

Platinum 2002

In May, Johnson Matthey published "Platinum 2002", a survey of the supply and demand of the platinum group metals (pgms). These reviews, with an interim review published each November, have been produced annually since 1985 and report, in the main, information from the previous year.

In 2001, demand for platinum increased by 8 per cent to 6.15 million oz. The largest growth sector was the auto industry. Here demand for platinum for autocatalysts increased by a third to reach 2.52 million oz. Over 1 million oz were used in Europe with about 70 per cent being for diesel catalysts. Sales of diesel cars in Europe last year accounted for 36 per cent of new car sales. This, together with the imposition of Euro Stage III emissions regulations on all vehicles from January 2001 boosted platinum use.

Jewellery demand for platinum fell by 10 per cent to 2.55 million oz. Although China had a record year, there was a sharp decline in platinum jewellery sales in Japan and the U.S.A.

Industrial demand for platinum rose by 2 per cent to 1.52 million oz. This was accounted for by increased use of platinum in new Asian plants for fibreglass and glass for liquid crystal displays, in petroleum refining, dental alloys and biomedical applications. There was decreased use of platinum for computer disks.

Platinum supply rose by 570,000 oz to 5.86 million oz. South African supplies reached 4 million oz for the first time, due to increased flow from recent mining expansions. Russian supplies of platinum rose by 200,000 oz to 1.3 million oz.

The platinum price rose to a peak of \$645 in mid-January 2001, the highest level since April 1987, and averaged about \$600 throughout the first six months of the year. However by early October, due to concern about the

world economy, the price had fallen to \$406, then it firmed to \$477 by the end of December 2001.

Demand for palladium fell by 25 per cent in response to the high price of the metal. Demand from the electronics industry collapsed to 700,000 oz, a third of previous levels, as component manufacturers used their stocks to meet their lower requirements. Auto industry demand decreased by 9 per cent to 5.11 million oz. Dental alloys demand fell by 18 per cent to 670,000 oz. From an all-time high of \$1094 in January 2001, the palladium price fell to \$440 by the end of the year.

Palladium supplies from Russia dropped to 4.34 million oz, while supplies from South Africa rose to 2.01 million oz. Total palladium supply stood at 7.32 million oz, while total demand dropped to 6.73 million oz.

Rhodium supplies fell in 2001 from 767,000 to 604,000 oz, with Russian exports being less than half those of the previous year. The main rhodium demand is from auto makers, and this dropped from 793,000 to 566,000 oz, as they drew on their stocks. The rhodium price fell from \$2300 in February to \$675 in November, but ended the year at \$950.

"Platinum 2002" also contains two special features on diesel cars and platinum jewellery alloys. The first highlights aspects of the sales in Europe and the running cost of diesel cars. The second describes various platinum jewellery alloys and worldwide hallmarking. Mines, exploration, other pgms, and the futures market are also reviewed in this issue.

Readers who would like to obtain a copy of "Platinum 2002" should contact: Johnson Matthey PLC, 40-42 Hatton Garden, London EC1N 8EE, U.K.; Fax: +44 (0)20 7269 8389; E-mail: ptbook@matthey.com or website: www.platinum.matthey.com.