

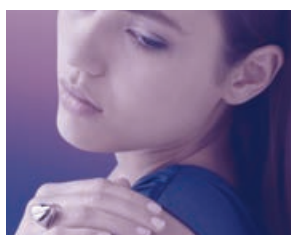
# EXECUTIVE SUMMARY

**Gross demand for platinum is forecast to rise by 2% to 8.08 million ounces in 2011, close to pre-recession levels.** However, continued strong demand will be more than matched by a rise in supplies and higher levels of recycling, therefore we predict that the platinum market will move to a small surplus of 195,000 oz this year.



**Global supplies of platinum are expected to increase by 6% to 6.4 million ounces this year.** We forecast that supplies of platinum from South Africa will rise by a modest 3% for the full year to 4.78 million ounces. Russian supplies are predicted to be flat at 825,000 oz. However supplies in North America are set to rise and growth is also expected in Zimbabwe as new production comes on-stream.

**Platinum demand in autocatalysts is set to increase by 3% to 3.16 million ounces in 2011.** Demand will increase in North America as production of light duty diesel trucks picks up. Purchasing of platinum for light duty vehicles in Europe and Japan will decline. In North America and Europe, another strong year is forecast for heavy duty truck production, which will benefit platinum demand.



**Demand for platinum in the jewellery sector is forecast to be marginally higher than in 2010 at 2.47 million ounces.** In China, we predict that gross platinum jewellery demand will rise by a modest 2% to 1.69 million ounces. We expect demand to soften in Europe due to higher prices and a move towards lower weights of individual pieces.

**Gross industrial demand for platinum is predicted to increase to a new record high of 1.96 million ounces.** As platinum melting tanks are installed for LCD glass manufacturing, demand will grow by 13% to 435,000 oz in the glass sector. Construction of new refining capacity in the petroleum industry will lift platinum demand by 24% to 210,000 oz.



**Physical investment demand for platinum will once again be healthy, but at a lower level than last year.** Investment is the only demand sector which will decline year-on-year, although it will remain positive at 495,000 oz driven by Japanese investment bar and exchange traded fund (ETF) buying.

**The rhodium market will be in oversupply by 123,000 oz in 2011.** Gross demand is expected to grow by 2% to 905,000 oz but this will be outpaced by a 5% increase in supplies, to 768,000 oz, and a rise in recovery from recycled autocatalysts of 8% to 260,000 oz.





**The palladium market is forecast to be in surplus by 725,000 oz 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 rising autocatalyst and industrial demand and growth in mined supply, but softer investment and jewellery demand.

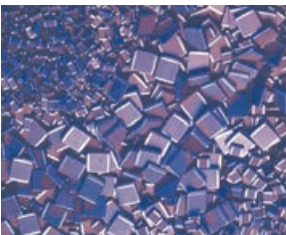
**Sales of newly refined palladium are expected to increase by 5% to 6.67 million ounces in 2011.**

We believe that this will be supplemented by sales from Russian state stocks of 750,000 oz, bringing total supplies to 7.42 million ounces, a similar level to that in 2010.



**Gross demand for palladium in autocatalysts is predicted to rise by 6% to 5.92 million ounces this year.** Growth in vehicle production in Europe and North America in the first half of the year, coupled with palladium's greater use in diesel autocatalyst formulations, is expected to drive palladium demand in emissions control to historic highs.

**We forecast that palladium investment demand will be negative by 215,000 oz in 2011.** Investor sentiment appears to be less enthusiastic for palladium this year, with net liquidation in the ETF investment market in the nine months to the end of September 2011.



**Industrial demand for palladium is forecast to rise by 7% to reach pre-recession levels of 2.65 million ounces.** Purchasing of palladium in the electrical sector is set to remain strong as sales of new computer equipment stimulate the manufacture of palladium-containing components. With downstream demand from consumers in Asia, palladium demand in the chemical industry should also rise.

**Gross demand for palladium jewellery is set to fall by 8% this year to 545,000 oz.** Higher prices and weaker consumer sales have led some manufacturers to stop producing palladium jewellery in China. Palladium remains robust in Europe where it has a niche in the men's wedding band sector.

**Recycling of palladium is forecast to rise by 19% to 2.2 million ounces.** Higher numbers of scrapped vehicles will result in more palladium-loaded catalysts entering the refining stream in 2011. Recovery of palladium-containing electronic scrap should also rise, driven by legislation in Europe.

