



Publication of *Platinum & Palladium Survey 2009*

Platinum jewellery fabrication down 12% due to sharply higher metal prices, while palladium jewellery demand edges higher on carat jewellery growth.

Today in London and Johannesburg, GFMS launched *Platinum & Palladium Survey 2009*. This is the sixth edition of this publication by GFMS, the independent precious metals consultancy. The following sets out some of the survey's jewellery demand highlights.

One of the key findings of the 2009 report was the price related contraction of **platinum** jewellery fabrication last year, with the global total declining for the sixth year in succession, by 12%. The drop was overwhelmingly attributable to the sharp fall in Japanese offtake, despite its end-year recovery on the back of weaker platinum prices. Another interesting feature of their findings was that the price-related increase in fourth quarter demand in China even proved sufficient to offset its substantial (also price related) first half decline, making that the only market of note to achieve growth in 2008.

The 2009 survey outlines an important change to GFMS' methodology regarding platinum and palladium jewellery. Prior to this publication, their fabrication series was presented on a *net* basis, which equates to the amount of metal used in jewellery production less the volume of metal generated by the melting of old jewellery. Now, however, the data outlines jewellery demand on a *gross* basis, which measures the total amount of metal used irrespective of source. Paul Walker, CEO of GFMS noted in Johannesburg today, "this substantial change has been introduced to add clarity to the analysis as, in the last two years, platinum jewellery scrap has soared to levels sufficient to heavily distort the picture at a net level".

With jewellery demand shown gross, the survey therefore now presents a separate series for the supply from jewellery scrap - a unique feature in the world of published PGM supply and demand statistics. For 2008, GFMS report that the recycling of platinum jewellery surged by almost 70% to over 900,000 ounces (28 tonnes), with much of the gains coming from Japan and then China.

Total **palladium** jewellery demand edged marginally higher in 2008 despite a significant decline in Japanese fabrication. A rise in carat palladium jewellery fabrication, principally in North America, but also in Europe and China offset the fall in Japan and those losses from the metal's use in platinum and white gold jewellery. One of the major benefits last year, particularly in the first half, was the increasingly attractive retail price point of palladium carat jewellery compared with other competing precious metals, providing an affordable alternative when both gold and platinum prices were at their peak. The picture for scrap was also very different for palladium; the survey shows that this only grew by around 6% and remained below 200,000 ounces (around 6 tonnes).

Turning to the outlook for 2009, Philip Klapwijk GFMS' Chairman outlined at the London launch today that the precious metals consultancy were forecasting a strong recovery in platinum jewellery fabrication this year, given their expectation for only modest price gains for the metal. Similarly, palladium fabrication is also expected to rise, albeit at a more moderate pace, as increased output of carat jewellery offsets further weakness in the white gold sector with largest gains expected in the key market of China. Klapwijk added, "jewellery's actual call on the bullion markets should also rise even more noticeably as we're expecting hefty declines in jewellery scrap, especially for platinum".

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Platinum & Palladium Survey 2009 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, Web Site: 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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