

PLATINUM PERSPECTIVES

Platinum market tightness persists, despite ETF and exchange stock outflows

The over 50% YTD increase in the platinum price, together with easing tariff fears (albeit temporary) have resulted in almost 300 koz coming out of ETFs and exchange stocks, since the start of Q2 2025. Despite this significant injection of metal, the market remains tight, with elevated lease rates (3-month exceeded 25%), strong backwardation in the London OTC market and a returning premium on platinum sponge. Tightness is expected to continue as the reemergence of tariff fears has reversed exchange stock outflows, and robust platinum imports into China continue. WPIC believes that at current prices any reduction in lease rates is likely to require a shift by end users to purchasing from leasing and / or increased recycling or mine supply, the latter potentially materialising in Q4 2025.

Platinum markets have recorded two years of substantial deficits with above ground stocks (AGS) being drawn upon to fill supply shortfalls. Over the past two years AGS reduced by ~38% without a platinum price response. It appeared that vaulted metal was being leased, providing temporary liquidity and preventing prices rising. This supply would always be temporary and lease rates (which can be seen as a proxy for market tightness) began rising up in Dec 2024, with steepening contango in the US in response to tariff risk fears driving an accumulation of exchange stocks. As April's 'Liberation Day' came without platinum being directly tariffed, US exchange stocks unwound by 355 koz over 3 months. However, this did little to return lease rates back their 1-3% 2024 trading range since we believe much of that metal went to China to meet strong fabrication demand for platinum investment and jewellery products. Moreover, Q1 2025 saw particularly weak levels of mine supply from South Africa due to unprecedented flooding. This culminated in sustained lease rates at around 5% to 10% over the first five months of 2025.

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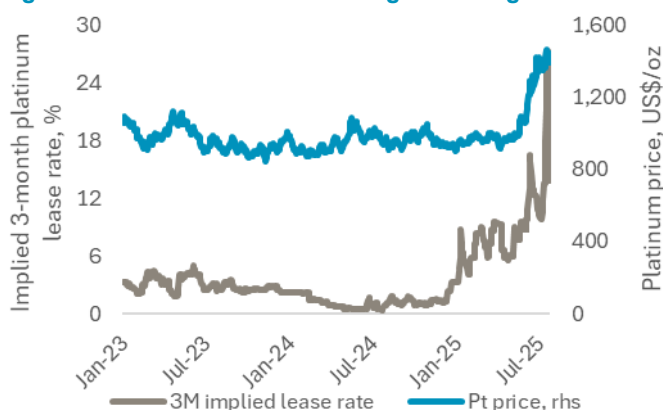
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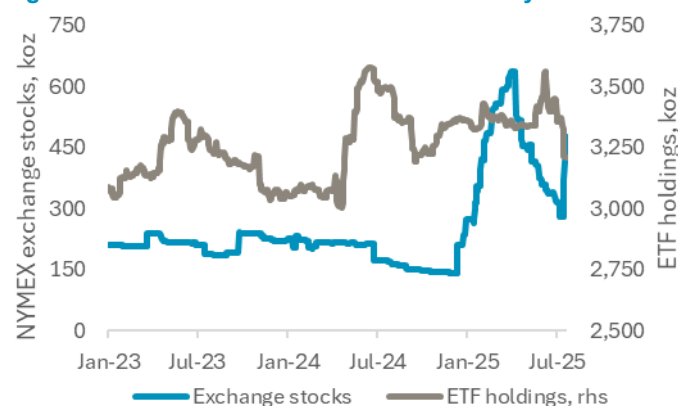
29 July 2025

Fig 1. Lease rates have trended higher through 2025



Source: Bloomberg, WPIC research

Fig 2. Recent NYMEX inflows were matched by ETF sales



Source: Bloomberg, WPIC research

In principle, higher lease rates should disincentivise borrowing metal and incentivise the outright purchase of metal, thus supporting higher prices. In June, platinum price appreciation materially accelerated (+29% in the month). However, lease rates remain high and with the announcement of US tariffs on copper imports, the spectre of tariffs re-emerged for platinum. NYMEX exchange stocks reversed their unwinding trend and increased by 201 koz in July. While this metal is broadly matched by a 267 koz net selldown of ETF holdings, where investors naturally took profits, this all occurred in the midst of 3-month implied lease rates breaching 25%.

Where to from here? Platinum markets are likely to remain tight through the next quarter despite the potential for further ETF outflows. In China, the high gold price continues to support platinum's relative value proposition within the jewellery and investment segment. While we expect SA's mine supply will only recover in Q4 2025 as Q3 sees some notable maintenance planned.

The >50% increase in platinum prices YTD has incentivised some investors to sell ETF holdings and take profits but this has been insufficient to alleviate ongoing market tightness.

Platinum markets are expected to record a third consecutive year of deficits, requiring above ground stocks to fulfil shortfalls.

Platinum's attraction as an investment asset arises from:

- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023 and these are expected to fully deplete above ground stocks by 2029f
- Platinum supply remains challenged, both in terms of primary mining and secondary recycling supply
- Although US tariffs present some downside risks to demand, these are likely offset by tailwinds to jewellery demand and Chinese investment demand
- Elevated lease rates and OTC London backwardation highlight tight market conditions
- The platinum price remains historically undervalued and significantly below the price of gold

Figure 3: A dip in platinum sponge premiums in Q2 showed demand for bar/ingot, the increase in July suggests increasing auto/industrial competition for metal

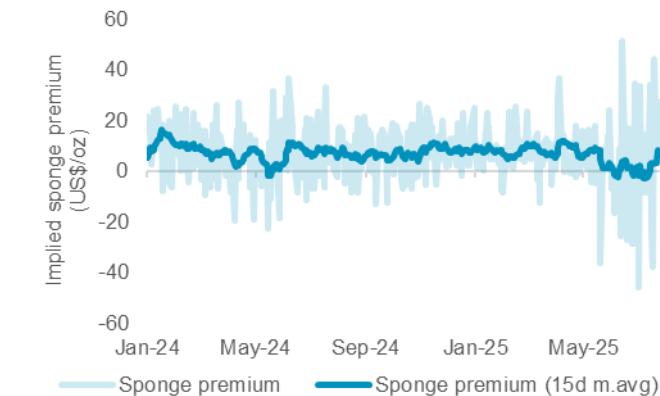


Figure 5: China's platinum imports increased by 26% in Q2 2025 which could suggest it took metal from the US as exchange stocks unwound

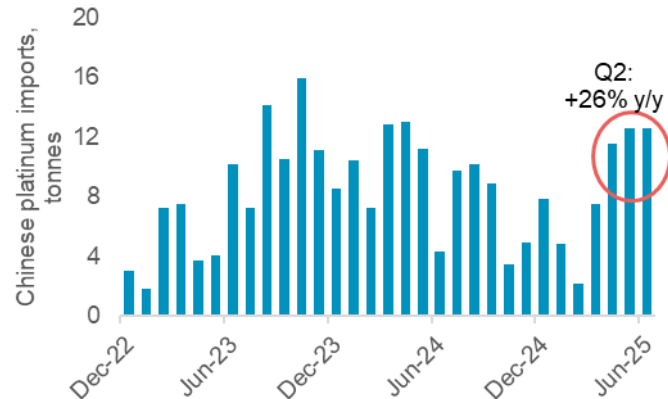


Figure 7: South Africa's refined platinum production reported a weak Q1 2025, its worst performance in several years

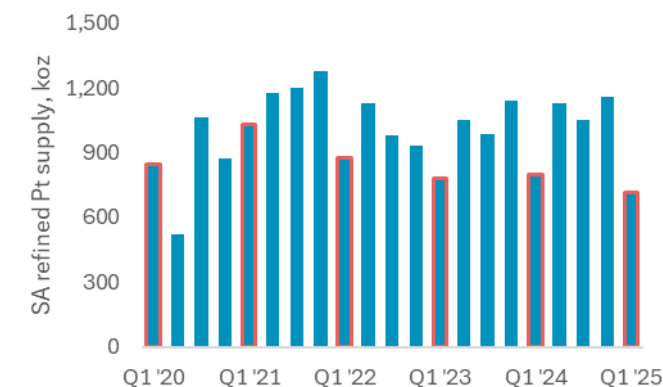


Figure 4: London's OTC market has seen backwardation levels deepen illustrating the immediate tightness of physical metal supply

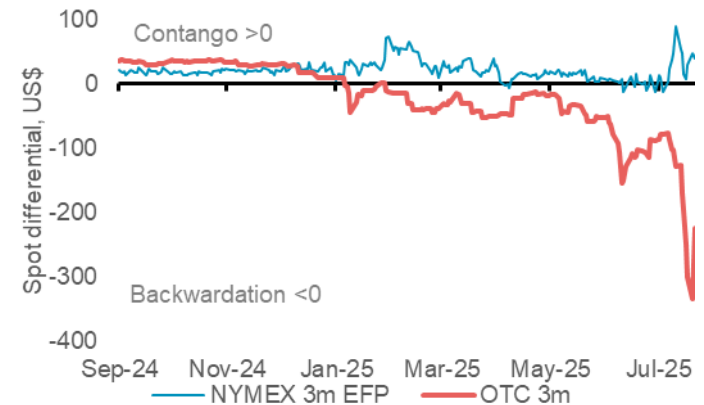


Figure 6: SGE volumes have recently begun tapering following platinum's c.50% price increase, but remain significantly above recent lows

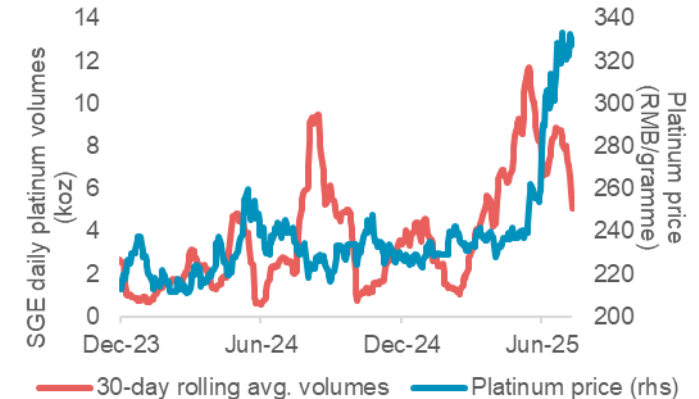
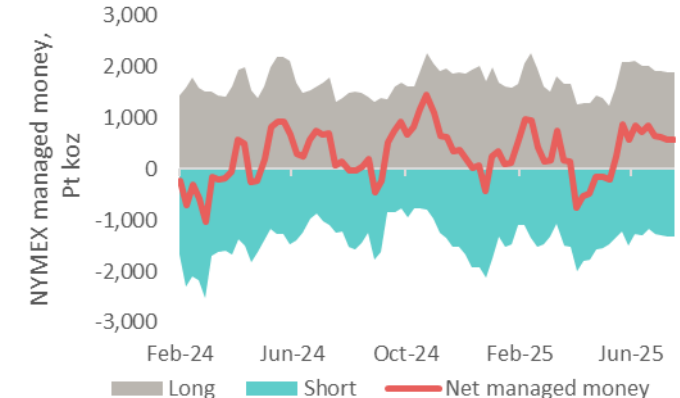


Figure 8: NYMEX managed money positioning for platinum transitioned from a net short to long through Q2 2025



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