

## FAST FACTS ABOUT PLATINUM, “THE ONLY METAL FIT FOR A KING” – AND INVESTORS IN 2021!

By David Smith

### BASICS

- A hard, silvery metal, platinum is both an industrial and precious metal, meaning it has practical applications in addition to its value in jewelry making.
- First discovered in 1735, platinum is ~30 times scarcer than gold.
- Platinum melts at 1,768 degrees Celsius.
- More than 70 percent of the global supply of platinum comes from South Africa. More than 80 percent of the ore that contains platinum comes from underground rather than open pit mines.
- Annual platinum production is typically around 160 tons. For every ounce of platinum mined, 14 ounces of gold are mined.
- Platinum production has declined in recent years due to declining margins and lack of capital investment, though platinum recycling has increased in recent years.
- Platinum demand comes from four key areas: automotive (40 percent), industrial (24 percent), jewelry (30 percent) and investment (6 percent).
- Platinum is one of six noble, precious metallic elements that make up what are known as the platinum-group metals. (The others are ruthenium, rhodium, palladium, osmium and iridium.)
- While it is currently priced lower than gold, platinum typically denotes equal or higher value than

gold (pricewise, this has been the case 75 percent of the time since 1970). Think about credit cards, hotel chain and car rental rewards programs, CD sales and even money in the roleplaying game Dungeons & Dragons. In each, platinum has a higher status or value than gold!

### APPLICATIONS

- Nearly half of all mined platinum is used in automotive catalytic converters, which reduce toxic gases into less-toxic emissions. The platinum metals can withstand the high temperatures required to reduce the emissions through oxidation reactions.

- Almost one-third of mined platinum is used in jewelry. The Hope Diamond is one of the many famous diamonds that are set in platinum. Elvis and Priscilla's wedding rings were made of platinum. So were the rings of Michael Douglas and Catherine Zeta Jones. Sir Elton John and Halle Berry also adore platinum.
- Platinum is used in several anti-cancer drugs, including cisplatin, carboplatin and oxaliplatin, due to its very low reactivity levels.
- Platinum is used in pacemakers, dental crowns and other equipment used within the human body because of its resistance to corrosion from bodily fluids and



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lack of reactivity to bodily functions.

- Platinum can be combined with cobalt to create strong, permanent magnets for use in medical instruments, motors, watches and more.
- Platinum is **the critical component in green hydrogen production and hydrogen fuel cell manufacturing and operations**. Platinum is used as a catalyst in fuel cells to convert hydrogen energy into electricity.

## PRICING HISTORY

- Over the last three decades, gold and platinum prices have danced around one another, frequently tracking fairly closely but also characterized by times in which the value of one has doubled that of the other.
- In the first half of 2008, platinum frequently traded at more than \$2,000 an ounce – more than double what gold fetched at the time.
- Historically, platinum generally outperforms gold during times of economic growth or perceived monetary stability; conversely, it has underperformed gold during times of reduced confidence in the economy and financial system.
- However, since early 2015 gold has consistently fetched a higher price than platinum despite a relatively strong economy (the longest expansion in United States history ended with the COVID-19 pandemic).
- As of late December 2020, gold's price per ounce is nearly double that of platinum.

## 2021 INVESTMENT OUTLOOK

- The World Platinum Investment Council (WPIC) predicts a record deficit of 1.2 million ounces of platinum in 2020 – far greater than the 2019 deficit of 100,000 ounces. Supply fell by 18 percent due to COVID-19 restrictions, while demand fell only 5 percent**
- The WPIC expects platinum demand to **grow** by 2 percent in 2021 due to increased spending on jewelry and cars as consumers spending rebounds. Automotive industry demand for

platinum will also increase as tighter emission standards come into effect in Europe.

- China is converting battery electric vehicles into hydrogen fuel cell vehicles, helping its fuel cell industry achieve critical mass. Platinum is key to this sector.
- US President-elect Joe Biden plans to create 10 million jobs in the clean energy economy. Hydrogen power is critical to this plan, and platinum is crucial to making this happen. The limited supply of platinum will likely lead to a surge in its price!
- Investing Haven is also bullish on platinum; having set a 2021 platinum price target of \$1,500 per ounce. Platinum is very hard to fake, unlike gold/tungsten.

## QUOTES ABOUT PLATINUM

“Achievements are precious and timeless, just like the precious metal platinum. And what better way to celebrate milestones in your life than with precious platinum.”

Vijender Singh, Indian professional boxer

“A metallurgist is someone who can look at a platinum blonde and tell whether she's virgin material or a common ore.”

Brian Johnson, AC/DC singer

“There are a few elements - especially platinum and palladium - that have the amazing ability to absorb up to 900 times their own volume in hydrogen gas. To get a sense of the scale there, that's roughly equivalent to a 250-pound man swallowing something the size of a dozen African bull elephants and not gaining an inch on his waistline.”

Sam Kean, science writer

“Platinum for me signifies everlasting love, which needs to be celebrated in the most special way.”

Ram Kapoor, Indian actor

- In the 1780s, King Louis XVI of France declared platinum “The Only Metal Fit for a King.”

## SUMMARY

- Leading precious metals dealers are out-of-stock on 1-ounce platinum coins. SD Bullion, Kitco, JM Bullion, Apmex, etc. See for yourself. When it is in stock, inventory is very limited.
- Platinum has very recently broken out of its 12-year downward trend (with vigor).
- There is no good reason for platinum to trade at such a discount to gold given its rarity, ongoing Central Bank currency debasement, and the race to clean energy in the Hydrogen Revolution. Hydrogen doesn't pollute when used as energy unlike natural gas, coal, gasoline, etc.
- Platinum would certainly make an excellent diversifier in your precious metals/commodities portfolio. Platinum is a very special, extremely rare metal which is not currently being respected (priced) as such.

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