

Platinum 2003

"Platinum 2003", Johnson Matthey's market report on the supply and demand for the platinum group metals (pgms) during 2002, was published in May. The annual report describes the worldwide utilisation of pgms by the pgms industry and includes forecasts for the next 6 months.

In 2002, total demand for platinum grew by 5 per cent to a new high of 6.54 million oz, driven by strong sales to the Chinese jewellery market and greater use of platinum in autocatalysts.

Demand from the jewellery industry accounted for 2.83 million oz, with 1.48 million oz being sold to the Chinese jewellery industry. The use of platinum in autocatalysts grew to 2.61 million oz, helped by tighter emissions regulations and by growth in diesel car sales: for instance in Europe, diesel cars accounted for 40% of new car sales.

Industrial demand for platinum increased to 1.59 million oz mainly due to demand for platinum-based catalysts from the chemical and petroleum refining industries. Purchases from the electrical industry, for example for use in computer hard disks, were marginally down, while demand from the glass industry was affected by less investment in new manufacturing capacity.

While supplies of platinum increased to 5.97 million oz, they failed to keep pace with demand. Platinum output in South Africa increased sharply to a record high of 4.45 million oz, an increase of 8.5 per cent, but this was offset by a sharp fall in Russian sales. As a result, the deficit in the platinum market widened to 570,000 oz. The deficit was covered from market stocks in Switzerland, and by sales from the U.S. Defense National Stockpile Center. The platinum price responded by rising from \$481, at the start of 2002, to a peak of \$607 in December. Since the

beginning of 2003 the platinum price has remained firm and Johnson Matthey forecasts a trading range of \$590 to \$690 through to November 2003.

The demand for palladium slumped by almost 30 per cent to 4.78 million oz, the lowest level in nine years. Purchases of palladium for use in autocatalysts fell to 3.08 million oz in 2002, almost a 40 per cent drop, due to the substantial use of stocks by some auto makers. Purchase of palladium for the electronics industry recovered somewhat in 2002, increasing to 710,000 oz, but remained below consumption as manufacturers drew on their stocks. Demand for palladium in dental alloys recovered due to the fall in metal price throughout 2002. Other demand grew, led by an increase in jewellery alloy manufacture.

Palladium supplies dropped to 5.25 million oz as Russian sales were cut to levels not seen since 1990. Despite this the market remained in surplus, with a price fall from \$440 in January to under \$230 in December.

Johnson Matthey forecast that palladium will trade between \$120 and \$180 over the next few months.

Rhodium demand increased to 596,000 oz, driven by higher loadings in autocatalysts, but the demand from the chemical catalyst and glass manufacturing industries weakened slightly.

The survey includes substantial data augmenting the commentary and two special reports, one describing mining development entitled 'The expansion of platinum mining in South Africa', and the other on 'Autocatalyst development and the use of pgm'.

Readers wishing to receive a copy of "Platinum 2003" 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.