

Platinum 2005

Johnson Matthey has now published the "Platinum 2005" edition of its annual survey of the supply and demand of the platinum group metals (pgms) for 2004. This edition celebrates the 20th year of publication with a special feature: 'A brief history of platinum', which reports some of the important changes that have occurred in the platinum market since 1975. Although the first published review was in 1985, Johnson Matthey has been studying the platinum market since the mid-1920s, soon after the platinum-bearing reefs in South Africa were discovered.

In 2004, platinum demand increased slightly by 50,000 oz to 6.58 million oz. Purchases of platinum for use in autocatalysts climbed by 240,000 oz to a record high of 3.51 million oz, mainly as a result of increased demand from higher diesel car sales and the tightening diesel emissions limits in Europe. In Japan, the heavy-duty diesel sector led growth in platinum demand as truck manufacturers introduced models fitted with diesel oxidation catalysts to comply with new emissions standards.

Jewellery demand for platinum fell by 12 per cent in 2004, dropping by 310,000 oz to 2.20 million oz. Lower demand from Chinese jewellery manufacturers accounted for much of this, due to both the volatility and the strength of the platinum price. In Japan, sales of platinum jewellery were also adversely affected by higher metal prices and recycling of old stock.

Platinum consumption in industrial applications increased to 1.53 million oz, with greater usage in the glass industry, hard disks and chemical catalysts. Interesting mention is made of biomedical applications, non-catalyst automotive uses and turbine blade coatings.

Platinum supplies, from the major operations in South Africa, Russia, North America and Zimbabwe are described in the section

that covers mining and exploration. Supplies rose by 5 per cent to 6.50 million oz, as the expansion of production in South Africa accelerated and North American output improved. With the platinum market still in deficit, fund investment in the metal pushed the price to a peak of \$937 in April 2004. The price subsequently fell back but remained well supported by both speculation and physical demand.

Demand for palladium rose in 2004 by 22 per cent to 6.6 million oz, with autocatalyst demand climbing to 3.81 million oz. U.S. car manufacturers bought more metal as they continued to switch from platinum for gasoline autocatalysts. Demand for palladium in electronic applications grew to 955,000 oz in 2004, due to strong sales of electronic goods and the low palladium price. Use of palladium in jewellery soared to 920,000 oz as large scale production of palladium jewellery began in China. Demand for palladium in dental alloys grew by 3 per cent to 850,000 oz in 2004.

Palladium supplies surged to 7.62 million oz, an 18 per cent rise, as sales of Russian metal were made from stocks. Mine output in South Africa and North America also increased significantly. Supplies exceeded demand by more than 1 million oz for the second year in succession. Despite fund investment, the palladium price was weak for much of the year, ending 2004 at \$184.

Rhodium demand rose to 740,000 oz in 2004. Overall use of rhodium in autocatalysts grew in Europe and Asia as average loading levels increased ahead of tighter emissions legislation. Purchases by the glass industry increased, reflecting the rapid expansion of LCD glass manufacturing capacity in Asia.

"Platinum 2005", Johnson Matthey PLC, 40-42 Hatton Garden, London EC1N 8EE, U.K.: E-mail: ptbook@matthey.com.