

## Platinum 2007

Johnson Matthey has published the "Platinum 2007" edition of its annual survey of the supply and demand of the platinum group metals (pgms), addressing the calendar year 2006.

Global demand for platinum rose by 80,000 oz to 6.775 million oz in 2006. The autocatalyst market grew by over 10 per cent, attributable mainly to emission controls fitted to diesel vehicles. Supplies of platinum also climbed in 2006, to a record 6.785 million oz. Supply and demand for platinum effectively balanced, with a nominal surplus of only 10,000 oz in 2006.

With the market share of light-duty diesel vehicles in Europe growing to over 50 per cent, and new emissions standards applied in early 2006, platinum consumption for autocatalysts in Europe rose by 200,000 oz to 2.160 million oz. The new requirement for catalysts on medium-sized diesel vehicles in the U.S.A. and rapid growth in production of passenger vehicles in Asia also contributed to global auto demand of 4.195 million oz, reports Johnson Matthey; this is an increase of 400,000 oz over 2005.

The rising price of platinum led to a small decline in the volume of platinum jewellery produced in 2006. However, the price had little impact on consumer purchasing in China. Manufacturers' new metal purchases were further reduced by increased jewellery recycling in China and Japan. Total world jewellery demand for platinum fell by 360,000 oz in 2006 to 1.605 million oz.

Platinum consumption for autocatalysts is expected to increase again in 2007, with most of the rise attributable to diesel vehicles. Jewellery manufacturers in Asia will continue to source platinum partly from old stock, but Johnson Matthey regards consumer demand for platinum jewellery as encouragingly resilient. Weaker than planned supply from South Africa earlier in 2007 and a recent hiatus in Russian exports due

to regulatory problems are expected to have meant a tight market in the first half of 2007, with liquidity set to increase in the second half as South African mine output rises.

After five years of growth, annual demand for palladium fell by 720,000 oz in 2006 to 6.635 million oz. Although demand for autocatalysts was buoyant, demand for new metal from jewellery manufacturers fell sharply. There was also less interest in palladium physical investment products. Production of palladium from South Africa increased, but sales from state stocks by Russia were significantly lower than in 2005. Supplies accordingly fell to 8.060 million oz, a decline of 345,000 oz. Overall, the palladium market showed another large surplus of 1.425 million oz.

Johnson Matthey note autocatalyst demand up by 150,000 oz to 4.015 million oz for 2006, due to continuing substitution of platinum-based catalysts by palladium on gasoline vehicles. However, demand for palladium in the jewellery sector fell by 435,000 oz to 995,000 oz, with virtually all of the decline occurring in China.

The autocatalyst market is again predicted to take more palladium in 2007. The prospects for the palladium jewellery market are less certain, according to Johnson Matthey. Primary production of palladium is expected to rise, and supply is to be augmented by sales from the large amount of Russian state stocks shipped to Switzerland at the end of 2006.

Two Special Features are included in "Platinum 2007": 'Heavy Duty Diesel: A Growing Source of PGM Demand', and 'Memories Are Made of This', a survey of pgm usage for personal computer hard disk drives.

"Platinum 2007", Johnson Matthey PLC, Precious Metals Marketing, Orchard Road, Royston, Hertfordshire SG8 5HE, U.K.; E-mail: [ptbook@matthey.com](mailto:ptbook@matthey.com); website: <http://www.platinum.matthey.com/publications>.