



## **Publication of *Platinum & Palladium Survey 2008***

### ***Platinum jewellery continues to act as the market's demand side shock absorber. Palladium jewellery sees some gains after a lacklustre 2006.***

At briefings today in London and Johannesburg, GFMS launched its Platinum & Palladium Survey 2008. This is the fifth 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 jewellery demand highlights of the Platinum & Palladium Survey 2008.

The Survey reports that world platinum jewellery fabrication fell by 13% in 2007, but notes that this masked some important regional variations. For example, the consultancy highlights the fact that Chinese net new metal demand actually rose despite higher prices, by contrast with Japan and the United States, both of which recorded declines. The report comments that higher prices were particularly problematical in Japan and the United States, although consumption was not helped by the worsening economic situation in both countries. In Japan, the squeeze on margins throughout the value chain due to both the high price and elevated leasing rates saw substantial attrition in offtake. Paul Walker, CEO of GFMS noted, "We spent six weeks in Japan on research trips for this Survey, and each time we visited the country, the sense of foreboding among the jewellery fabricators became palpably worse. Yes, jewellery is acting as one would expect with this kind of price action, namely as the market's shock absorber, but I do wonder how much of a platinum jewellery market we will be left with in Japan if prices stay at these elevated levels".

But it was China's modest rise that caught the eye and was crucial in mitigating the declines seen elsewhere. Of China, GFMS' Chairman Philip Klapwijk, a regular visitor to the country, noted "The strength of Chinese demand in the first part of 2007 was remarkable given the absolute price level, testimony to the strength of consumer spending there and the aspirational qualities of platinum. I would, however, add a note of caution. Our research trips in the fourth quarter and more so in the first quarter of this year reveal a much changed landscape from the mildly positive one seen in the first three quarters of last year. What we have been seeing recently is that still higher platinum prices are hitting demand quite considerably".

Total palladium jewellery demand edged modestly higher in 2007 according to GFMS, although it is fair to say that China's offtake was lacklustre, posting a modest 2% decline in demand for new metal. Klapwijk commented "our view is that a good part of this lacklustre performance, and one that the trade unanimously identified as arguably palladium's main handicap, was the metal's continued uncertain legal status in the Chinese market. In effect palladium was, until late last year, still not officially recognised as a precious metal, and this has been a huge hindrance to the further development of the market, from fabrication to marketing to retailing. Fortunately for palladium, the controversy over the metal's official name in Chinese was settled before year-end, and this may already be helping to revive the its fortunes, with strong growth in demand reported in the first quarter of 2008".

The 2008 outlook for the two metals' use in jewellery applications is mixed. Peter Ryan, GFMS' senior consultant in charge of PGM research noted "with our price projection for platinum to move to a new high of \$2,400 before this year end, a further fall in jewellery demand is almost inevitable and it will probably be more dramatic than in 2007. For palladium, we believe the rising absolute price differential with platinum and gold can only assist in boosting demand going forward, although there is still a lot of work to be done to firmly establish palladium as a jewellery 'brand' in its own right".

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***Platinum & Palladium Survey 2008*** 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 £325 / US\$595 / €440 per copy. For orders and to receive further product information please contact Elena Patimova 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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GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation a vast range of contacts and associates across the world.

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