
PRESS RELEASE

London, 00.01 22 November 2022

Platinum deficit of 303 koz forecast in 2023 as 2022 surplus reduces

- Platinum deficit forecast for 2023 as demand to grow by 19%, while supply by just 2%
- Downward revision of surplus forecast in 2022 by 17%
- Automotive demand continues upward trajectory; up 12% in 2022 and 11% in 2023
- Despite economic headwinds, industrial demand in 2023 to be up 10% and well above the ten-year average
- Bar and coin demand forecast to jump 49% in 2023, driving overall investment demand positive

The World Platinum Investment Council - WPIC® - today publishes its *Platinum Quarterly* for the third quarter of 2022, with a revised forecast for 2022 and first forecast for 2023.

The market is forecast to be in a deficit of 303 koz in 2023 as global platinum demand is expected to increase by 19% (to 7,770 koz) while supply will increase by just 2% (to 7,466 koz).

Supply constraints, combined with increased bar and coin demand, have seen the market surplus forecast for 2022 revised downwards by 17% (-170 koz) to 804 koz. The profound swing in market balances between the 2022 surplus and the 2023 deficit is forecast to be more than 1.1 Moz.

Additionally, exceptionally strong import volumes into China continued throughout the third quarter, contributing to ongoing physical market tightness despite the global surplus. Similar to previous quarters this year, these imports were significantly above identified demand in China and were met largely by sizeable flows from platinum ETFs and exchange stocks. Year to date, these excess imports into China, which are not captured in published supply and demand data, are already 1.2 Moz – far in excess of the forecast 2022 surplus.

Total supply now forecast to decline 10% in 2022, and expected to remain weakened

Considerable headwinds have resulted in another downward revision to the original forecast for total platinum supply for 2022, which is now expected to decline by 10% year-on-year. Operational challenges meant refined platinum production declined 11% (-171 koz) year-on-year in Q3'22. Maintenance and power supply challenges in South Africa – supplier of over 70% of mined supply – resulted in a 18% decline during the quarter. Global mine supply in 2022 is forecast to contract by 9% (-567 koz) year-on-year to 5,637 koz – some 7% lower than pre-pandemic 2019 levels. Disruption is likely to remain a feature in 2023, with the forecast up a modest 2% (+89 koz) year-on-year to 5,726 koz.

Global recycling struggled in Q3'22, declining to its lowest level since the pandemic-affected Q2'20, primarily as the limited supply of end-of-life vehicles reduced spent autocatalyst supply. Global recycling is expected to expand by 4% in 2023 as new vehicle production strengthens, thereby increasing scrap autocatalyst supply.

Automotive demand growth trajectory set to continue into 2023

Automotive platinum demand jumped 25% year-on-year (+143 koz) in Q3'22 on a very weak Q3'21 driven in large part by a 27% increase in light-duty vehicle production as supply-chain challenges eased. A combination of higher passenger vehicle production numbers, tighter emissions legislation for HDVs in China and India, as well as growing substitution of platinum

for palladium will see a 12% (+329 koz) expected increase in platinum demand this year, to 2,964 koz. Platinum substitution for palladium is estimated to reach 340 koz in 2022, and just over 500 koz next year - more than double the figure in 2021 (240 koz). Automotive demand in 2023 is expected to increase at a similar rate to 2022, up 11% (+324 koz) to 3,288 koz.

Jewellery demand remains constant

In Q3'22 jewellery demand edged slightly lower against Q3'21 to 482 koz (down 1% year-on-year, -3 koz). Jewellery demand in 2022 is now forecast to remain unchanged year-on-year at 1,953 koz, with growth in Europe, North America, India and Japan not fully countering weakness in China, yet an improvement on the demand projected at the beginning of the year. For 2023, demand is expected to remain flat at 1,954 koz.

Industrial demand set to increase 10% in 2023

Industrial demand improved by 2% year-on-year (+10 koz) in Q3'22, although it is forecast to decline by 14% (-341 koz) in 2022 versus record levels of demand in 2021, as a result of fewer capacity additions this year. Nevertheless, 2022 is set to be the third strongest year for platinum industrial demand on record, with 2,110 koz of demand.

This trend is set to continue into 2023, which is forecast to be the second strongest year for industrial demand on record, climbing 10% to 2,316 koz, with a notable increase in demand from the glass industry. Driven by anticipated growth in capacity expansions and ongoing strong demand in China, as well as fibreglass plant projects in Egypt, glass demand is expected to jump by 52% to 481 koz. Other increases are expected in the chemical (+6%, +39 koz) and medical sectors (+3%, +7 koz).

Investment demand to increase significantly in 2023, as bar and coin demand jumps 49%

Bar and coin investment in Q3'22 declined 12% year-on-year yet improved 29% on the previous quarter, as net selling in Japan reversed. Whilst bar and coin demand continues to be robust, it could not offset further outflows of exchange warehouse stocks (-134 koz), combined with ETF liquidations (-235 koz), resulting in net disinvestment for Q3'22 of 272 koz. Bar and coin demand is forecast to rise by 2% (+8 koz) this year to 340 koz, which again will not offset outflows from exchanges (-315 koz) and ETF liquidations (-550 koz), bringing net disinvestment to 525 koz for the year.

Next year, platinum bar and coin demand is forecast to jump by 49% (+167 koz) to 507 koz, a three-year high, as manufacturers in North America and Europe allocate more capacity to platinum on weaker gold and silver demand, and net disinvestment in Japan swings to net investment. Meanwhile, outflows from exchange warehouses (-20 koz) and liquidations of ETF holdings (-275 koz) are expected to slow, resulting in net investment of 212 koz in 2023.

Trevor Raymond, CEO of the World Platinum Investment Council, commented:

“The considerable economic headwinds that have persisted throughout 2022 are expected to continue into 2023, yet the platinum market is forecast to be in deficit after two consecutive years of significant surpluses. This reflects supply that remains well below pre-pandemic 2019 levels and demand growth, despite the unfavourable economic outlook. Platinum’s resilience reflects growing automotive demand mainly due to increased substitution and higher loadings, and already committed industrial capacity additions. This puts platinum in a somewhat unique position versus other commodities in that demand is forecast to continue to grow, despite the recessionary outlook.

“Overlaying the 2023 deficit are the massive platinum imports into China in excess of identified demand, which have been ongoing since early 2021 and now stand at 2.5 Moz. These do not reflect in our published demand data. These excess imports, whether used or held as inventory, exceed the 2021 and 2022 global surpluses combined, and will not be available to re-enter Western markets to address the deficit in 2023 due to domestic export controls. This could lead to an even further tightening of the platinum market next year.

“Moreover, the recent COP27 has highlighted that the need to decarbonise is more acute than ever. Green hydrogen produced by platinum-containing electrolyzers and used to displace natural gas, or as an energy source in fuel cell electric vehicles, has a significant role to play in the energy transition. While hydrogen-related platinum demand is relatively small in 2023 – of more relevance in a tight market – it is expected to grow substantially in the medium term, offering an option to investors looking for exposure in this area and further strengthening the investment case for platinum based on future demand growth.”

| Platinum Supply-demand Balance (koz) | 2019 | 2020 | 2021 | 2022f | 2023f | 2022f/2021 Growth % | 2023f/2022f Growth % | Q3 2021 | Q2 2022 | Q3 2022 |
|--|---------|--------|-------|-------|-------|---------------------|----------------------|---------|---------|---------|
| SUPPLY | | | | | | | | | | |
| Refined Production | 6,075 | 4,989 | 6,297 | 5,643 | 5,726 | -10% | 1% | 1,571 | 1,530 | 1,401 |
| South Africa | 4,374 | 3,298 | 4,678 | 4,012 | 4,047 | -14% | 1% | 1,201 | 1,128 | 986 |
| Zimbabwe | 458 | 448 | 485 | 478 | 502 | -1% | 5% | 116 | 124 | 118 |
| North America | 356 | 337 | 273 | 269 | 319 | -2% | 19% | 51 | 65 | 66 |
| Russia | 716 | 704 | 652 | 678 | 654 | 4% | -4% | 153 | 161 | 179 |
| Other | 170 | 202 | 208 | 205 | 205 | -1% | 0% | 51 | 52 | 52 |
| Increase (-)/Decrease (+) in Producer Inventory | +2 | -84 | -93 | -5 | +0 | N/A | N/A | -43 | -2 | -43 |
| Total Mining Supply | 6,077 | 4,906 | 6,204 | 5,637 | 5,726 | -9% | 2% | 1,529 | 1,528 | 1,357 |
| Recycling | 2,134 | 1,930 | 1,937 | 1,669 | 1,740 | -14% | 4% | 452 | 439 | 391 |
| Autocatalyst | 1,589 | 1,442 | 1,448 | 1,228 | 1,289 | -15% | 5% | 331 | 330 | 285 |
| Jewellery | 476 | 422 | 422 | 372 | 382 | -12% | 3% | 104 | 92 | 90 |
| Industrial | 69 | 66 | 67 | 68 | 69 | 3% | 2% | 17 | 17 | 17 |
| Total Supply | 8,211 | 6,835 | 8,141 | 7,306 | 7,466 | -10% | 2% | 1,981 | 1,967 | 1,748 |
| DEMAND | | | | | | | | | | |
| Automotive | 2,867 | 2,402 | 2,635 | 2,964 | 3,288 | 12% | 11% | 580 | 712 | 723 |
| Autocatalyst | 2,867 | 2,402 | 2,635 | 2,964 | 3,288 | 12% | 11% | 580 | 712 | 723 |
| Non-road | † | † | † | † | † | † | † | † | † | † |
| Jewellery | 2,106 | 1,830 | 1,953 | 1,953 | 1,954 | 0% | 0% | 485 | 496 | 482 |
| Industrial | 2,137 | 2,098 | 2,450 | 2,110 | 2,316 | -14% | 10% | 543 | 565 | 553 |
| Chemical | 679 | 693 | 658 | 627 | 666 | -5% | 6% | 161 | 167 | 174 |
| Petroleum | 219 | 109 | 172 | 200 | 180 | 17% | -10% | 39 | 50 | 51 |
| Electrical | 144 | 130 | 135 | 110 | 107 | -19% | -3% | 35 | 27 | 26 |
| Glass | 236 | 407 | 697 | 316 | 481 | -55% | 52% | 112 | 101 | 92 |
| Medical | 277 | 256 | 267 | 276 | 283 | 3% | 3% | 66 | 70 | 69 |
| Other | 582 | 502 | 522 | 581 | 599 | 11% | 3% | 130 | 150 | 141 |
| Investment | 1,237 | 1,544 | -45 | -525 | 212 | N/A | N/A | -282 | -137 | -272 |
| Change in Bars, Coins | 266 | 578 | 332 | 340 | 507 | 2% | 49% | 110 | 75 | 97 |
| Change in ETF Holdings | 991 | 507 | -238 | -550 | -275 | N/A | N/A | -219 | -89 | -235 |
| Change in Stocks Held by Exchanges | -20 | 458 | -139 | -315 | -20 | N/A | N/A | -173 | -123 | -134 |
| Total Demand | 8,347 | 7,874 | 6,993 | 6,502 | 7,770 | -7% | 19% | 1,325 | 1,636 | 1,485 |
| Balance | -136 | -1,039 | 1,147 | 804 | -303 | -30% | N/A | 656 | 331 | 263 |
| Above Ground Stocks | 3,514** | 2,476 | 3,623 | 4,426 | 4,123 | 22% | -7% | | | |

Source: Metals Focus 2019 - 2023

Notes:

1. **Above Ground Stocks 3,650 koz as of 31 December 2018 (Metals Focus).
2. † Non-road automotive demand is included in autocatalyst demand.

-ENDS-

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 by WPIC and conducted by Metals Focus, an independent authority on the platinum group metals markets.

About the World Platinum Investment Council - WPIC®

The World Platinum Investment Council Ltd. 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

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 73% and 76% 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 42% of total demand in the last five years. Platinum's diverse non-automotive industrial uses account on average for 28% 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 -1% and 20% 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