

Navigating the PGM Landscape: Challenges, Shifts, and a Glimpse into the Future

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The 49th Annual IPMI Conference in Scottsdale brought together stakeholders across the global precious metals ecosystem, and I was honoured to share insights on the current and emerging dynamics in the platinum group metals (PGM) market. As we collectively examine the long-term outlook for platinum, palladium, and their minor counterparts, several trends and shifts demand our attention.



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Supply-Demand Balances: A Fragile Equilibrium

Both platinum and palladium are currently experiencing moderate supply deficits—roughly equivalent to two to three weeks of global industrial demand. While platinum appears slightly more resilient due to diverse applications, palladium faces a steeper challenge with demand erosion in the auto sector, particularly from the declining use of internal combustion engine (ICE) vehicles.

Light vehicle production—still responsible for 40% of platinum demand and over 80% of palladium demand—remains central to these metals' consumption profiles. However, with governments transitioning toward net-zero emissions, electric vehicles and hydrogen technologies are reshaping this demand structure. Over time, the rise in end-of-life vehicle scrappage may lead to increased secondary supply, potentially turning the auto industry from a net consumer to a net supplier of PGMs by 2040. This transformation, while hypothetical, signals the need for miners and refiners to adapt their long-term strategies accordingly.

Technological Adaptations and New Applications

Innovation in fuel cell technology is one area providing cautious optimism. Platinum-palladium alloys are showing promise in pilot-level applications, delivering higher energy density in fuel cells compared to platinum-only versions. The former technology, while currently limited in scale, is already being deployed in off-road and heavy-duty vehicles—particularly in mining operations, where companies are leading by example in their decarbonisation process.

Palladium's future will likely depend on its evolving use in tandem with platinum. The overlap of utility, especially in green hydrogen production and fuel cells, underscores the potential of PGMs to remain integral in the low-carbon economy.

China's Strategic Positioning

Recent headlines around China's platinum imports—10 tonnes recorded in April alone—are not unprecedented but do highlight a deliberate accumulation strategy. True to its contrarian investment pattern, China continues to buy PGMs when prices are low, securing resources that may regain favour. Although some suggest this metal is being stocked by jewellers, that narrative may be overstated. Chinese consumers still show strong preference for yellow or white gold, and platinum jewellery demand—while certainly improving—lags behind.

Nonetheless, China's industrial appetite remains real, and once PGMs are imported into China, they are seldom re-exported. This tightens supply in markets such as London and applies pressure on refineries, especially with geopolitical tensions and tariff threats hanging in the air.

Global Macro Factors and Market Sentiment

At the macro level, we are witnessing a changing response to geopolitical and economic triggers in gold and PGMs. Gold's reaction to tariff headlines, central bank comments, or interest rate shifts is becoming increasingly muted, indicating a "crowded trade" scenario. The market may be reaching saturation, with investors showing diminished sensitivity to news events.

In contrast, PGMs are seeing increasing scrutiny from investors and industry alike. Sentiment at Platinum Week in London was notably more cautious, bordering on pessimistic. However, at IPMI, there was a more constructive tone, with greater lateral thinking and openness to evolving industrial use cases. The optimism—however tentative—lies in collaboration, innovation, and a deeper understanding of how environmental policy and technology will intersect with metal demand.

Structural Constraints on the Supply Side

The mining landscape, too, is under stress. In Russia, Norilsk Nickel, the world's largest palladium producer, faces high financing costs and disrupted supply chains, putting expansion plans on hold. In South Africa, persistent challenges such as load shedding, stretched balance sheets, and delayed capex plus recent flooding continue to limit supply growth. As a result, even if demand softens, supply constraints may cushion prices to some extent.

Final Thoughts

PGMs remain critical to the energy transition and industrial technology landscape, but their future lies in how well the industry adapts to shifting patterns in demand, geopolitical risks, and sustainability mandates. Collaboration between miners, refiners, and technology firms will be key in redefining the role of these metals in a greener, more digitally connected future.

As we look forward, all stakeholders need to continue engaging openly, investing in innovation, and sharing knowledge across borders—because shaping the next chapter of the PGM market will require a unified and proactive approach.

