

Johnson Matthey

EMBARGOED UNTIL 13.00 HRS LONDON TIME ON 15TH NOVEMBER 2011

“PLATINUM 2011 INTERIM REVIEW”

“ PLATINUM MARKET EXPECTED TO BE IN MODEST SURPLUS IN 2011 ”

Gross demand for platinum is forecast to rise to 251.3 tonnes in 2011, close to pre-recession levels, according to Johnson Matthey in “PLATINUM 2011 Interim Review”, released today. Continued strong demand will be more than matched by a rise in supplies and higher levels of recycling. Overall, the platinum market is expected to end the year in a small surplus of 6.1 tonnes.

GLOBAL SUPPLIES OF PLATINUM ARE FORECAST TO INCREASE IN 2011

Supplies of platinum are expected to increase by 6% to 198.9 tonnes this year, with most of the growth coming from countries other than South Africa. Although shipments from South Africa will rise modestly to 148.5 tonnes, underlying production is expected to weaken. Additional supplies are predicted to come from North America as producers recover to full levels of output following earlier strikes and shutdowns. Supplies from Zimbabwe will also grow as new capacity comes on-stream. Russian supplies are expected to be flat at 25.7 tonnes.

GROSS PLATINUM DEMAND TO BE CLOSE TO PRE-RECESSION HIGHS

Gross demand for platinum is forecast to rise by 2% to 251.3 tonnes in 2011. Robust demand for platinum in autocatalysts and growth in demand in industrial applications such as glass and petroleum refining should drive purchasing to levels not seen since 2007, before the global economic crisis.

PLATINUM DEMAND IN AUTOCATALYSTS WILL CONTINUE TO GROW

Demand for platinum in autocatalysts is set to increase by 3% to 98.3 tonnes in 2011, driven mostly by higher production of heavy duty diesel vehicles in Europe and North America. Disruption caused by the Japanese earthquake in March 2011 affected purchasing of platinum by domestic manufacturers in Japan and in transplants elsewhere. In Europe, despite growth in light duty vehicle production, platinum demand is expected to weaken slightly to 46.0 tonnes as further substitution of platinum by palladium takes place.

INDUSTRIAL DEMAND SET TO REACH A NEW RECORD

Purchasing of platinum for industrial applications is forecast to reach a new record high of 61.0 tonnes. In the glass sector, demand will rise by 13% to 13.5 tonnes as platinum alloy melting tanks are installed for LCD glass manufacturing. Construction of new refining capacity will lift platinum demand in the petroleum industry by 24% to 6.5 tonnes. Chemical and electrical demand are also predicted to be strong.

PURCHASING OF PLATINUM BY THE JEWELLERY SECTOR WILL GROW MODESTLY

Gross demand for platinum in the jewellery sector is forecast to be marginally higher than in 2010 at 76.7 tonnes. In China, we predict that gross platinum jewellery demand will rise by 2% to 52.4 tonnes. In North America and Japan, demand for platinum will be robust. We expect demand to soften in Europe due to higher prices and a move towards lower weights of individual jewellery pieces.

PHYSICAL INVESTMENT DEMAND TO REMAIN POSITIVE

Identifiable net physical investment demand for platinum is expected to decline year-on-year, although demand will remain positive at 15.4 tonnes with healthy levels of Japanese investment bar purchasing and investment in platinum exchange traded funds (ETFs).

SOLID PLATINUM DEMAND OUTLOOK DESPITE SOME DOWNSIDE RISKS

The world economy looks set for a period of slower growth in 2012, with consequently lower consumption and potentially lower demand for platinum in industrial applications. Despite the downside risks, technology changes in light duty European autocatalysts and a return to full production levels in Japan will lead to higher autocatalyst demand. In addition, if the current gold price premium to platinum is maintained, it may spur further increases in platinum demand by jewellery manufacturers. With supplies expected to remain largely flat, we predict the market will remain in surplus again in 2012 but not by a significant amount. Overall, with a generally negative economic outlook but firm demand, Johnson Matthey forecasts platinum will trade on average at \$1,650 per ounce in the next six months and could trade as high as \$1,800. Physical buying is likely to put a floor under the price at \$1,450.

“ PALLADIUM MARKET EXPECTED TO BE IN SURPLUS IN 2011 DUE TO RUSSIAN STATE STOCK SHIPMENTS ”

The palladium market is forecast to be in surplus by 22.6 tonnes in 2011, but only because of another year of sales from Russian state stocks. Without shipments of state stocks this year, the palladium market would essentially be in balance with growth in newly mined supplies and rising autocatalyst and industrial demand, but softer investment and jewellery demand.

SUPPLIES OF PALLADIUM EXPECTED TO RISE IN 2011

Supplies of newly refined palladium are expected to increase by 5% to 207.5 tonnes in 2011. These supplies will be supplemented by sales from Russian state stocks of 23.3 tonnes, bringing total supplies to 230.8 tonnes, a similar level to those in 2010.

GROSS AUTOCATALYST DEMAND FOR PALLADIUM TO RISE TO RECORD LEVELS

Growth in vehicle production in Europe and North America in the first half of the year is expected to drive palladium demand in emissions control to historic highs of 184.0 tonnes in 2011, a 6% increase compared with 2010. More stringent emissions standards which came into force this year have resulted in higher demand for palladium in gasoline autocatalysts, despite a slower rate of growth in automotive production in China.

INDUSTRIAL DEMAND FOR PALLADIUM TO REACH A SIX-YEAR HIGH

Industrial demand for palladium is forecast to rise by 7% to reach pre-recession levels of 82.3 tonnes. Demand in the electrical sector is set to remain strong as sales of new computer equipment stimulate the manufacture of palladium-containing components. Demand for palladium process catalysts in the chemical industry should also rise, driven by downstream demand for packaging and textiles, particularly in Asia.

DEMAND FOR PALLADIUM JEWELLERY IS SET TO FALL

Gross demand for palladium jewellery is set to fall by 8% this year to 17.0 tonnes. Higher prices and weaker consumer sales have led some manufacturers to stop producing palladium jewellery in China. Palladium demand is expected to remain robust in Europe where it has a niche in the men's wedding band sector.

PALLADIUM INVESTMENT DEMAND WILL BE NEGATIVE THIS YEAR

Investor sentiment has been less enthusiastic for palladium this year, with net liquidation in the ETF investment market in the year to date. Net investment demand for 2011 is forecast to be negative by 6.7 tonnes.

PALLADIUM FORECAST TO TRADE ON AVERAGE AT \$650 IN THE NEXT SIX MONTHS

The palladium market is forecast to move into fundamental deficit in 2012. Supplies of palladium are forecast to be tighter overall in 2012, due to lower sales of Russian state stocks partly offset by slightly higher shipments from South Africa. With the investment and jewellery sectors representing a much smaller share of palladium demand than pre-2011, the palladium market will be more industrially-driven next year. Overall demand in the autocatalyst and industrial markets is expected to rise, although the possibility remains that lower consumer spending could have knock-on effects on purchasing in some regions. These positive supply-demand fundamentals should be supportive of the palladium price, which Johnson Matthey forecasts will trade between \$500 and \$800 per ounce, and on average at \$650, in the next six months.

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Platinum 2011 Interim Review is Johnson Matthey's latest survey of the platinum group metals market. This free report is widely regarded as the world's principal source of information on platinum group metals. 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 platinum group metals. 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.