

Platinum 2004

In May, Johnson Matthey published "Platinum 2004", its annual survey of the supply and demand of the platinum group metals (pgms) for 2003, including a discussion of the short-term outlook for the pgms markets.

Demand for platinum (Pt) in 2003, increased by ~ 1 per cent to 6.52 million oz. Purchases of Pt by the autocatalyst industry increased by 23 per cent to 3.19 million oz. In North America, the car industry bought more metal than the previous year, when inventories of Pt were used to supplement purchases. European demand climbed to a record high due to further growth in diesel car sales, while in Japan autocatalyst demand for Pt was also boosted by new heavy-duty diesel emissions regulations for Tokyo. Indeed, tightening emission standards worldwide have helped to support Pt use.

Jewellery demand for Pt dropped sharply by 13 per cent in 2003 to 2.44 million oz resulting from the sharp rise in the price of Pt (see later). This affected sales of Pt jewellery in both China and Japan.

Industrial demand for Pt weakened to 1.52 million oz. The use of the metal in electronic goods containing hard disks increased, but glass manufacturers reduced their metal holdings and less new capacity was added in Asia.

Supplies of Pt grew by 4.5 per cent to 6.24 million oz. South African output expanded steadily and Russian sales increased, but North American production dropped. Overall, the Pt market remained in deficit for the fifth year in succession.

In 2003, the Pt price increased by more than 35 per cent from the opening fixing of the year of \$600 to the final fixing of \$814. The speculative buying of Pt had a major influence on the price, and was part of a substantial flow of funds into commodities as a whole.

Demand for palladium (Pd) recovered by 9 per cent but, at 5.26 million oz, this was still the third lowest total for a decade. Purchases of Pd for autocatalysts were up by 410,000 oz to 3.46 million oz as U.S. car companies used less metal from inventories. The electronics industry used 18 per cent more Pd but the use of Pd in dental alloys dropped by 8 per cent. Supplies of Pd increased by 23 per cent to 6.45 million oz. Russian production was fully sold and South African output expanded. With supplies rising faster than demand, the Pd price weakened, ending the year at \$193, some \$41 below the opening fixing in January.

Net purchases of rhodium (Rh) rose by 6 per cent to 627,000 oz. The autocatalyst market grew strongly as average Rh levels increased ahead of tighter emissions legislation. Demands from the glass industry fell.

Purchase of ruthenium increased by 18 per cent to 496,000 oz due to a strong demand for chemical catalyst applications and for electronics. Demand for iridium (Ir) also recovered, rising by 30 per cent to 103,000 oz. The growth was driven by increased use of Ir catalysts for the chemicals industry and by increased orders for Ir crucibles from the electronics sector.

"Platinum 2004" also contains two special reports on: 'PGM Mining in Russia' and '30 Years in the Development of Autocatalysts'.

The Interim Review will be published in November and there will be two further electronic updates: in August 2004 and in February 2005. For an E-mail alert, please register online at: www.platinum.matthey.com. A copy of "Platinum 2004" can be obtained from: Johnson Matthey PLC, 40-42 Hatton Garden, London EC1N 8EE, U.K.; E-mail: ptbook@matthey.com; Fax: +44 (0)20 7269 8389.