



## **Publication of *Platinum & Palladium Survey 2006***

### ***China's palladium use in jewellery continues to grow, while its demand for platinum jewellery weakens further***

GFMS today released its *Platinum & Palladium Survey 2006*, the third edition of its annual survey of the world's platinum and palladium markets. The survey examines the supply and demand fundamentals of these markets and was launched today at events held in London and Johannesburg.

According to the report, developments in the Chinese market last year had a significant bearing on both global platinum and palladium usage in jewellery. In platinum, higher raw material prices continued to exert margin pressure on fabricators and discourage consumers. Together with competition from gold and palladium in the jewellery sector, the Survey concludes that these factors cut over a quarter of a million ounces of Chinese demand for platinum in jewellery, leaving the total at its lowest point in seven years.

GFMS also note that palladium's use in white gold in China was also higher last year, but it was the increase in the manufacture of palladium jewellery, which was the key driver behind the country's near one-quarter rise in demand in 2005. To put this into perspective, GFMS note that, in just two years, Chinese demand for palladium in jewellery has risen nearly fourfold.

In other markets, the Survey highlights that platinum jewellery demand was softer in every key market, chiefly the result of higher metal prices. In absolute terms, Japan recorded the largest fall (outside of China) with 2005's total nearly half that achieved in 1999. However, it was a completely different story for palladium, where increases were seen in Europe and North America. Although this was mainly for white gold, some early stage palladium jewellery manufacturing was also evident.

Turning to this year, Peter Ryan, GFMS' senior consultant commented that "at prevailing prices we expect platinum jewellery demand to remain under pressure, with further losses probable".

Ryan added "The real question has to be what impact current palladium prices will have on demand, especially in China. Last year's average was just US\$201, we are now some US\$150 above that. China is a price elastic market, as we have seen over the years in gold and more recently in platinum. Although palladium jewellery is on the up, current palladium prices are likely to have an adverse effect on demand this year."

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***Platinum & Palladium Survey 2006*** contains 84 pages of statistics, commentary and analysis on all aspects of world platinum & palladium supply/demand and on PGM prices in various currencies. The publication can be ordered from GFMS for £275 / US\$495 / €395 per copy. For orders and to receive further product information please contact Ms L. Perrard on: Tel: +44 (0)20 7478 1777, Fax: +44 (0)20 7478 1779, Email: [sales@gfms.co.uk](mailto:sales@gfms.co.uk), Web Site: [www.gfms.co.uk](http://www.gfms.co.uk), Online Shop: <http://shop.gfms.co.uk>

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**Press Contacts:** Peter Ryan, GFMS Limited, Hedges House, 153-155 Regent Street, London, W1B 4JE, UK, tel: +44 (0)20 7478 1777, fax: +44 (0)20 7478 1779, email: [gold@gfms.co.uk](mailto:gold@gfms.co.uk), web site: [www.gfms.co.uk](http://www.gfms.co.uk)

