

Johnson Matthey

EMBARGO UNTIL 13:00 HRS LONDON TIME ON 13TH NOVEMBER 2007

PLATINUM 2007 INTERIM REVIEW

“ HIGH PRICES HAVE NOT SIGNIFICANTLY AFFECTED PLATINUM JEWELLERY DEMAND ”

In its latest review of the platinum group metals markets, Platinum 2007 Interim Review, Johnson Matthey forecasts demand for new platinum for jewellery manufacturing in 2007. This is expected to grow in China and in Europe but to decline in North America and Japan. However, in view of the high platinum price, global demand has held up remarkably well in 2007, in aggregate only 25,000 oz down compared to 2006 at a total of 1.595 million oz. Strong and volatile prices have been a challenge to the industry and although consumer purchasing is solid, stock rationalisation continues. Recycling of used jewellery in China and Japan remains significant and headline demand figures are some way below the real rate of manufacturing output.

China

After several years of falling demand, the Chinese platinum jewellery market is expected to grow 20,000 oz to 780,000 oz this year. While the platinum price is higher than in 2006, it appears to have had no greater impact on recycling rates. Growing consumer demand is therefore set to drive the figure for net metal purchases higher. Retailers have reported steady or increased levels of consumer purchasing across the country and this has been reflected in higher manufacturing volumes so far this year. Buying of platinum on the Shanghai Gold Exchange has been ahead of 2006 levels, although there has been a reduction in the volume traded since the rise in the platinum price during October 2007.

Japan

Japanese jewellery demand for new metal in 2007 will drop by 15% to 305,000 oz. The population in Japan is ageing, leading to a decreasing number of weddings each year and depressing consumer purchases of wedding rings. More importantly, the high platinum price has prompted an increase in the level of buying back and recycling of old jewellery. Large amounts of material are returning to the market, and again our headline demand figure is below the level of manufacturing.

North America

Jewellery manufacturing demand for platinum in North America is forecast to fall by 5,000 oz to 235,000 oz this year. Although platinum remains strong in the women's bridal ring sector, some sales of men's wedding bands have been lost due to price pressures. Further, the self purchase/gift segment has suffered from competition with other discretionary purchases. An increase in the number of finished pieces imported from lower cost manufacturing centres will also contribute to a drop in platinum demand from North American jewellery manufacturers.

Europe

The European platinum jewellery market is expected to grow to 205,000 oz in 2007. Despite its high price, platinum has maintained its popularity in the bridal sector, particularly in the UK where demand is expected to reach a record level this year. In Switzerland the number of watches produced in platinum is expected to increase, as is the average weight of the watch cases.

“ FALL IN NEW METAL PURCHASED FOR PALLADIUM JEWELLERY MANUFACTURE ”

Johnson Matthey's Platinum 2007 Interim Review also reports that global new metal demand for palladium is expected to drop by 25% to 745,000 oz this year. Palladium jewellery is still at an early developmental stage and issues such as stock-build, consumer acceptance and brand identity are less well-resolved than with other, more mature markets. Chinese manufacturer demand for palladium will fall in 2007, to 500,000 oz, partly due to the high level of secondary refined metal being utilised by jewellery manufacturers. However, European and North American palladium purchases will rise this year. Palladium's use as an alloying element in platinum jewellery in Japan and in white gold is forecast to decline slightly.

China

Chinese manufacturing demand for new metal for palladium jewellery will fall substantially this year. Recycling of palladium jewellery, largely in the form of unsold Pd950 (95 per cent purity) stock, continues but metal requirements are also being met by palladium refined from other, industrial, sources of scrap. Retail sales have not been universally healthy either. Although palladium jewellery sells well in many secondary and tertiary cities, there are wide differences in its availability and commercial success, even between neighbouring cities.

Other Countries

Palladium purchases for jewellery manufacturing in Europe and North America will rise although combined demand will only amount to 95,000 oz. The launch of test ranges of palladium jewellery, particularly men's rings, has met with a degree of success.

PLATINUM 2007 INTERIM REVIEW

For further information contact:

Neill Swan	+44 (0) 7967 278014
David Jollie	+44 (0) 7967 278020
Jeremy Coombes	+44 (0) 7967 278012
Mark Bedford	+44 (0) 7967 278231

Platinum 2007 Interim Review is Johnson Matthey's latest market survey of platinum group metals supply and demand. This report, widely regarded as the world's principal source of information on platinum group metals, is free of charge. It can be viewed and downloaded as an electronic file or can be ordered in printed form from Johnson Matthey at <http://www.platinum.matthey.com/publications/pgmreview.html>

Johnson Matthey is the world's leading authority on the production, supply and use of platinum and the other metals of the platinum group. The company's main activities include the manufacture of autocatalysts, platinum process catalysts and speciality chemicals and the refining, fabrication and marketing of platinum group metals.