

# Demand, Supply and Price of Platinum

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World Platinum Investment Council  
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# WORLD PLATINUM INVESTMENT COUNCIL (WPIC) LAUNCHED IN NOVEMBER 2014

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**ASIA PACIFIC  
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## WPIC Members



## WPIC Mission

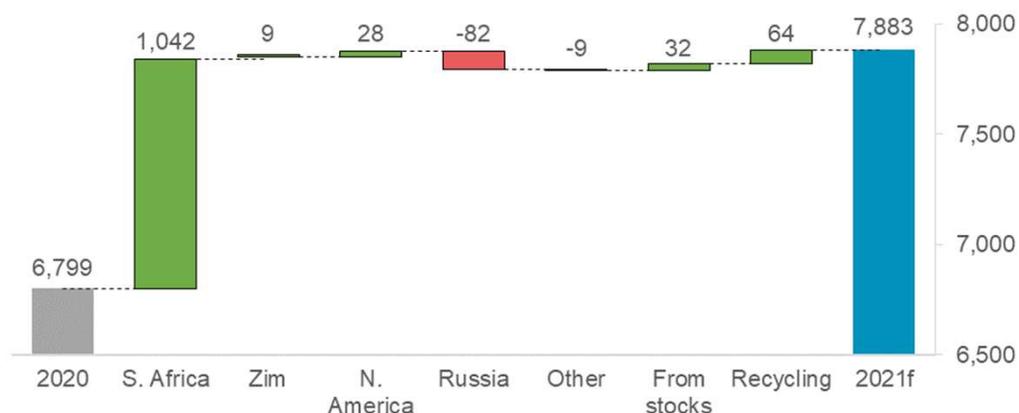
Promoting global investor demand for platinum by providing actionable insights and platinum investment products and channels

## Selected WPIC Product Partners

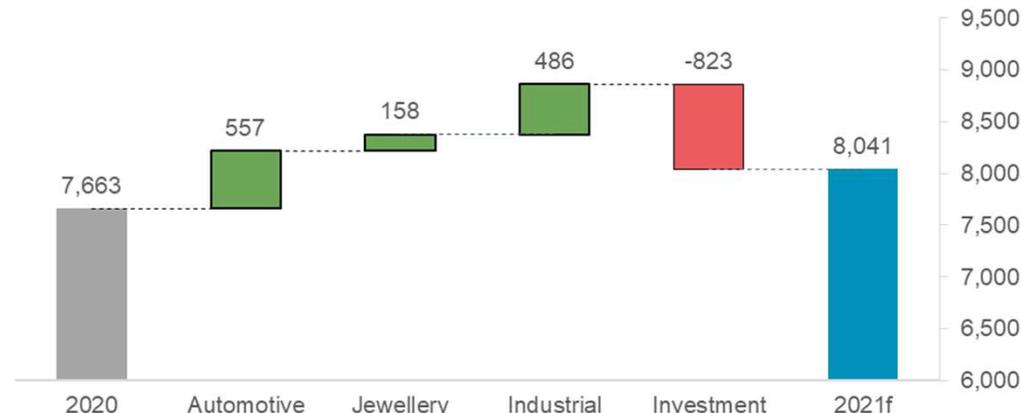


# 2021: TOTAL PLATINUM SUPPLY UP 16% (+1,083 KOZ) TOTAL DEMAND UP 5% (+378 KOZ)

Annual total supply and changes 2020 to 2021f (koz)



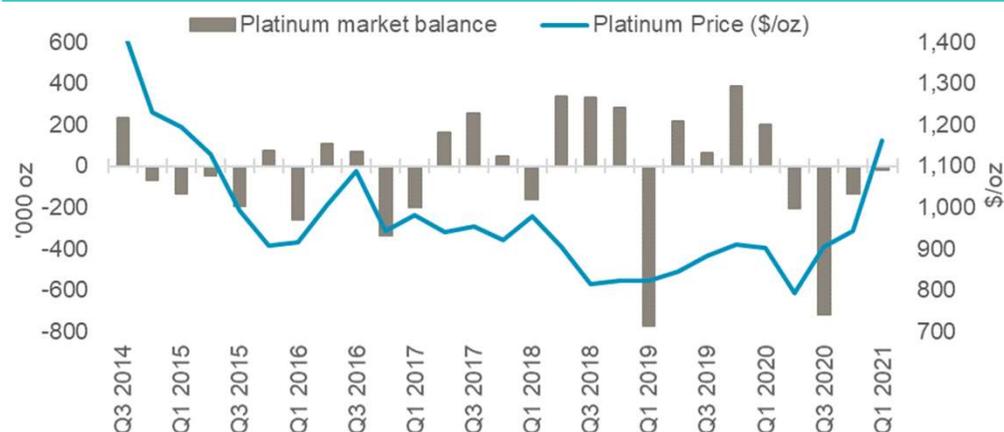
Annual total demand and changes 2020 to 2021f (koz)



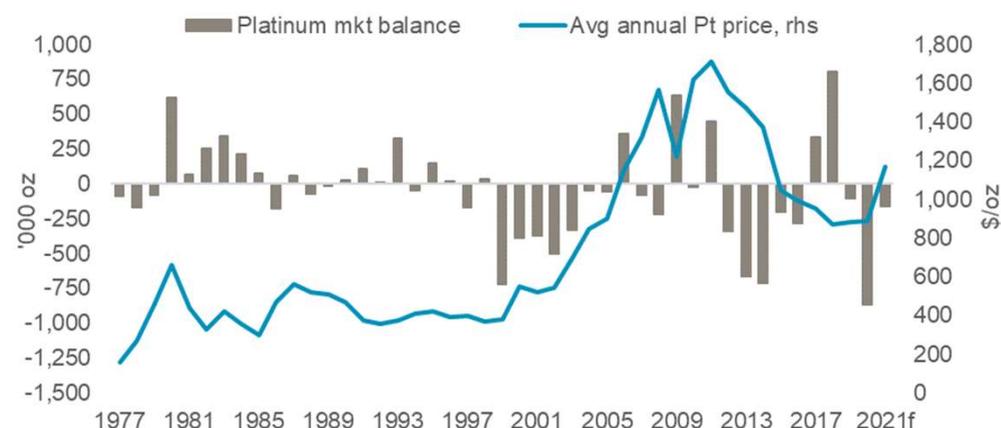
- Mine supply and recycling recover well but still below pre-pandemic levels
- Automotive and Industrial recover to above pre-pandemic levels
- Investment demand is below 2020's record but still strong and above the 5-year average

# SUSTAINED CONSECUTIVE PLATINUM DEFICITS — 4<sup>th</sup> QUARTERLY AND 3<sup>rd</sup> ANNUAL SHORTFALLS

4 consecutive quarterly deficits since Q1 2020



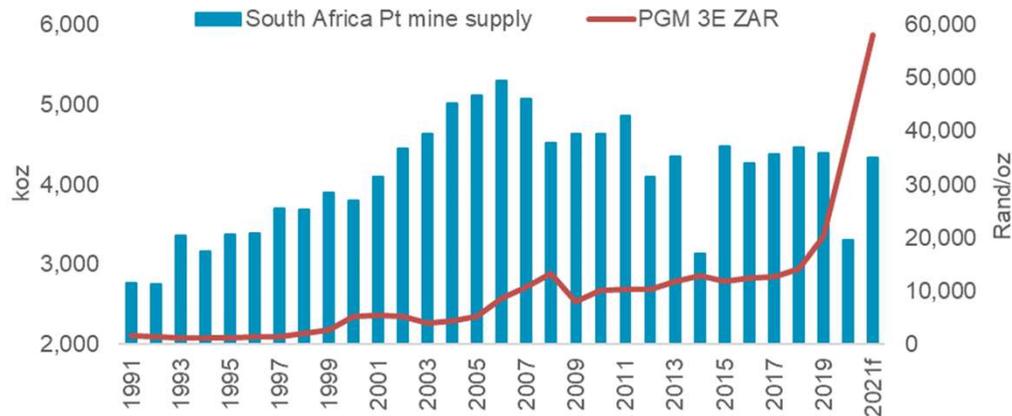
2021 deficit increased to -158 koz from -60 koz



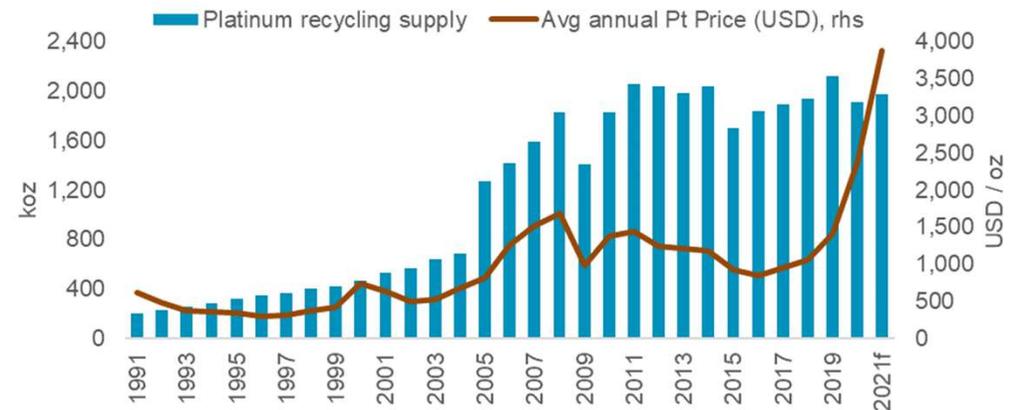
- Market deficits driven by constrained supply, recovery in industrial, growth in automotive and investment
- Risk of larger deficits from higher auto-loadings, much more Pt-Pd substitution & increased investment demand

# CONSTRAINED SUPPLY DESPITE HIGH BASKET PRICE – RECOVERY FROM 2020 BUT STILL BELOW 2019 LEVELS

South African mine supply recovers – still below 2019



Recycling supply – a function of historic loadings

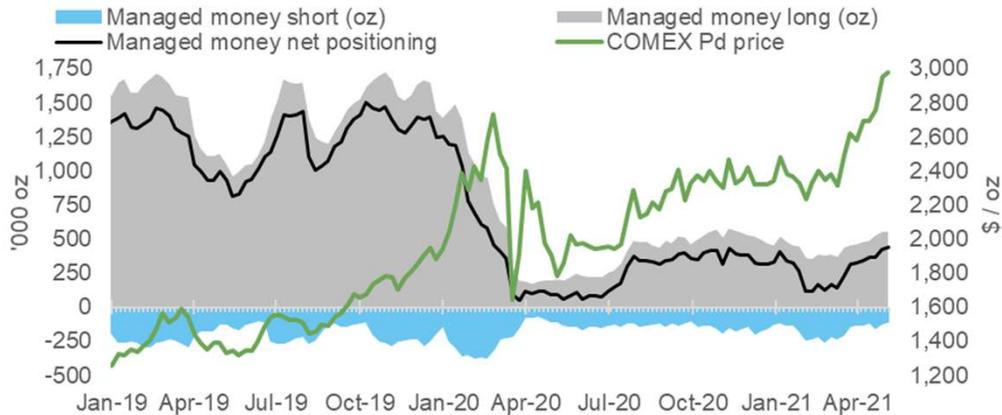


- Mine supply projections flat for next 3-4 years despite record basket prices
- Recycle supply inelastic and constrained by refining capacity and higher working capital

# HIGHER CHINESE PLATINUM AUTO DEMAND MEANS MORE PT PRICE-SUPPORTIVE SPOT BUYING

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Investor futures positioning – little effect on Pd recovery



Pt price robust from Mar-21 despite long reductions

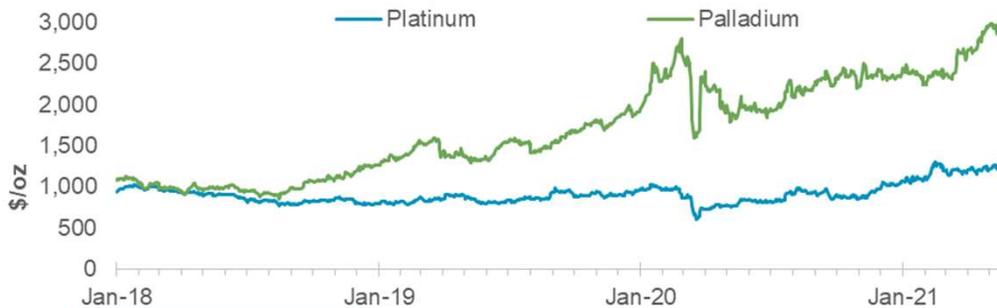


- Many Chinese OEMs do not run forward hedge books like Western OEMs
- Chinese spot purchases a key factor in driving the 2020 palladium price rally
- Automaker spot buying in China already supporting platinum prices in \$1,100-\$1,200/oz range

# PLATINUM SUBSTITUTION FOR PALLADIUM: SLOW IN CARS ALREADY IN PRODUCTION, MORE MAY ALREADY BE DONE

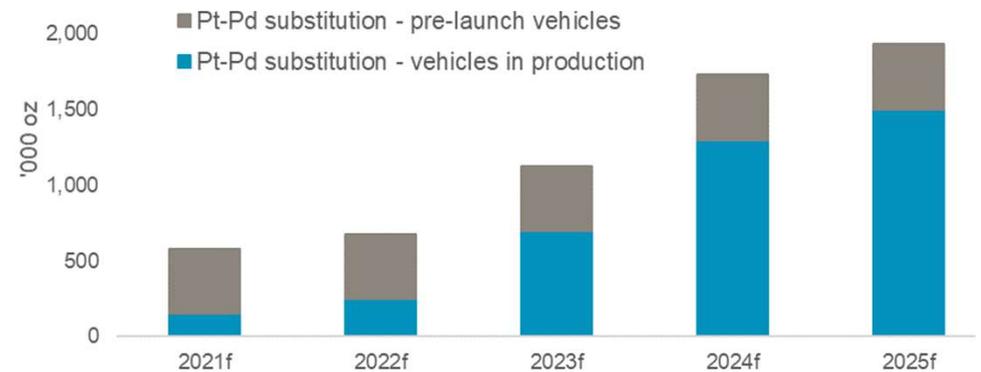
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Pt discount to Pd continues to drive more substitution



	2018	2019	2020	2021
Av. Pt-Pd discount	-151	-676	-1,315	-1,363
Peak Pt-Pd discount	-476	-1,060	-1,903	-1,754

c.1.9 moz/year more auto pt demand by 2025

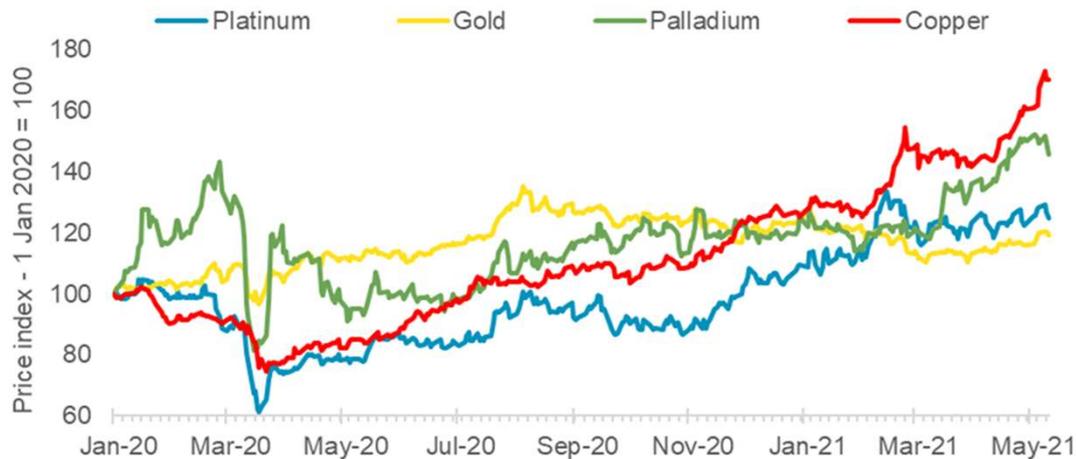


- Fabricators indicate that ‘slow’ Pt for Pd substitution in gasoline LVs already on sale could be c.150 koz in 2021 rising to 1.5 moz in 2025
- Substitution in c.31m new gasoline cars in China and Europe that had to meet China 6a and Euro 6d by January 2021 could add c.400koz per annum – automaker savings c.\$500m/year
- Investors are starting to react to the market deficits that this is likely to drive

# WHY INVEST IN PLATINUM? – CONSTRAINED SUPPLY, HIGHER: LOADINGS, SUBSTITUTION AND INVESTMENT

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## Positive platinum price trend, but still lags Pd and Cu



- Platinum still undervalued compared to palladium and industrial metals
- Supply severely constrained over next 4 years
- Significant near-term annual demand growth from higher auto loadings and substitution
- Upward price pressure from increased automotive spot buying in China
- Significant strategic role in hydrogen economy
- Short and long-term platinum outlook driving significant additional investment demand – more relevant than ever to price discovery

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