

# Shanghai Platinum Week 2024

Mr Edward Sterck, Director of Research, the World Platinum Investment Council

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Established in 2021 to create one of the most influential and important annual events for the global platinum group metals (PGMs) sector, the fourth Shanghai Platinum Week (SPW) took place between 9 and 11 July 2024, co-organised by the World Platinum Investment Council (WPIC), Anglo American plc, China Gold Association, and the China Precious Metals Industrial Committee

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Topics under discussion during SPW 2024 ranged from the challenges facing PGM supply (due to both mining and recycling constraints) to current and future demand drivers (autocatalysts, green hydrogen and future technologies). SPW underscored the strong investment case for platinum, as challenges weigh on supply, while demand finds support across a diverse number of end-uses. With such a broad range of issues under discussion there were so many points of interest, but the key takeaways from WPIC's perspective are highlighted below, emphasising some of the dynamic trends within the domestic China PGM market, as well as internationally.

Arguably, the most impactful announcement was the **Guangzhou Futures Exchange (GFEX) using SPW 2024 to reveal the details of the first platinum and palladium derivatives to be launched in China.**

These physically-settled platinum and palladium futures are set to transform domestic price risk management, which will minimise costs for the fabricators of platinum containing products, reducing sales premiums and likely boosting demand for platinum products. Uniquely, platinum and palladium in the form of both ingots and sponge (pure metal in powder form), as opposed to just ingots, will be accepted as 'good delivery' for settlement of contracts. The ability to take delivery of sponge could be transformative for industrial users of PGMs, as well as automakers, as sponge is the main form typically used for their manufacturing purposes. No other exchange in the world currently allows delivery of sponge.



Mr Edward Sterck



Commenting on the announcement, Mr. Chen Xuanchen, R&D Lead of Platinum and Palladium Futures at GFEX, highlighted the impact this was likely to have on both the domestic and global platinum and palladium markets:

“Our exchange fills a gap in the Chinese market, providing the mechanisms to discover the domestic prices of platinum and palladium in China and help businesses hedge price risk, opening up working with the two metals to a greater number of market participants throughout the metal value chains. The ability to hedge price risk will provide a welcome boost to the ongoing development of China’s PGMs market which is essential to the country’s energy transition and ongoing decarbonisation efforts. The availability of domestic futures could potentially boost consumer confidence in both metals, increase the availability of recycled metal and further accelerate demand growth.”

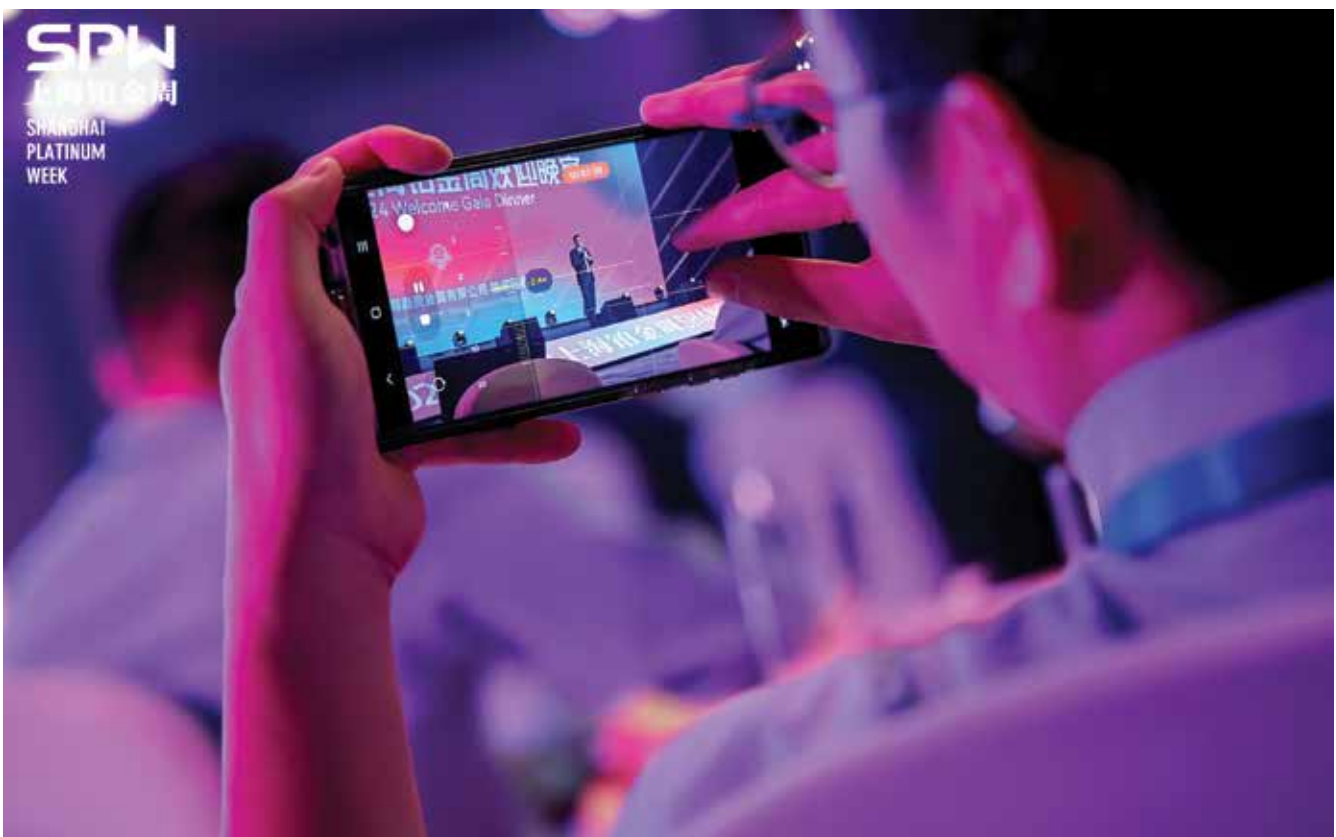
WPIC believes that developments such as GFEX’s plans to launch PGM derivatives in China are a key component of a broader and necessary market restructuring, which should include harmonising the VAT paid on platinum purchases with that of gold. Updating the VAT regulations combined with the ability to manage price risks would improve the competitiveness of Chinese domestic corporations, and maximise the accumulation of platinum and palladium – both strategically important metals – within China as a domestic reserve.

**The strategic importance of PGMs** takes on further significance as China looks set to lead the global hydrogen economy push, with a March 2024 government report calling to expedite the technology.

Part of SPW 2024 involved site visits to several firms in the hydrogen value chain which have shown strong growth. Looking ahead, growing economies of scale will result in cost efficiencies that will drive future scaling.

**Investment demand for platinum in China is strong and on a growth trajectory.** Representatives from various companies highlighted the successes in developing platinum as an investment product, driven by platinum’s wide price discount to gold and high-quality products. Indeed, WPIC’s product partners in China delivered almost 200 koz of investment product sales in 2023, up from almost nothing in 2018, with strong momentum continuing in 2024.

**Headwinds to both primary and secondary platinum supply** were also discussed at SPW 2024. The key challenge faced by PGM miners is the weak basket price, which is pushing them to cut costs to minimise losses but will likely increase the risk of lower mine supply over the medium-to-longer-term. In terms of recycling supply from China, tax experts discussed China’s new reverse invoicing policy which aims to generate tax from an historically cash-based transaction between upstream scrap collectors and recycling enterprises. Industry participants cited the revocation of the 3% VAT rebate as onerous on a sector typically operating at low margins and suggested it will result in downward pressure to recycling PGM supply.





**Mr Trevor Raymond**

CEO, WPIC at Shanghai Platinum Week 2024

Commenting on the success of SPW 2024, Trevor Raymond, CEO of the World Platinum Investment Council, said:

“Shanghai Platinum Week 2024 has served as a core platform for industry innovation and collaboration, and once again demonstrated the critical role that PGMs play in both the global economy and technological advancements. The insights shared during the event underscore the dynamic nature of this market, from innovations in hydrogen technology to the expanding investment demand in Asia. We also see how platinum’s appeal is being bolstered by its wide discount to gold, increasing industrial applications, and the strategic importance highlighted by its inclusion on many countries’ critical minerals lists.”

This year, SPW welcomed more than 500 attendees from over 300 organisations, with online attendance reaching 455,000 on the first day and 317,000 on the second day, far exceeding any previous year. Thirty-seven different organisations exhibited a wide range of fascinating products, from platinum investment bars, jewellery and hydrogen fuel cells to AI-related semiconductor manufacturing, highlighting the diversity of platinum group metals’ (PGMs) applications.

SPW 2024 sponsors included Metalor, Bai de Jin, Shenzhen Quanfeng Platinum Co. Ltd, Yue Heng Feng, Lesego Platinum, Minmetals Futures Co. Ltd, Yue Heng Jewellery, Shenzhen Yuexin Gold Precious Metals Co. Ltd, and Shenzhen Point Gold Precious Metal Co. Ltd.

Shanghai Platinum Week 2025 will take place 7-9 July next year. For more information visit [www.shanghaiplatinumweek.com](http://www.shanghaiplatinumweek.com).

