

Platinum Heads for Record Deficit This Year on Supply Disruption
2020-11-18 00:01:00.3 GMT

By Eddie Spence

(Bloomberg) -- Platinum markets are poised for a record deficit this year as disruptions to key producers and an increase in investor appetite far outstripped the pandemic's effect on industrial demand.

Pandemic-related mine closures and outages at Anglo American Plc's converter plant in South Africa have cut supply, according to a report by the World Platinum Investment Council. The group projects a deficit of 1.2 million ounces for 2020, the largest since records began, and almost four times higher than it forecast two months ago.

Despite the record shortfall, platinum has declined about 3% this year, making it one of the worst-performing major metals. Demand from autocatalysts, the biggest consumers of platinum, is forecast to drop 16%. By contrast, gold has surged 24%, while sister metal palladium has advanced more than 19%.

The platinum deficit was exacerbated by increased investor purchases, the only sector that saw a year-on-year gain in demand. Bars and coins were the biggest component of investment buying, taking top spot from exchange-traded funds, which dominated inflows in 2019.

Those physical products "tend to be a more emotional purchase that tends to be held for a lot longer," said Trevor Raymond, director of research at the World Platinum Investment Council. "That demand is really quite sticky."

The council expects the deficit to shrink to 224,000 ounces in 2021 as key producer South Africa returns to full output. A rebound in demand from automakers and jewelry fabricators will keep markets tight, it said.

To contact the reporter on this story:

Eddie Spence in London at espence11@bloomberg.net

To contact the editors responsible for this story:

Liezel Hill at lhill30@bloomberg.net

Dylan Griffiths

To view this story in Bloomberg click here:

<https://blinks.bloomberg.com/news/stories/QJY596DWRGG0>