

Johnson Matthey

EMBARGO UNTIL 13:00 HRS LONDON TIME ON 17TH NOVEMBER 2009

JOHNSON MATTHEY RELEASES “PLATINUM 2009 INTERIM REVIEW”

PLATINUM

PLATINUM MARKET FORECAST TO BE IN SURPLUS BY 4.3 TONNES IN 2009

Net global platinum demand is forecast to decrease by 4.4 per cent to 184.0 tonnes in 2009, according to Johnson Matthey’s “PLATINUM 2009 INTERIM REVIEW”, released today. Gross autocatalyst demand is set to drop by a third to 77.2 tonnes due to cuts in vehicle production in most regions. Industrial demand will fall due to soft consumer demand and destocking of products and materials in many sectors. The lower price of platinum is expected to boost jewellery and physical investment demand to 76.2 tonnes and 19.6 tonnes respectively. Platinum supplies are expected to increase by 3.4 tonnes to 188.3 tonnes despite a fall in underlying mine production. As a result, the platinum market is forecast to be in surplus by 4.3 tonnes in 2009.

PLATINUM SUPPLY TO GROW BY 1.9 PER CENT TO 188.3 TONNES

Global platinum supplies are forecast to climb by 3.4 tonnes to a total of 188.3 tonnes. In South Africa, a mixture of safety issues, shaft closures and industrial unrest have led to a reduction in tonnes of ore milled by the industry. However, the sale of additional metal from refined stocks means that South African supplies will rise by 6.5 tonnes in 2009 to 146.9 tonnes. Platinum supplies from North America and Russia are set to fall to 7.9 tonnes and 23.2 tonnes respectively.

AUTOCATALYST PLATINUM DEMAND TO FALL BY A THIRD TO 77.2 TONNES

Gross autocatalyst platinum demand is forecast to decline by 33.0 per cent to roughly 77.2 tonnes in 2009. European autocatalyst demand for platinum is expected to fall by 45.7 per cent, or 28.0 tonnes, to 33.3 tonnes. The effect on demand of a sharp reduction in vehicle production has been exacerbated by a short term decline in the market share of diesel passenger cars. Demand will fall in Japan, North America and the Rest of the World region reflecting a fall in vehicle production volumes in each area. Chinese platinum autocatalyst demand will rise due to a strong performance by the automotive sector there.

NET JEWELLERY DEMAND TO RISE BY ALMOST 80 PER CENT TO AN ANNUAL 76.2 TONNES DUE TO RECORD LEVELS OF CHINESE PURCHASING

The lower platinum price has reignited demand in the Chinese jewellery sector, encouraging the industry to replenish and further build its stocks, particularly in the first half of 2009. Improved profit margins have attracted new manufacturers and retailers into platinum jewellery while a lower retail price has driven consumer purchases higher. As a result, demand in China is forecast to leap by 28.1 tonnes to a record 54.5 tonnes in 2009. Net Japanese jewellery industry demand for platinum has risen as the fall in the platinum price has depressed recycling volumes from second hand jewellery. Demand from European and U.S. jewellers has declined due to the impact of the recession on consumer sales.

PLATINUM EXPECTED TO TRADE BETWEEN \$1,280 AND \$1,550 DURING THE NEXT SIX MONTHS

2010 will bring some recovery in automotive and industrial demand for platinum as the world economy improves, but supplies are not likely to grow to the same extent and the market could move into a modest deficit. These positive fundamentals will support the platinum price. Much of the price rise over the last twelve months has been driven by a weak Dollar, a strong gold price and by growing investor interest and if these trends continue the price may trade as high as \$1,550 during the next six months. However, if the Dollar strengthens, or the price of gold falls, then the platinum price could fall as low as \$1,280 during the same period.

PALLADIUM

PALLADIUM MARKET FORECAST TO BE IN OVERSUPPLY BY 20.4 TONNES IN 2009

Net global palladium demand is forecast to decline by 3.8 per cent to 202.8 tonnes this year according to Johnson Matthey. Autocatalyst demand will be depressed by lower light duty vehicle production in most regions. Electronics, dental and chemical sector purchases are also set to fall due to the effects of the economic slowdown. However, the low palladium price will boost physical investment demand and jewellery demand will rise slightly. Total supplies of palladium, including the sale of 30 tonnes from Russian state stocks, are expected to fall by 1.8 per cent to 223.2 tonnes. The palladium market is therefore forecast to be in oversupply in 2009 by 20.4 tonnes.

TOTAL SUPPLIES OF PALLADIUM EXPECTED TO DECLINE TO 223.2 TONNES

Palladium supplies are forecast to shrink by 4.1 tonnes to 223.2 tonnes in 2009. Sales from primary production in North America and Russia are set to decline. Palladium sales from South African producers are forecast to rise, despite a decrease in underlying production of palladium in concentrate. Sales of palladium from the remainder of the Russian state stocks, previously shipped to Switzerland, are expected to contribute a further 30 tonnes to supplies.

GROSS PALLADIUM AUTOCATALYST DEMAND FORECAST TO FALL TO 121.1 TONNES DESPITE ROBUST PERFORMANCE IN CHINA AND EUROPE

Gross palladium demand for use in catalytic converters is expected to decrease by 12.7 per cent to 121.1 tonnes in 2009. Demand in Japan, North America and the Rest of the World region will fall, in line with lower light duty vehicle production. Strong growth in domestic vehicle sales is likely to boost Chinese demand by some 4.2 tonnes this year. European demand is forecast to fall only marginally as palladium benefits from a short term rise in the market share of the gasoline engine and its steady introduction into diesel exhaust aftertreatment.

NET PALLADIUM JEWELLERY DEMAND TO RISE TO 28.6 TONNES

Net jewellery sector demand for palladium is expected to increase in every region in 2009. Palladium continues to make steady progress as a jewellery metal in Europe and North America. The Chinese jewellery market appears to have stabilised and demand there will rise to 21.1 tonnes as recycling rates decline.

PALLADIUM SET TO TRADE BETWEEN \$290 AND \$390 DURING THE NEXT SIX MONTHS

The existence of a surplus in the palladium market has weighed on the price over recent years. However, investors seem aware of the imbalance between demand and current mine production and are bullish for the palladium price over the longer term. Demand for palladium will benefit from a recovery in vehicle production volumes and if the funds continue to invest the palladium price could rise to \$390 during the next six months. However, any weakness in gold and platinum prices or a strengthening of the Dollar may undermine the price with the possibility that palladium could trade down to \$290 during the same period.

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Platinum 2009 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.

