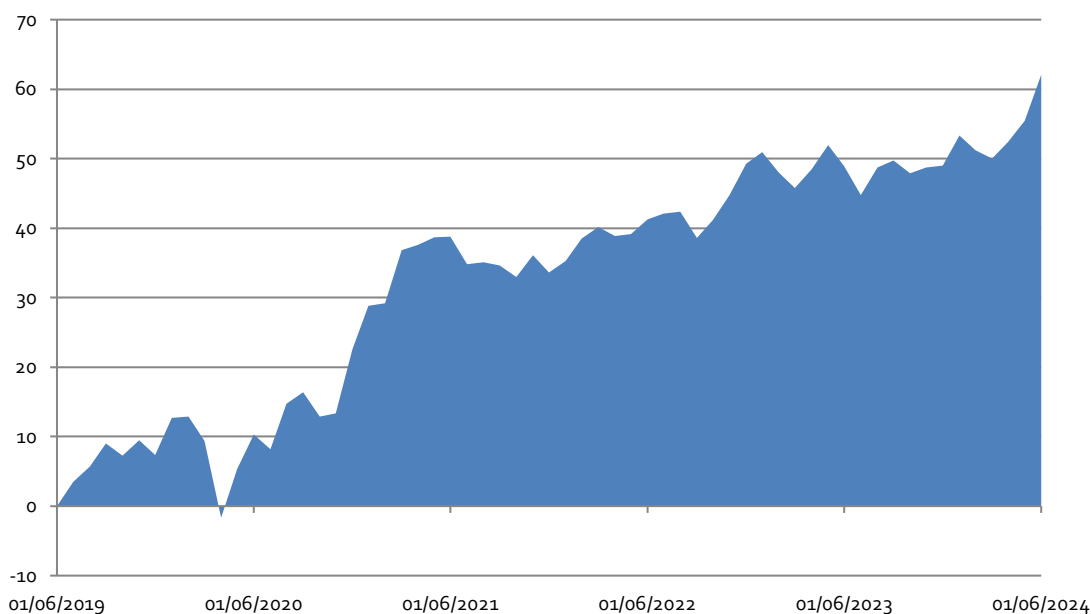




### Platinum's big comeback was just as I had forecast!

The RIO Platinum Account USD gained 4.27% this month adding to the 1.96% filed during April. Contrary to most market commentators and naysayers, I had correctly forecast that Platinum would rally above \$1,000; today, we can see that it has. Enough said. However, investment is not only about gains but also about avoiding loss, and the weighting to safety has protected those invested by minimising the downside. Looking back in February, I stated that Platinum was oversold; and as anticipated it has now recovered ground. It was during February that I underlined that Platinum's value could challenge the \$1,000 an ounce in the coming months; my forecast was first proven accurate on Friday, 12th April, as Platinum's value climbed to \$1,008.88. By 20th May, the metal rallied to a high of \$1,096.26 before giving up some ground at month's end. Again, I reiterate that the supply-demand trade is the mother of all trades, and as such, it was obvious that \$1,000 an ounce was feasible given that this market was (and remains) in a structural deficit.



### The Market

Why was I so certain the platinum would rally? Well one massive reason is that the platinum market is facing its largest supply shortfall deficit in 10 years. Our analysts concur that the market's deficit in 2024 will increase to near 600,000 ounces, to put this into perspective last year the deficit was just short of 519,000. This increase in deficit is a telling sign of coming shortages, and with that one should normally anticipate price increases, as I have said before the supply demand trade is the best trade in the world- it's a given money maker.

Looking more into platinum's demand it should stabilise at or around 7.61 million ounces. The auto sector consumption was forecast to fall back significantly by many, but in reality, the demand fell far less than market pundits thought in 2024. This in a period where primary supply also fell, and many analysts failed to take this into consideration.

Our own analysts had also brought to my attention something which was again little commented on, the car manufactures and industrial users had bought more Platinum than usual in mid to late 2020, this done to mitigate supply/price risks. Today these stockpiles have been used up, and there was speculation that some have even sold metal back to the market in 2022/3 accounting for large sales and the downward pressures we have seen.

Total platinum supply in Q1'24 was the second lowest in recorded data, with the full year for 2024 also forecast to be a near-record low. To make it clear the opposite is true in demand levels with the automotive demand at a seven-year high in Q1'24, our analysts had extensive talks with manufactures in April and see this trend repeated for the 2nd quarter, my forecast is that this will remain deep in to 2024. Industrial demand remains 17% above the pre- COVID average and I forecast that due to gold and silver rallies it is likely that the investment demand is set to remain positive in 2024, this will be supported by bar and coin demand in China.

In closing, the global platinum demand in Q1'24 rose quarter on quarter to 1,994 koz, as an upswing in jewellery demand added to steady demand growth in the automotive sector. Meanwhile, total platinum supply fell to its second lowest level on record to 1,625 koz, as mining and recycling supply remain depressed. This resulting in a market deficit.

This has largely been due to the ongoing after-effects of Russia, one of the world's largest platinum supplies, facing multiple international sanctions on the movement of its goods abroad.

This year, we will see the continuation of power outages and operational challenges of the top producer in South Africa, which produces an increased supply risk. Platinum has already rallied higher, and should our analysis of this market be proven accurate, the metal should benefit from a pick-up in demand from the auto industry in late 2024; notably, this sector has already shown signs of increased demand. Such a supply-demand change will likely feed through to the principal investment news, which could help push Platinum to outperform gold.

To top it all off there's further demand upside, as clear signs now indicate that platinum's role in the hydrogen economy is gaining momentum, some forecasts are predicting a significant increase in demand as soon as late 2024. The deployment of over US\$300 billion in tax incentives and subsidies from various governments around the world could also bolster the market this year, this in turn could accelerate the demand for platinum from the hydrogen sector.

William Gray  
The RIO Club