PLATINUM PERSPECTIVES

Some exchange stock unwinding possible on US S232 carrot before stick approach, although trade risks persist

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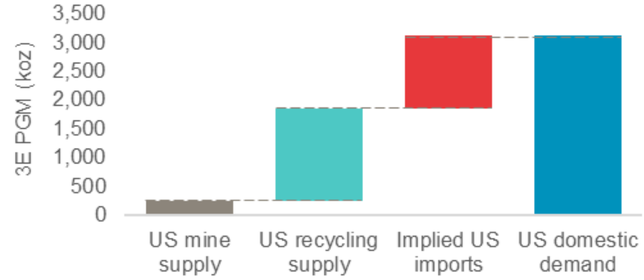
15 January 2026

A US presidential review of the Section 232 (S232) investigation into critical minerals concludes that action is needed to protect national security. Reversing the approach taken with previous actions, President Trump has elected to commence with a 180-day period of negotiations to secure critical mineral supplies (the carrot) whilst retaining the option to apply import quotas, tariffs or other actions at any time (the stick). This may present a window of opportunity to unwind some of the ~400 koz of excess CME platinum warehouse inventories to take advantage of the international market tightness. However, the capricious nature of the current US administration and uncertain timeline means assuming future metal imports will be unencumbered comes with risks.

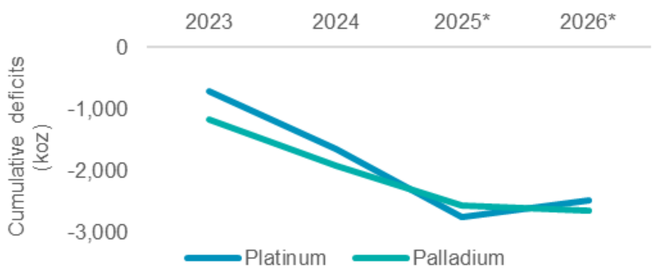
President Trump has reviewed the S232 critical minerals report and agrees that imports of these minerals and derivative products pose a threat to US national security. The report advises action to secure the US critical mineral supply chains and sufficient domestic mining and processing capacity to reduce reliance on imports. The report recommends negotiated agreements with foreign nations to ensure the US has adequate critical mineral supplies and to quickly mitigate supply chain vulnerabilities. A further recommendation is that it may be appropriate to impose import restrictions, such as tariffs, if satisfactory agreements are not reached in a timely manner. President Trump has decreed a 180-day period of negotiations with international allies to secure critical mineral supplies, to diversify global supply chains and reduce dependence on 'adversarial nations'.

Fig 1. With limited domestic mine supply, the US is highly dependent on PGM imports (3E)



Source: Metals Focus, WPIC research, 3E – Platinum, Palladium and Rhodium

Fig 2. Releasing exchange stocks does not significantly offset three years of sustained market deficits



Source: Metals Focus, CME, Bloomberg Finance L.P., WPIC Research, *adjusted to market

Tariff fears and trade barrier uncertainties related to the S232 outcome and the unconnected USITC investigation into alleged dumping of Russian origin palladium have resulted in significant US onshoring of PGMs by end users and speculators. The visible portion of this is CME warehoused inventories which are currently sitting at about 400 koz above normalised platinum and 150 koz above normalised palladium levels (figs 3 and 4).

We have previously stated that a S232 outcome that affirms harm will likely maintain tariff fears and result in CME warehouse inventories remaining trapped in the US and unavailable to the broader market.

As seen briefly after 'Liberation Day', when PGMs avoided tariffs, there are strong incentives to export metal from the US to take advantage of historically elevated lease rates (fig 5) and strong forward curve backwardation in the London OTC market (fig 6). Whilst these conditions have been in place for over 12 months now, the perceived risks around exporting and reimporting metal from and into the US has kept metal locked up since July 2025. It is possible that this 180-day negotiating window, ending 13 July, may present an opportunity to reshore metal in Europe. An unwinding of CME warehouse inventories could provide some temporary respite to current market tightness. **As a note of caution, however, the 180-day window does not preclude import quotas or tariffs being enacted sooner and for platinum and palladium, the dominance of South Africa and Russia in global supply chains raises questions as to whether the White House would categorise them as allies or adversarial nations.**

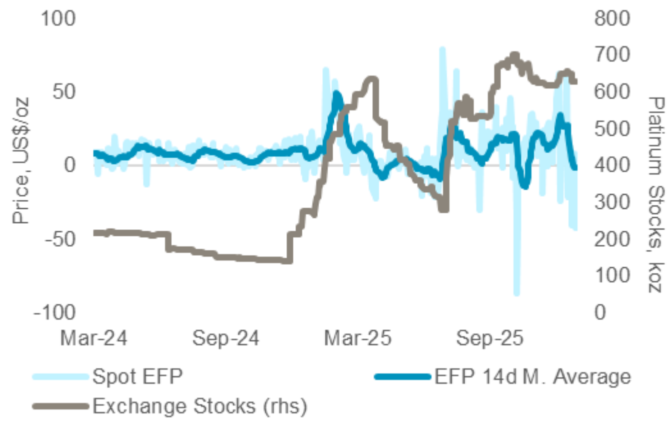
However, a 180-day negotiating window may provide a temporary opportunity to export metal from the US to take advantage of tight market conditions, although this comes with significant reimport risks.

At the same time, making up to 400 koz of platinum temporarily available to the market, does not significantly restore the 2.7 Moz depletion in above ground stocks over the past three years of deficits.

Platinum's attraction as an investment asset arises from:

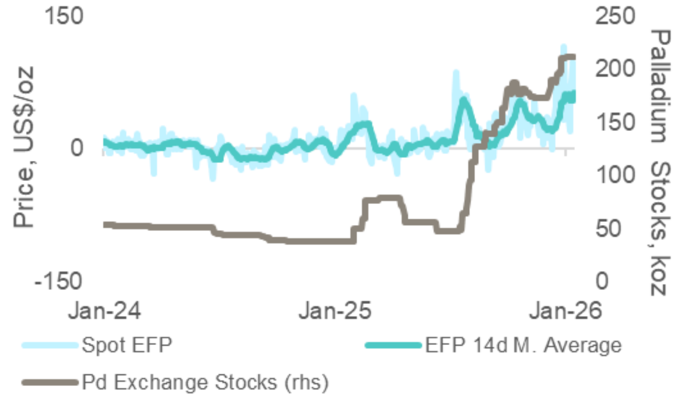
- WPIC research indicates that the platinum market entered a period of consecutive supply deficits from 2023, although a balanced market is forecast in 2026 it is not expected to alleviate current market tightness
- Higher prices are supportive of supply, but there is limited scope to flex supply higher in the short term
- Diversity of end uses and a lack of lower priced alternatives are supportive of platinum demand despite the price increase
- Elevated lease rates and OTC London backwardation highlight tight market conditions
- The platinum price remains significantly below the price of gold with macropolitical uncertainty supporting the whole precious metals complex

Figure 3: As a result of tariff fears and a positive EFP, CME platinum exchange stocks are currently ~400koz above normalised levels



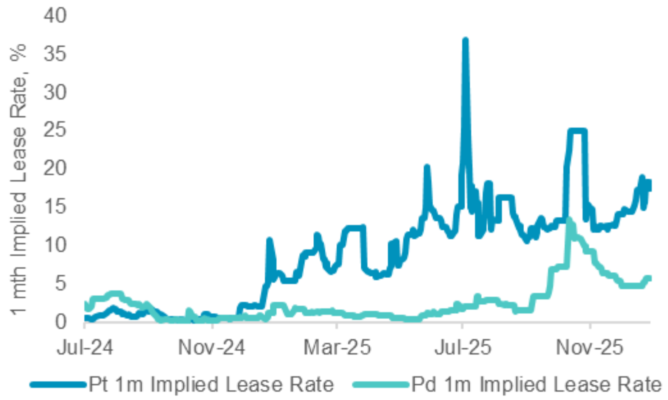
Source: CME, Bloomberg Finance L.P., WPIC Research

Figure 4: Palladium stocks are also elevated by about 150 koz, further supported by the ongoing US anti-dumping investigation into Russian palladium



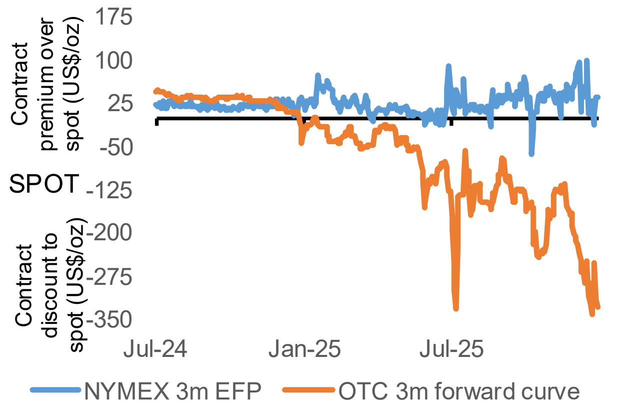
Source: CME, Bloomberg Finance L.P., WPIC Research

Figure 5: US demand for metal has contributed to the global shortage that has resulted in elevated lease rates



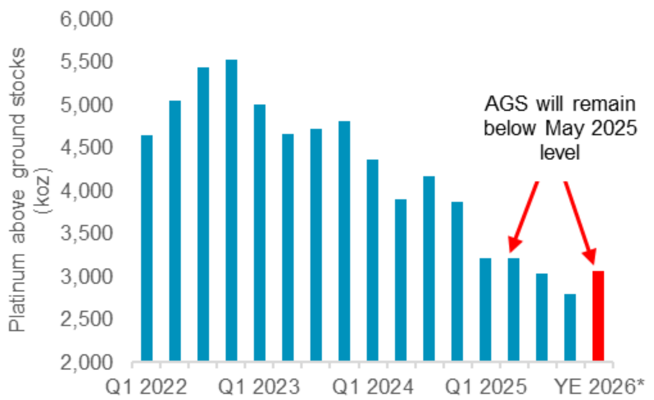
Source: Metals Focus, CME, Bloomberg Finance L.P., WPIC Research

Figure 6: A shortage of metal in the London market has resulted in persistently strong OTC backwardation



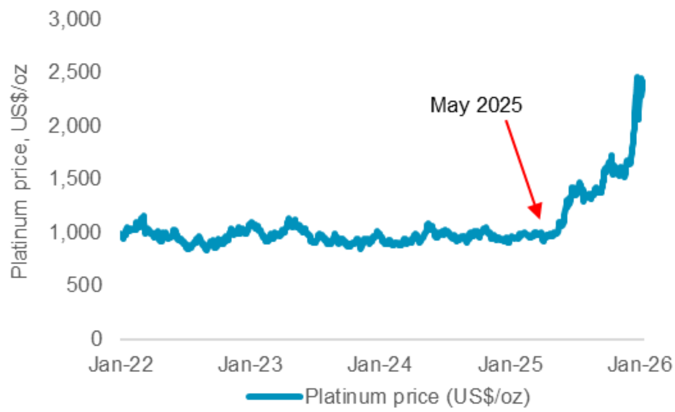
Source: LBMA/LPPM, CME, Bloomberg Finance L.P., WPIC Research

Figure 7: Even unwinding 400 koz from CME exchange stocks is insufficient to rebuild above ground stocks…



*Source: Bloomberg Finance L.P., WPIC Research, *adjusted to include exchange stock and ETF movements with 400 koz of exchange stock outflows in 2026 forecasts*

Figure 8: …which would remain below the level reached in May 2025 that prompted the start of the platinum price rally



Source: Bloomberg Finance L.P., WPIC Research

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