



Publication of *Platinum & Palladium Survey 2007*

Platinum to Rally Further in 2007 through Positive Investor Sentiment and Strong Fundamentals. Palladium Outlook also Bullish Despite Stock Sales.

At briefings today in London and Johannesburg, GFMS launched its *Platinum & Palladium Survey 2007*. This is the fourth 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 2007*.

The positive outlook for the platinum price in 2007 was partly based upon GFMS' view of the metal's fundamental footing as solid given limited above-ground stocks of the metal and the increasingly inelastic nature of its demand. Whether these would be in a position to drive prices higher in isolation, however, was seen as less certain, as the metal was projected to remain in modest surplus due to further growth in mine production and another year of contraction for jewellery.

Despite this, the consultancy expects investor sentiment to stay supportive due to longer term, background factors such as dollar weakness, inflation concerns, geopolitical tensions and so forth. However, Peter Ryan, senior consultant at GFMS, was quick to caution, "the Survey went to press just before recent news on the ETF front. Add in the potential from this development and our forecast in print of \$1,450 being achieved this year could easily prove too conservative".

As for palladium, the *Survey* notes some concerns regarding its fundamentals. Demand in 2007 was forecast to rise in autocatalysts and jewellery to the extent that they could well outweigh gains from slightly higher mine production and autocatalyst scrap. Despite this, heavy Russian stock sales are again expected to tip the metal into a sizeable residual surplus. Nonetheless, the price outlook was still seen as bullish, with \$420 forecast as a possible high in 2007, due to continued investor support, linked to buoyancy in other precious metals and further substitution opportunities in autocatalysts and the longer term promise for palladium jewellery.

Looking at the results for 2006, total platinum supply grew by 6% to almost 7.9m ounces, chiefly on account of higher production in South Africa. Mine output elsewhere was essentially flat year-on-year, though there was a modest rise in the scrap recovery from autocatalysts. Demand rose by 2% as gains in diesel autocatalysts outweighed losses in the gasoline variant and in jewellery. This moved platinum into surplus conditions for the first time in GFMS' series, though this was not seen as bearish given low above-ground stocks and ongoing investor support. Palladium also moved from a small deficit to a slight gross surplus in 2006, largely as a result of a modest rise in mine production and then a substantial jump in autocatalyst scrap. These gains outweighed the 2% increase in total demand, itself stemming from higher autocatalyst demand and despite lower jewellery offtake. More importantly however, sales from stocks of over 1.6m ounces left the market in substantial residual surplus conditions.

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Platinum & Palladium Survey 2007 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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