

“Platinum 2010 Interim Review”

Johnson Matthey released its latest market survey of platinum group metal (pgm) supply and demand, “Platinum 2010 Interim Review”, on 16th November 2010.

Platinum Platinum Market Forecast to Be in Small Surplus in 2010

Gross platinum demand was forecast to rise by 11 per cent to 7.56 million oz in 2010. Recycling of platinum in the autocatalyst, jewellery and electrical sectors was expected to increase by 31 per cent to 1.84 million oz. Supplies of platinum from current mining operations were set to remain almost flat at 6.01 million oz. As a result, net platinum demand was expected to increase by 6 per cent to 5.72 million oz, putting the market in a small annual surplus of 290,000 oz.

Autocatalyst Platinum Demand to Rise

Global demand for platinum in autocatalysts was expected to strengthen by 37 per cent to 2.99 million oz as vehicle production recovered. Gross demand for platinum in European autocatalysts was expected to increase by 46 per cent to 1.42 million oz due to increased purchases of diesel vehicles with platinum-containing exhaust aftertreatment systems. In North America, platinum loadings were set to rise on some heavy-duty diesel vehicles as manufacturers fitted platinum ammonia slip catalysts in NOx aftertreatment systems. Global recycling of platinum from spent autocatalysts was expected to rise by 32 per cent to 1.1 million oz, stimulated by higher platinum prices and the returns from car scrappage schemes.

Industrial Demand to Grow as Economic Recovery Gains Momentum

Improved economic conditions in 2010 were expected to stimulate purchases of platinum across a range of industrial sectors, lifting gross industrial demand to 1.72 million oz. Platinum demand in the glass industry was expected to recover to 365,000 oz due to the building of new manufacturing lines for LCD glass in Asia. Demand for platinum

in the electronics sector was also forecast to increase to 225,000 oz. Process catalyst demand was also expected to rise, bringing chemical demand for platinum to 450,000 oz.

Jewellery and Investment Demand for Platinum Set to Decline

Gross global demand for platinum in the jewellery sector was forecast to drop by 14 per cent in 2010 to 2.42 million oz as retailers and consumers reduced purchasing in response to higher prices in 2010. Higher platinum prices were anticipated to lift recycling levels by 30 per cent to 735,000 oz. Despite the popularity of platinum exchange traded funds (ETFs), identifiable physical investment demand for platinum was forecast to fall by 34 per cent to 435,000 oz in 2010. Higher prices were expected to reduce demand for platinum coins and bars, and encourage redemption of ETF positions in the more mature funds.

Palladium Palladium Market to be Close to Balance in 2010

The palladium market was forecast to be in a very small annual surplus of 45,000 oz in 2010. Gross demand for palladium was set to rise by 15 per cent to 8.94 million oz in 2010 on the back of strong automotive and industrial demand. Recovery of



Platinum medical components with a sewing needle for scale (Copyright 2010 Johnson Matthey PLC)

palladium from scrapped autocatalysts, jewellery and electronics was expected to increase by 29 per cent to 1.85 million oz. Net demand was therefore forecast to increase by 12 per cent to 7.10 million oz. Supplies of palladium were set to be almost flat at 7.14 million oz.

Automotive Palladium Demand Set to Increase

Demand for palladium in autocatalysts was forecast to increase by 27 per cent to 5.15 million oz in 2010. Recovery of light-duty vehicle production in all regions, and particularly rapid growth in production of gasoline vehicles in China, was expected to drive this increase in demand. European gasoline catalysts now contain, on average, a ratio of 97:3 per cent palladium:platinum, while diesel formulations typically have a ratio of around 25:75 per cent palladium:platinum. Together with higher vehicle sales, this helped to lift gross automotive demand for palladium. Recovery of palladium from spent autocatalysts was forecast to increase by 37 per cent to 1.32 million oz as a higher palladium price and car scrappage schemes stimulated recycling.

Industrial Palladium Demand to Benefit from Recovery in Electrical Sector

Gross demand for palladium in industrial applications was expected to rise by 8 per cent to 2.49 million oz, returning close to its 2008 level. Palladium use in multilayer ceramic capacitors was expected to be boosted by increased purchasing of consumer electronics, bringing demand for palladium by the electrical sector to 1.41 million oz. Recycling of palladium from scrapped electrical devices was forecast to increase by 11 per cent to 440,000 oz, driven mainly by legislation on electronic waste. Chemical demand for palladium was expected to benefit from the wider recovery in the manufacturing sector in 2010, with demand amounting to 385,000 oz.

Palladium Investment Demand to Remain Strong, Jewellery Demand to Fall

Identifiable physical investment demand for palladium, particularly in ETFs, was expected to rise to 670,000 oz in 2010. Redemptions in the more mature funds were anticipated to limit the increase

in new demand. Demand for palladium jewellery was forecast to fall by 19 per cent in 2010 to 630,000 oz, with most of the decline due to weaker trade interest in China.

Other Platinum Group Metals

“Platinum 2010 Interim Review” gives supply and demand data for rhodium as well as demand data for ruthenium and iridium for 2010. The rhodium market was forecast to be in a modest surplus of 79,000 oz, with gross demand climbing by 22 per cent to 876,000 oz as recovery in autocatalyst and industrial demand took place. Supplies of rhodium were expected to fall by 7 per cent to 716,000 oz.

Ruthenium demand was set to increase by 83 per cent to 1.05 million oz, driven by strong purchasing by the electrical sector, especially for use in hard disk drive manufacture.

Iridium demand was forecast to more than double to 204,000 oz in 2010 on the back of rising industrial demand. This included iridium crucibles for the growth of single crystals of sapphire, used as a substrate in the production of light-emitting diodes (LEDs), as well as the upgrading of the Chinese chlor-alkali industry from older mercury-based technology to ruthenium-iridium membrane cell technology. The upswing in the global automotive industry also led to increased demand for iridium in spark plugs.

Special Feature

This edition’s Special Feature on ‘Platinum in Medical Applications’ reports on medical uses for platinum, including anticancer drugs and components for implanted biomedical devices such as pacemakers and catheters. Demand for platinum in medical applications, including the dental industry, was forecast to be 255,000 oz in 2010.

Availability of “Platinum 2010 Interim Review”

The book is available, free of charge, as a PDF file in English, Chinese or Russian, or as a hard copy in English, by visiting the Platinum Today website at: <http://www.platinum.matthey.com/publications/pgm-market-reviews/archive/platinum-2010-interim-review/> or by sending a request to the E-mail address: ptbook@matthey.com.