**	**1,935**	**2,165**	**1,915**	**-12%**	**520**	**489**	**419**
	Autocatalyst	1,325	1,420	1,630	1,471	-10%	387	406	309
	Jewellery	560	505	477	388	-19%	119	70	97
	Industrial	10	10	58	57	-3%	14	14	13
Total Supply		**8,050**	**8,070**	**8,261**	**7,102**	**-14%**	**2,157**	**1,773**	**1,408**
DEMAND									
Automotive		**3,320**	**3,090**	**2,894**	**2,429**	**-16%**	**747**	**663**	**386**
	Autocatalyst	3,180	2,945	2,894	2,429	-16%	747	663	386
	Non-road	140	145	†	†	†	†	†	†
Jewellery		**2,460**	**2,245**	**2,100**	**1,813**	**-14%**	**540**	**394**	**392**
Industrial		**1,685**	**1,920**	**2,140**	**2,136**	**0%**	**574**	**499**	**428**
	Chemical	565	570	692	593	-14%	200	157	119
	Petroleum	100	235	219	122	-44%	55	38	29
	Electrical	210	205	145	136	-6%	36	32	34
	Glass	180	245	259	540	108%	71	98	82
	Medical	235	240	249	249	0%	67	59	64
	Other	395	425	577	495	-14%	144	115	101
Investment		**275**	**15**	**1,252**	**1,060**	**-15%**	**126**	**79**	**393**
	Change in Bars, Coins	215	280	281	600	113%	89	312	133
	Change in ETF Holdings	105	-245	991	160	-84%	50	-213	122
	Change in Stocks Held by Exchanges	-45	-20	-20	300	N/A	-13	-20	138
Total Demand		**7,740**	**7,270**	**8,386**	**7,438**	**-11%**	**1,986**	**1,635**	**1,599**
Balance		**310**	**800**	**-125**	**-336**	**N/A**	**171**	**138**	**-191**
Above Ground Stocks		**2,380**	**3,180**	**3,525****	**3,189**	**-10%**			

Source: Metals Focus 2019 – 2020, SFA (Oxford) 2017 - 2018
Notes:
1. ** Above Ground Stocks 3,650 koz (114 t) as of 31 December 2018 (Metals Focus)
2. † Non-road automotive demand is included in autocatalyst demand
3. Data from Metals Focus and SFA (Oxford) may not have been prepared on the same or directly comparable basis
4. Prior to 2019 SFA data is independently rounded to the nearest 5 koz

For media requests, please contact Elephant Communications
Guy Bellamy / Jim Follett / Jemima Woods

wpic@elephantcommunications.co.uk

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, Metals Focus from 2019, an independent authority on the platinum group metals markets.

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, Northam Platinum and Royal Bafokeng Platinum.

For further information, please visit www.platinuminvestment.com

WPIC's offices are located at: World Platinum Investment Council, Foxglove House, 166 Piccadilly, London, W1J 9EF

About Metals Focus
Metals Focus is one of the world's leading precious metals consultancies. They specialise in research into the global gold, silver, platinum and palladium markets producing regular reports, forecasts and bespoke consultancy. The Metals Focus team, spread across eight jurisdictions, has an exhaustive range of contacts across the world. As such, Metals Focus is dedicated to delivering world-class statistics, analysis and forecasts for the precious metals markets.

For more information go to: www.metalsfocus.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 76% 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 36% and 43% of total demand in the last five years. Platinum's diverse other industrial uses account on average for 23% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 31% of total platinum demand. Investment is the smallest category of platinum demand and also the most variable over the past five years, ranging between 0% and 15% of total demand (excluding movements in unpublished vaulted investor holdings).

Disclaimer
Neither the World Platinum Investment Council nor Metals Focus is authorised by any regulatory authority to give investment advice. Nothing within this document is intended or should be construed as investment advice or offering to sell or advising to buy any securities

or financial instruments and appropriate professional advice should always be sought before making any investment. For further information, please visit www.platinuminvestment.com

-ENDS-