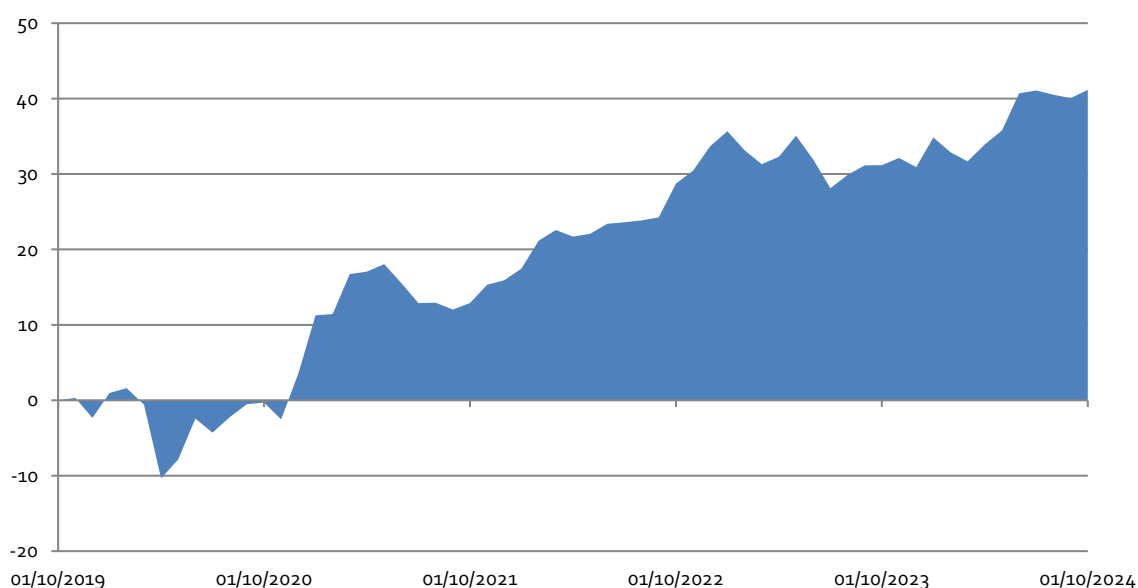


## RIO PLATINUM ACCOUNT GBP



The RIO Platinum Account GBP gained 0.78% during September. As we moved through last month, I again banked gains for those invested; selling the metal on September 16th at £752.11 and as platinum fell, I bought back in, acquiring the metal at £729.28 on the 24th.

A snapshot of the month shows that on September 1st, the account held 32.62% of its asset class in platinum, and as the month closed, RIO held just 27.51%. During September then I had reduced the accounts exposure, and I have continued the reduction this month. On the 2nd of October I sold a further 15% of the platinum held at £761.42 and bought back in again on the 8th at £735.33. The entire position was sold at £775.91 on the 18th. The continual repositioning and re-weighting of the investment account has positioned RIO Platinum ideally as we move through October.



### The Market

According to the latest World Platinum Investment Council report, the platinum market has faced its most significant supply deficit in over a decade, driven by declining mining output, recycling challenges, and robust industrial demand. But despite this massive deficit, prices have not reacted as many would expect, leaving investors worldwide questioning the factors behind this disconnect. Since July 21st, platinum prices have been trading in the range of £751.14 to £786.19 per ounce, significantly below the year-to-date high of £863.11 reached in May 2024.

Recycling issues continue to significantly impact supply, with about 25% of the annual platinum supply coming from recycled materials, predominantly from scraped vehicles. The secondary supply from old catalytic converters is typically tied to the cycle of cars being scrapped around 15 years after production. However, the pandemic disrupted this cycle, slowing new car production between 2020 and 2022, which kept older vehicles on the road longer than usual.

Although I expect some recovery in secondary supply next year, as the larger backlog of older cars on the road eventually get scrapped, the outlook in 2025 suggests the platinum market will remain undersupplied, even as scrap supply from auto catalysts recovers. So, I would comment that a combination of inventory overhangs and supply dynamics is positive for platinum.

Another positive factor is that China is the largest consumer in the platinum market, so much so that it plays a crucial role in sustaining demand. As such, China has a significant bearing on overall platinum demand.

This month China launched its most impressive stimulus package since the global economy suffered the fallout caused by the COVID-19 pandemic. The Chinese government is now pumping more liquidity into financial markets and cutting interest rates to pull its economy out of a deflationary spiral and back toward its growth target. China's efforts to support its economy is good news for the Platinum industry. Even before the massive stimulus Chinese demand had remained stable, due to tightening emissions regulations which continue to bolster consumption.

Finally, there are Hybrid vehicles, which are yet another factor which is fast becoming a significant driver of platinum demand. Hybrid cars require more platinum per vehicle than traditional internal combustion engines because their engines are frequently turned on and off, leading to lower operating temperatures. These vehicles need more platinum in their catalytic converters to meet emissions standards.

The push towards electric vehicles (EVs) had negatively influenced platinum demand. As battery electric vehicles (BEVs) do not require platinum, that said hybrid vehicles and plug-in hybrids (PHEVs) and full hybrids are still heavily reliant on internal combustion engines, which use catalytic converters containing platinum. Industry data shows that hybrid vehicle sales have increased significantly, with many consumers opting for hybrids as a transitional technology rather than committing to fully electric vehicles. This trend could soon contribute to higher platinum usage, especially since hybrid vehicles generally require 10-15% more platinum per catalytic converter than traditional combustion engines.

Looking forward, the platinum market is also expected to perform well over the next 12 months. The deficits, coupled with the depletion of above-ground platinum stocks, are likely to eventually be reflected in investor sentiment. As the platinum market continues to face supply constraints and shifting industrial demand, a price adjustment may be inevitable.

This factor is perhaps reflected in a recent LBMA survey; where a survey of experts had revealed that most anticipate platinum prices to reach \$1,147.00 an ounce. I comment that this is a price not seen since the first half of 2023, and the panel of experts forecast represents a 16.4% increase from current prices. Spot platinum last traded at \$1,008 an ounce, remaining roughly unchanged on the day.

William Gray  
The RIO Club