

# EXECUTIVE SUMMARY

**The deficit in the platinum market is forecast to increase in 2013 to 605,000 oz, from 340,000 oz in 2012.** Supplies of platinum will rise by 1.6% to 5.74 million ounces, with higher output from Zimbabwe accounting for most of the gains. Strong offtake by industrial users and investors will lift gross platinum demand by 4.9% to 8.42 million ounces. Recycling of platinum will grow slightly to 2.08 million ounces.



**Platinum supplies from South Africa are forecast to rise by less than 1% to reach 4.12 million ounces in 2013.** Production losses due to one-off factors such as strikes and safety stoppages totalled around 100,000 oz in the first half. Further strikes or stoppages in the final quarter of the year could eliminate any increase in South African supplies.

**Autocatalyst demand will fall by 2.0% to 3.13 million ounces, reflecting weakness in the world's two largest markets for diesel cars, Europe and India.** There will also be some additional thrifting by those auto makers still using platinum in gasoline catalysts. However, the use of platinum in heavy duty applications will rise, with a greater number of diesel trucks meeting strict Euro VI limits.



**Gross demand for platinum in jewellery will slip by 1.4% to 2.74 million ounces.** Purchases by Chinese jewellery makers will ease slightly this year after a very strong 2012, but higher demand is expected in Europe, North America and India. **Unprecedented offtake by ETF investors in the new Absa fund in South Africa is expected to lift investment demand by 68% to a record 765,000 oz.**

**Industrial demand will rise by 11.5% to 1.79 million ounces.** The construction of new production facilities in Asia and the Middle East is expected to boost purchases of platinum catalysts by the chemical sector. A recovery of demand for platinum in the manufacture of glass and computer hard disks will be partly offset by lower purchases by the petroleum industry.



**Recycling of platinum from spent autocatalysts is expected to rise by 12.8% to 1.28 million ounces.** Recoveries will benefit from increasing availability of highly-loaded diesel catalyst scrap, improved collection efficiencies, and destocking by collectors. Reprocessing of old platinum jewellery will drop by 12.9% to 775,000 oz, reflecting lower recycling rates in China and Japan.

**The rhodium market will record a 14,000 oz deficit in 2013, as demand reaches a six-year high.** Gross rhodium purchases will rise by 4.3% to 1.02 million ounces, lifted by double digit growth in the Chinese auto market, buying of rhodium by ETF investors and a recovery in offtake from the glass industry. Primary rhodium supplies will be unchanged from 2012 at 721,000 oz due to lack of growth in production in South Africa. Recycling from scrap autocatalysts is forecast to grow by 11.5% to 281,000 oz.



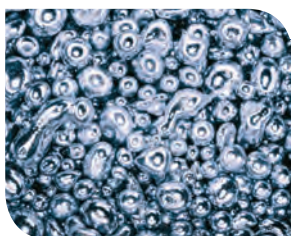
**Although the gap between palladium supply and demand will narrow in 2013, the market will be in deficit by 740,000 oz.** Primary supplies will decline to 6.43 million ounces, due to lower Russian stock sales, but recycling will grow by 7.4% to 2.46 million ounces. Palladium demand will fall by 3.4% to 9.63 million ounces, with autocatalyst demand strongly up but reduced purchases from other sectors.

**World supplies of palladium will decline by 1.5% to 6.43 million ounces in 2013, as sales from Russian government stocks drop to 100,000 oz.** There will be a marginal recovery in South African shipments of palladium, while production from Zimbabwe will rise strongly due to another round of mine expansion. North American output of palladium as a by-product of nickel mining will also increase.



**A return to boom conditions in the Chinese car market will lift global autocatalyst demand for palladium by 4.0% to 6.97 million ounces.** China will become the second largest market for palladium in autocatalysts at 1.51 million ounces. Growth in demand for palladium from the auto industry is expected in all other regions except Japan, but at a modest pace compared with the dramatic gains of recent years.

**Industrial demand for palladium will fall by 6.6% to 2.20 million ounces, its lowest level since 2004.** Substitution will again be a key feature, with palladium being replaced by base metals as the electrode material for chip capacitors in the electronics industry and by ceramics and non-precious metal alloys in dentistry. Purchases of palladium by the chemical industry remain unusually strong by historical standards.



**Palladium jewellery continues to lose market share in China, and has not established a substantial foothold in any other market.** Outside China, use of palladium - as an alloying element in white gold and platinum alloys, and for men's wedding bands - will be stable. As a result, demand for palladium in jewellery manufacturing will fall by 12.4% in 2013 to a ten year low of 390,000 oz.

**Investors have shown a much reduced appetite for palladium this year.** Although there were significant inflows into palladium ETFs in the first two months, there was a prolonged period of disinvestment in mid-year. Net palladium investment demand is forecast to fall to 75,000 oz in 2013, down from 470,000 oz last year.



**Despite some recovery in ruthenium and iridium demand, the markets for both metals are in oversupply.** The electronics industry has bought more ruthenium this year for hard disk manufacture after running down inventories in 2012, raising total demand by 25.3% to 828,000 oz. Demand for iridium, at 198,000 oz, will remain depressed compared to 2010 and 2011 levels, with the electronics sector currently making no new investment in crystal growing capacity.