
PRESS RELEASE

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Platinum deficit of 983 koz now forecast for 2023 as stronger-than-expected demand growth outstrips constrained supply

- Revised platinum deficit forecast for 2023, up 77% to 983 koz, as demand grows 28% and supply decreases 1% year-on-year
- Stronger-than-expected positive investment demand in quarter one sees full-year forecast raised to 433 koz
- Industrial demand on track to be the strongest on record, increasing 17% driven by glass capacity expansions in China
- Strong platinum automotive demand growth continues in 2023, up 12% on higher loadings and increased substitution

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

Global platinum demand in the first quarter of 2023 jumped 28% (+441 koz) as an upswing in investment demand added to strong demand growth momentum in the automotive and industrial sectors. Combined with lower supply of refined platinum production in the quarter (-8% year-on-year, -96 koz), as well as reduced autocatalyst recycling (-15%, -52 koz) and jewellery recycling (-3%, -3 koz), this led to a market deficit of 392 koz – the first quarterly deficit since Q2'21.

These events have led to a meaningful upward revision of the deficit forecast for full-year 2023 to 983 koz, which is up by 77% versus the figure predicted three months ago. This reflects total supply which is now expected to fall 1% below the weak 2022 level to 7,193 koz (-63 koz), and stronger year-on-year demand growth than originally anticipated of 28% to reach 8,176 koz (+1,775 koz).

Jump in investment demand to over 400 koz

Q1'23 saw a surge in investor interest, driven by heightened global uncertainty, platinum's strong demand growth and concerns about risks to mine supply. Bar and coin investment jumped by 71% year-on-year in Q1'23 to 102 koz (+42 koz), its highest total since Q3'21, propelled by a marked recovery in Japan. This trend is set to continue for the full year, with an increase of 79% (+178 koz) forecast. Meanwhile, net platinum ETF holdings grew by 43 koz in Q1'23, reversing the previous six quarters' of net disinvestment, with significant renewed interest from South African funds for holding platinum ETFs in preference to PGM mining equities. Again, this trend is expected to continue in 2023. The result will mean net investment demand of 433 koz in 2023 – a swing of 1,073 koz on 2022.

Industrial demand in 2023 will be the strongest on record

Industrial platinum demand grew 8% (+43 koz) in Q1'23, driven by growth in chemical demand of 108% (+123 koz) due to paraxylene capacity additions in China. Similarly, on a full-year basis, LCD glass capacity additions in China are expected to offset closures in Japan and result in glass demand for platinum growing by 76% year-on-year (+316 koz) to 730 koz. Together with increases from the medical sector (+3%, +9 koz) and other industrial segment (+4%, +23 koz), 2023 is on track to be a record year for industrial demand, growing by 17% year-on-year (+382 koz) to 2,628 koz.

Platinum automotive demand up strongly despite weak macro outlook

Automotive demand rose 9% (+69 koz) to 806 koz in Q1'23, partly aided by higher vehicle production, but mainly on increased platinum use per vehicle. On a full year basis, global automotive demand is expected to rise by 12% in 2023 to 3,255 koz (+357 koz year-on-year), driven by a number of factors. Firstly, heavy-duty vehicle (HDV) production is forecast to grow by 6% in 2023, with output in China jumping by as much as 26%. Secondly, tighter emissions legislation, particularly in China, will result in higher loadings, especially for HDVs and non-road vehicles. Lastly, growing platinum for palladium substitution in gasoline after-treatment systems will further boost platinum consumption. Significantly, this has meant a further upward revision to the substitution estimate for 2023 to 615 koz.

Total supply continues to struggle in 2023

Refined mine production declined 8% (-96 koz) in Q1'23 year-on-year and fell 11% (-151 koz) against Q4'22, as gains from Russia failed to offset reduced output from South Africa. Output in South Africa declined 14% (-119 koz) year-on-year as smelter maintenance and the impact of the country's ongoing electricity shortages hampered output. While mined platinum supply is forecast to fall by a modest 1% (to 5,511 koz) in 2023, as reductions in South Africa are partially offset by gains in Zimbabwe and North America, significant uncertainties still exist for South African platinum supply.

Global recycling of platinum remained sluggish in the first quarter of 2023, falling 12% (-56 koz) year-on-year to 413 koz, due to reduced volumes of end-of-life vehicles as a result of fewer new vehicles being sold. Meanwhile, the regulatory environment in North America aimed at curbing autocatalyst theft also hindered recycling volumes. With both issues likely to prevail throughout 2023, full year platinum recycling supply is forecast to fall by 1% (-9 koz) to 1,682 koz.

Trevor Raymond, CEO of the World Platinum Investment Council, commented: "From a macro perspective, 2023 presents a raft of both existing and new challenges, with an uncertain economic and interest rate environment, turmoil in the banking sector, inflationary headwinds, and a global energy crisis. Against these challenges, platinum is, counterintuitively, forecast to see a meaningful and sustained period of deficit. Importantly, the core drivers of platinum's expected 28% demand growth in 2023 are areas where the downside risks are well protected. These include the ongoing platinum for palladium substitution in automotive applications, and already committed glass and chemical capacity additions in China, both supported by increasing investment demand."

"In Q1'23 we saw evidence of these core drivers increasing demand, with the deficit exacerbated by a worsening of electricity supply shortages in major producer South Africa. Mine supply concerns, together with strong automotive and industrial demand for platinum, were met by a surge in physical investment demand, all of which have contributed to a widening gap between the supply of, and demand for, platinum. The revised forecast deficit for 2023 of almost 1 million ounces, informed by these Q1'23 developments, is likely to attract further investor interest in bars and coins and physically backed ETFs."

"The link between platinum and the hydrogen economy is of increasing interest and is becoming more widely recognised by investors around the world. Platinum's use in electrolyzers producing green hydrogen for Europe's future energy security is bolstering green hydrogen production and enhancing its role in global decarbonisation. Hydrogen-related platinum demand is expected to grow substantially in the medium term; as hydrogen demand becomes meaningful, platinum could become a proxy for investors looking for exposure to the global decarbonisation journey."

Platinum Supply-demand Balance (koz)	2019	2020	2021	2022	2023f	2022/2021 Growth %	2023f/2022 Growth %	Q1 2022	Q4 2022	Q1 2023
SUPPLY										
Refined Production	6,075	4,989	6,297	5,522	5,511	-12%	0%	1,273	1,329	1,178
South Africa	4,374	3,298	4,678	3,915	3,873	-16%	-1%	878	931	759
Zimbabwe	458	448	485	480	502	-1%	5%	117	123	121
North America	356	337	273	263	284	-4%	8%	66	65	69
Russia	716	704	652	663	647	2%	-2%	163	160	180
Other	170	202	208	201	205	-3%	2%	49	49	48
Increase (-)/Decrease (+) in Producer Inventory	+2	-84	-93	+43	+0	N/A	-1	+24	+23	+24
Total Mining Supply	6,077	4,906	6,204	5,565	5,511	-10%	-1%	1,298	1,352	1,201
Recycling	2,112	1,997	2,079	1,691	1,682	-19%	-1%	469	408	413
Autocatalyst	1,567	1,509	1,591	1,250	1,243	-21%	-1%	353	299	301
Jewellery	476	422	422	372	370	-12%	-1%	98	92	95
Industrial	69	66	67	68	69	3%	2%	17	17	17
Total Supply	8,189	6,903	8,283	7,256	7,193	-12%	-1%	1,766	1,759	1,614
DEMAND										
Automotive	2,811	2,324	2,555	2,897	3,255	13%	12%	737	757	806
Autocatalyst	2,811	2,324	2,555	2,897	3,255	13%	12%	737	757	806
Non-road	†	†	†	†	†	N/A	N/A	†	†	†
Jewellery	2,106	1,830	1,953	1,899	1,861	-3%	-2%	466	457	455
Industrial	2,257	2,018	2,538	2,245	2,628	-12%	17%	527	531	570
Chemical	797	621	715	684	749	-4%	9%	113	273	236
Petroleum	219	109	169	193	171	14%	-11%	44	52	42
Electrical	144	130	135	106	97	-21%	-8%	30	24	23
Glass	233	402	705	414	730	-41%	76%	127	-21	56
Medical	277	256	269	278	287	3%	3%	68	69	71
Other	586	501	546	570	594	5%	4%	145	134	143
Investment	1,233	1,536	-56	-640	433	N/A	N/A	-165	-54	175
Change in Bars, Coins	263	571	324	225	403	-31%	79%	59	1	102
Change in ETF Holdings	991	507	-241	-558	30	N/A	N/A	-166	-62	43
Change in Stocks Held by Exchanges	-20	458	-139	-307	0	N/A	N/A	-58	7	30
Total Demand	8,407	7,709	6,990	6,401	8,176	-8%	28%	1,566	1,691	2,006
Balance	-218	-806	1,293	854	-983	-34%	N/A	201	68	-392
Above Ground Stocks	3,432**	2,626	3,919	4,774	3,790	22%	-21%			

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

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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.

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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 73% 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 46% of total demand in the last five years. Platinum's diverse non-automotive industrial uses account on average for 30% of total global demand (five-year average). Over the same period, global annual jewellery demand has averaged 27% of total platinum demand. Investment demand is the most variable category over the past five years, ranging between -10% and 20% of total demand (excluding movements in unpublished vaulted investor holdings).

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