



Publication of *Platinum & Palladium Survey 2006*

Platinum jewellery makes way for autocatalyst gains, as higher mine production brings market close to balance.

At briefings today in London and Johannesburg, GFMS launched its *Platinum & Palladium Survey 2006*. This is the third major report on these markets by GFMS, the independent precious metals consultancy who are well known for their annual *Gold Survey* and *World Silver Survey*. The following sets out some of the highlights of the *Platinum & Palladium Survey 2006*.

Headline supplies of both metals posted further gains in 2005. Mine production of platinum rose for the fifth year in a row as the industry in South Africa continues to expand, albeit more slowly than anticipated in previous years. Palladium production increased at a similar rate but was boosted by surging recovery from the recycling of scrapped autocatalysts. In total, headline supply of platinum was up 4% at 7.48m ounces with palladium rising by a little over 6% to 7.56m ounces.

Platinum consumption in autocatalyst manufacturing was up sharply in 2005. This reflected the strength of Europe's light duty diesel market and the phasing in of more stringent Euro 4 emissions regulations. However, with demand in other industrial applications remaining steady, the gains in autocatalyst were eclipsed by a further substantial decline in platinum jewellery fabrication. This was an ongoing reaction to high platinum prices, which continued to rise over the year. Again, the most severe effects of this were seen in China, platinum jewellery's largest market. Faced with a cocktail of consumer resistance, pressured margins and intense competition - from gold and palladium jewellery - Chinese fabrication of platinum jewellery fell by 24% last year. As a result, overall demand for platinum eased to 7.53m ounces in 2005.

After its stunning début in 2004, high purity palladium jewellery gained further traction in China last year as fabrication rose 23%. This was supplemented by higher demand in other countries, where palladium's use in white gold increased and early stage manufacturing of palladium jewellery appeared. Meanwhile, autocatalyst demand for palladium - by far its largest application - finally stabilised in 2005 after successive declines since 2000. With steady growth in other industrial uses and an assist from higher investment in retail bullion products, total demand for palladium rose by 6% in 2005 to 7.83m ounces.

Platinum's residual deficit - which has persisted for several years - was virtually eradicated in 2005 as supply and demand converged. Meanwhile, palladium again experienced heavy releases from above-ground stocks, far in excess of the amount required to balance supply and demand. Consequently, palladium remained in surplus with the level rising significantly in 2005.

In 2006, GFMS expects that platinum will return to surplus and that prices will trade in the range US\$980 to US\$1,250 per ounce. Palladium is expected to remain in surplus with prices trading in the range US\$250 to US\$400 per ounce.

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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, Web Site: www.gfms.co.uk, Online Shop: <http://shop.gfms.co.uk>

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