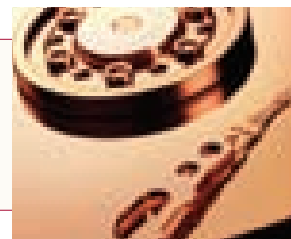


# EXECUTIVE SUMMARY

**The platinum market was in surplus by 285,000 oz in 2009.** Gross demand fell by 11.9 per cent to 7.04 million ounces. Platinum recovery from scrapped autocatalysts, electronics and jewellery decreased by 23.2 per cent to 1.41 million ounces. Net demand for platinum fell by 8.5 per cent to 5.64 million ounces. Supplies of platinum from current mining operations fell by 0.3 per cent to 5.92 million ounces.



**Supplies of platinum fell by 20,000 oz to 5.92 million ounces in 2009.** South African supplies climbed marginally to 4.53 million ounces as increased output from several newer mines and the sale of additional refined metal offset the closure of some uneconomic production. North American supplies of platinum fell to 260,000 oz. Russian supplies of platinum fell to 785,000 oz but Zimbabwean output increased.

**Gross automotive sector demand for platinum fell by 39.0 per cent to 2.23 million ounces in 2009.** Global vehicle production fell heavily last year in most countries and platinum demand



fell in every region. Gross European demand dropped by over half to 970,000 oz due to a sharp, short term decline in the market share of the diesel engine.

**Gross purchases of platinum by the jewellery industry climbed by 46.1 per cent to 3.01 million ounces in 2009.** Weak economic conditions limited demand within Europe, Japan and North America but a booming domestic economy and a fall in the price of platinum boosted Chinese demand to a record 2.08 million ounces. Net global demand rose by 79.1 per cent to 2.45 million ounces.



**Industrial demand for platinum softened by 33.7 per cent to 1.14 million ounces in 2009.** The economic downturn hit demand for many industrial products and inventory reductions were widespread. Demand for new metal fell from industries as diverse as the electronics, glass and petroleum refining sectors.

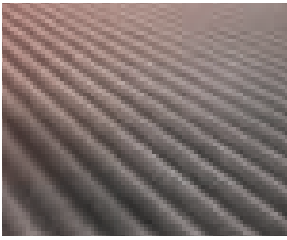
**Identifiable physical investment demand for platinum climbed by 18.9 per cent to 660,000 oz in 2009.** Demand fell within Japan where purchasing of large bars was weaker



than in 2008, but total holdings of metal within the European Exchange Traded Funds (ETFs) climbed substantially following their decline in the second half of the previous year.

**Rhodium was in oversupply by 241,000 oz in 2009.** Weak global vehicle output and widespread destocking sent gross automotive demand 149,000 oz lower to 619,000 oz. Industrial demand for rhodium dropped from 129,000 oz to 97,000 oz. The weight of rhodium recovered from scrapped autocatalysts declined by 40,000 oz to 187,000 oz. Supplies of rhodium climbed by 75,000 oz to 770,000 oz due to greater South African sales of metal.





**The palladium market was in surplus by 760,000 oz in 2009.** Gross demand decreased by 6.3 per cent to 7.77 million ounces. Palladium recovery from scrapped autocatalysts, electronics and jewellery fell by 11.5 per cent to 1.43 million ounces. Net demand declined by 5.0 per cent to 6.34 million ounces. Supplies of palladium, including sales of metal from Russian state stocks, fell by 2.9 per cent to 7.10 million ounces.

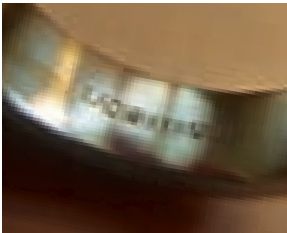
**Palladium supplies decreased by 210,000 oz to 7.10 million ounces in 2009.** Production from current Russian mining slipped marginally lower to 2.68 million ounces. We estimate that sales of material from Russian state stocks contributed another 960,000 oz of palladium to supplies. South African supplies dropped by 60,000 oz to 2.37 million ounces. North American production decreased due to strike action in the nickel industry but Zimbabwean supplies increased.



**Gross purchases of palladium for use in autocatalysts decreased by 9.3 per cent to 4.05 million ounces in 2009, largely due to the fall in vehicle output which occurred in most regions.** European demand was almost



flat as scrappage schemes supported the sales of gasoline-fuelled vehicles and palladium continued to gain ground in the diesel sector. Chinese demand for palladium grew strongly to 685,000 oz, in line with car production.



**In the jewellery sector, gross global demand for palladium decreased by 17.3 per cent to 815,000 oz in 2009.** Gross Chinese demand slipped from 740,000 oz to 560,000 oz as manufacturers chose to devote resources to platinum jewellery manufacturing instead of palladium production. North American demand was flat but European demand was driven marginally higher by the introduction of a jewellery hallmark in the UK. Net global demand fell by 12.9 per cent to 745,000 oz.

**Gross industrial demand for palladium (including dental demand of 615,000 oz) decreased by 5.8 per cent to 2.28 million ounces in 2009.** Gross electrical demand declined by 100,000 oz to 1.27 million ounces due to lower output of automotive electronics and heavy destocking in early 2009. Net electrical demand fell by 14.6 per cent to 875,000 oz. Chemical sector demand fell from 350,000 oz to 325,000 oz.



**Identifiable physical investment demand for palladium climbed by 48.8 per cent to 625,000 oz in 2009.** Once again, there was strong buying



interest in palladium through the European Exchange Traded Funds, encouraged by the rising metal price. Demand for coins and small bars also increased.

**NOTE: Johnson Matthey now reports gross demand and recycling figures for the autocatalyst, electrical and jewellery sectors.** Previously, electrical and jewellery demand figures were net. Demand figures have been restated throughout to ensure consistency within this report. To see both new and old presentations of this data, please visit [www.platinum.matthey.com/publications/market-data-tables](http://www.platinum.matthey.com/publications/market-data-tables).