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## PRESS RELEASE

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### **Global economic recovery sees demand for platinum grow in Q1 with third consecutive annual deficit expected in 2021**

- Fourth consecutive quarterly deficit posted in Q1'21 (-19 koz), with third consecutive annual deficit of -158 koz forecast for 2021
- Platinum supply recovers, although not yet to pre-pandemic levels
- Demand growth driven in particular by industrial, automotive and jewellery sectors, as global recovery gains momentum
- Platinum's use in green technologies sees investment demand remain strong

The World Platinum Investment Council (WPIC) today published its *Platinum Quarterly* for the first quarter of 2021, with a revised forecast for 2021.

For the fourth consecutive quarter, platinum posted a small deficit in Q1 2021 (-19 koz), as strong industrial, automotive and jewellery demand and sustained investment demand for platinum outstripped recovering but constrained supply.

As the global economy continued to recover, boosted by widespread stimulus measures, Q1'21 saw demand for platinum increase by 26% (+405 koz) year-on-year to 1,969 koz.

Meanwhile, following the effects of operational shutdowns and COVID restrictions in 2020, greater output from South Africa, an increase from Russia and growth in recycling saw total supply growing 11% (+187 koz) to 1,950 koz in Q1'21. While total supply is forecast to rise 16% to 7,883 koz in 2021, this is still some way off levels seen pre-pandemic (8,219 koz in 2019).

With demand for platinum expected to increase by 5% (+378 koz) to 8,041 koz, 2021 is set to generate a deficit for the third year running of -158 koz.

#### **Industrial demand increases 44%, bolstered by glass**

Overall industrial demand in Q1'21 was 44% (+201 koz) higher than in Q1'20 underpinned by a six-fold increase in demand year-on-year from the glass sector to 279 koz. Glass demand is forecast to increase 70% in the next year, as demand growth for use in screens and building materials is met by capacity expansions, mainly in China.

The improvement in economic activity will see demand for platinum in industrial applications increase by 25% (+486 koz), with notable rises in demand from the chemical (+11%, +62 koz), and petroleum (+65%, +71 koz) sectors. The 'other' industrial segment surged by 23% (+27 koz) in Q1'21, and is expected to grow 17% (+85 koz) in 2021 and includes growth in automotive (for use in spark plugs and sensors) and the green hydrogen agenda (increased stationary fuel cell deployment and early production of green hydrogen from renewable electricity).

#### **Automotive demand forecast to exceed 2019 levels, despite supply chain curtailment**

Testament to the strength of the recovery, higher vehicle production and tighter emissions regulations increased platinum automotive demand by 8% (+50 koz) in Q1'21 despite production being undermined by semiconductor shortages and a tightening of lockdown measures in some regions. North America, in particular, saw platinum demand increase 12% (+10 koz), helping to offset declines in other parts of the world. In China, burgeoning vehicle ownership aspirations and the continued implementation of more stringent emissions legislation took Q1'21 platinum demand to 85 koz – almost double that of the year before.

For 2021, despite supply chain challenges, global light-duty vehicle production is expected to be 16% higher than in 2020, while heavy-duty output is forecast to improve by 3%. This will result in an increase in automotive platinum demand of 22% (+557 koz) to 2,925 koz – exceeding pre-pandemic levels.

#### **Recovery in platinum jewellery sector**

Jewellery demand recovered by 22% (+85 koz) year-on-year in Q1'21, with notable fabrication demand increases in China (+55%, +70 koz), India (+35%, +6 koz), and North America (+14%, +11 koz).

In 2021, platinum jewellery is expected to recover, growing 9% (+158 koz) above the prior year to 1,978 koz, and close to 2019's levels (2,099 koz), with improvements particularly in the North American, European, and Indian markets.

#### **Investment demand remains strong**

During Q1'21, overall investment demand increased 96% (+69 koz) year-on-year to 140 koz. ETF holdings grew for the fourth consecutive quarter in Q1'21, as anticipated substitution gains in autocatalysts and platinum's use in hydrogen technologies continued to attract investor interest. This helped to offset a fall in bar and coin demand (-288 koz), which was almost entirely due to some Japanese investors capitalising on platinum price strength and selling back to the market. This was a typical reaction in Japan as platinum went above the historically key 4,000 Yen per gram level in this, the most mature market for platinum bars and coins.

While platinum investment is expected to remain strong in 2021 at 726 koz – at around the average for the last five years (725 koz) – it may not exceed the exceptional level seen in 2020. ETF holdings are expected to rise by 250 koz in 2021 as enthusiasm for platinum's demand fundamentals will continue to prompt fresh investment inflows. Meanwhile, forecast bar and coin demand remains strong at 436 koz – albeit down from last year's historically high 586 koz.

**Paul Wilson, CEO of the World Platinum Investment Council** commented: "In the previous *Platinum Quarterly* we saw the wheels of the global economy beginning to turn steadily as vaccination rates escalated and once-in-a-generation fiscal stimulus packages were implemented. This quarter, we now see growing momentum and economies shifting through the gears. However, there continue to be set backs and we may see further tragic twists and turns in how the global pandemic is resolved, adding caution to any optimism.

"Today's report points to the fact that platinum demand and supply sectors are poised to benefit from this rapid recovery and support. In addition to stimulus packages, climate action is now heavily featured on many governments' agendas, adding further impetus to the attraction of green technology metals such as platinum. Manufacturing sectors gaining momentum will increase platinum consumption, and in turn this will stimulate investment activity – for both short- and long-term investors.

"The recent interest in commodities, as well as platinum's linkage to the hydrogen economy, is driving a number of investors to consider platinum, who had not previously considered it. When these investors take a closer look, they see that platinum's constrained supply, deep discount to gold and palladium and compelling demand growth potential greatly enhance the likelihood of investment demand growth."

Platinum Supply-demand Balance (koz)	2018	2019	2020	2021f	2020/2019 Growth %	2021f/2020 Growth %	Q1 2020	Q4 2020	Q1 2021
<b>SUPPLY</b>									
<b>Refined Production</b>	<b>6,125</b>	<b>6,095</b>	<b>4,970</b>	<b>5,957</b>	<b>-18%</b>	<b>20%</b>	<b>1,243</b>	<b>1,299</b>	<b>1,412</b>
South Africa	4,470	4,400	3,298	4,340	-25%	32%	843	873	971
Zimbabwe	465	458	448	457	-2%	2%	108	115	120
North America	345	356	337	365	-5%	8%	98	82	94
Russia	665	716	704	621	-2%	-12%	150	182	184
Other	180	165	183	174	11%	-5%	45	47	43
<b>Increase (-)/Decrease (+) in Producer Inventory</b>	<b>+10</b>	<b>+2</b>	<b>-82</b>	<b>-50</b>	<b>N/A</b>	<b>N/A</b>	<b>44</b>	<b>-45</b>	<b>-23</b>
<b>Total Mining Supply</b>	<b>6,135</b>	<b>6,097</b>	<b>4,888</b>	<b>5,907</b>	<b>-20%</b>	<b>21%</b>	<b>1,287</b>	<b>1,254</b>	<b>1,389</b>
<b>Recycling</b>	<b>1,935</b>	<b>2,121</b>	<b>1,912</b>	<b>1,975</b>	<b>-10%</b>	<b>3%</b>	<b>476</b>	<b>576</b>	<b>561</b>
Autocatalyst	1,420	1,587	1,433	1,462	-10%	2%	393	427	429
Jewellery	505	476	422	455	-11%	8%	70	134	118
Industrial	10	57	56	58	-2%	3%	13	15	14
<b>Total Supply</b>	<b>8,070</b>	<b>8,219</b>	<b>6,799</b>	<b>7,883</b>	<b>-17%</b>	<b>16%</b>	<b>1,763</b>	<b>1,830</b>	<b>1,950</b>
<b>DEMAND</b>									
<b>Automotive</b>	<b>3,075</b>	<b>2,839</b>	<b>2,368</b>	<b>2,925</b>	<b>-17%</b>	<b>24%</b>	<b>639</b>	<b>710</b>	<b>689</b>
Autocatalyst	2,930	2,839	2,368	2,925	-17%	24%	639	710	689
Non-road	145	†	†	†	†	†	†	†	†
<b>Jewellery</b>	<b>2,245</b>	<b>2,099</b>	<b>1,820</b>	<b>1,978</b>	<b>-13%</b>	<b>9%</b>	<b>393</b>	<b>529</b>	<b>478</b>
<b>Industrial</b>	<b>1,935</b>	<b>2,130</b>	<b>1,926</b>	<b>2,412</b>	<b>-10%</b>	<b>25%</b>	<b>461</b>	<b>589</b>	<b>662</b>
Chemical	570	694	585	647	-16%	11%	176	171	119
Petroleum	235	219	109	179	-50%	65%	33	36	27
Electrical	205	145	130	127	-10%	-2%	32	35	32
Glass	245	236	370	629	57%	70%	45	146	279
Medical	240	249	235	247	-5%	5%	59	59	62
Other	440	587	497	582	-15%	17%	117	142	144
<b>Investment</b>	<b>15</b>	<b>1,253</b>	<b>1,549</b>	<b>726</b>	<b>24%</b>	<b>-53%</b>	<b>71</b>	<b>133</b>	<b>140</b>
Change in Bars, Coins	280	283	586	436	107%	-26%	305	60	17
Change in ETF Holdings	-245	991	504	250	-49%	-50%	-213	74	90
Change in Stocks Held by Exchanges	-20	-20	458	40	N/A	-91%	-20	-1	33
<b>Total Demand</b>	<b>7,270</b>	<b>8,321</b>	<b>7,663</b>	<b>8,041</b>	<b>-8%</b>	<b>5%</b>	<b>1,564</b>	<b>1,961</b>	<b>1,969</b>
<b>Balance</b>	<b>800</b>	<b>-102</b>	<b>-863</b>	<b>-158</b>	<b>N/A</b>	<b>N/A</b>	<b>199</b>	<b>-132</b>	<b>-19</b>
<b>Above Ground Stocks</b>	<b>3,410</b>	<b>3,548**</b>	<b>2,684</b>	<b>2,526</b>	<b>-24%</b>	<b>-6%</b>			

Source: Metals Focus 2019 - 2021, SFA (Oxford) 2018

Notes:

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

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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, Metals Focus, 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, Royal Bafokeng Platinum, Sedibelo Platinum and Tharisa.

For further information, please visit [www.platinuminvestment.com](http://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](http://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 72% and 77% 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 31% and 43% of total demand in the last five years. Platinum's diverse non-automotive industrial uses account on average for 24% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 28% of total platinum demand. Investment demand is the most variable category over the past five years, ranging between 0% and 20% of total demand (excluding movements in unpublished vaulted investor holdings).

#### **Disclaimer**

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