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Precious Metals Management



What is the Supply / Demand Situation for pgm?

Background

- Johnson Matthey no longer produces “Platinum Review”.
- Agreement with Bloomberg to supply similar data through Bloomberg terminals.
- Data will be updated in May and November.
- Headline data will be published free of charge on both the Bloomberg terminals and Johnson Matthey website (www.platinum.matthey.com).
- Detailed data to be charged at a one-off fee of \$925, exclusively through Bloomberg.

Review of 2013: Platinum

Supply	2012	2013
South Africa	4,104	4,209
Russia	801	770
Others	762	850
Total Supply	5,667	5,829
Gross Demand		
Autocatalyst	3,186	3,116
Jewellery	2,783	3,029
Industrial	1,624	1,758
Investment	450	871
Total Gross Demand	8,043	8,774
Recycling	-2,049	-2,005
Total Net demand	5,994	6,769
Movements in Stocks	-327	-940

- Supplies up in South Africa by about 100k oz. Despite far lower losses on labour disruption, producers put some metal to stock in anticipation of 2014 strike action.
- Autocat marginally down on 2012.
- Jewellery record year (much stronger than we thought in Nov, hence deficit up).
- Strong industrial demand on back of chemical industry (PDH).
- Investment in Absa ETF the main swing factor.
- Auto-recycling up after weak year in 2012, but offset by weaker jewellery recycling.
- **Market moves into deficit even without physical investment.**

Review of 2013: Palladium

Supply	2012	2013
South Africa	2,344	2,436
Russia	2,887	2,650
Others	1,328	1,446
Total Supply	6,559	6,532
Gross Demand		
Autocatalyst	6,667	6,908
Jewellery	441	357
Industrial	2,318	2,181
Investment	467	-8
Total Gross Demand	9,893	9,438
Recycling	-2,321	-2,535
Total Net demand	7,572	6,903
Movements in Stocks	-1,013	-371

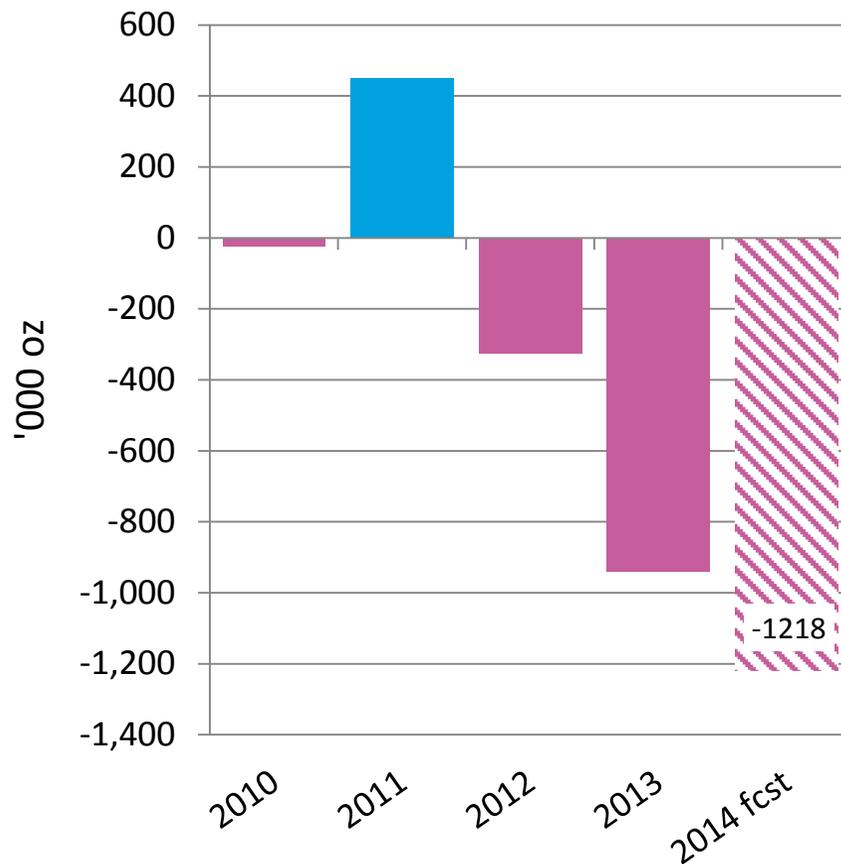
- Supply largely flat; South African growth offset by declines from Russia (state stocks).
- Auto demand another record year (although not as strong as we thought in Interim), but other industrial softer on back of declining dental and electrical demand.
- Jewellery also down on 2012.
- Investment opposite direction to Pt.
- Recycling up; autocatalyst scrap offsets decline in jewellery.
- **Market in deficit at “pure industrial” level, i.e. before physical investment and jewellery.**

Review of 2013: Rhodium

Supply	2012	2013
South Africa	578	551
Russia	90	85
Others	56	69
Total Supply	724	705
Gross Demand		
Autocatalyst	783	796
Other	185	210
Total Gross Demand	968	1,006
Recycling	-253	-273
Total Net demand	715	733
Movements in Stocks	9	-28

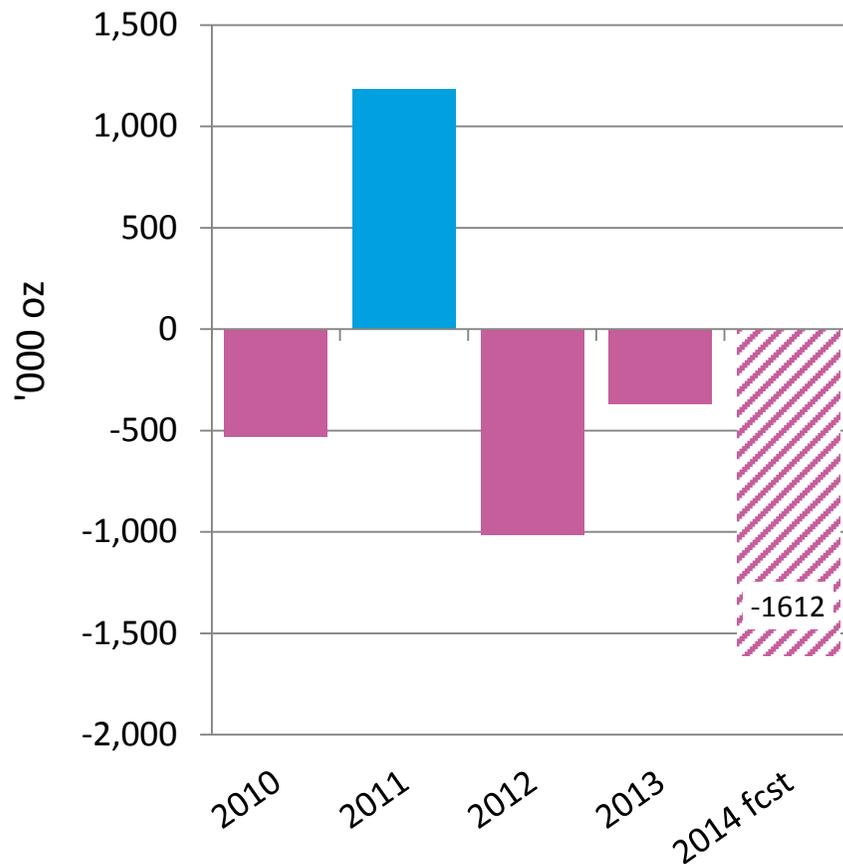
- Autocatalyst demand growth offset by increased autocatalyst recycling.
- Glass and chemical sector demand robust.
- Continued investment in DB ETF tipped market into deficit

2014 Market outlook: Platinum



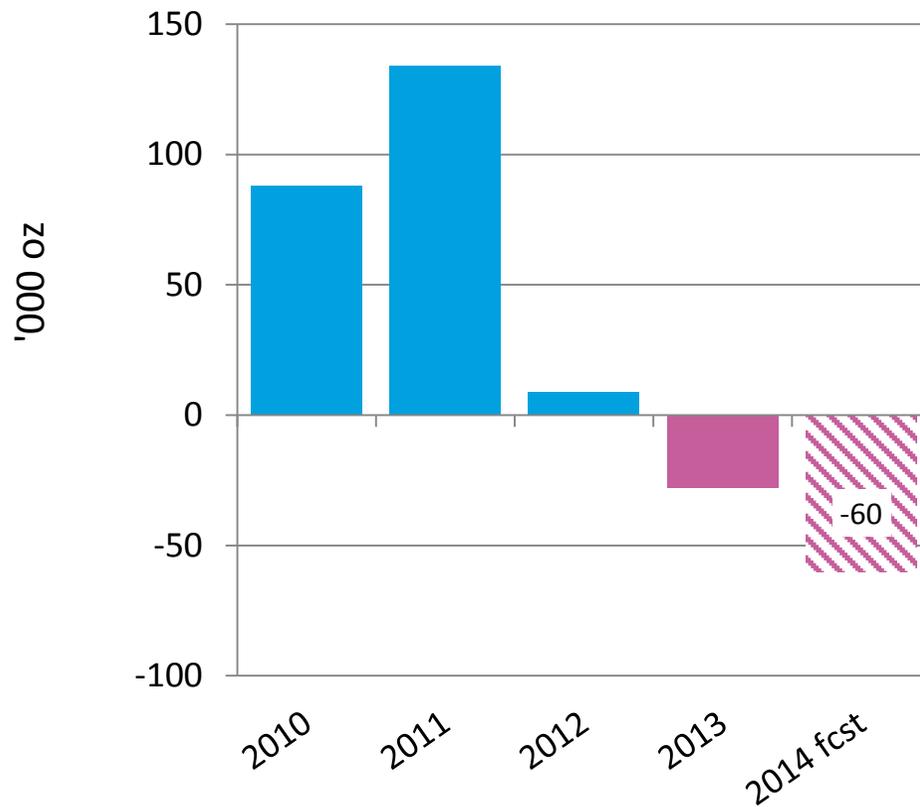
- South African forecast based on assumption that strike over by end April.
- Autocatalyst demand set to rebound strongly.
- After record year in 2013, Chinese jewellery demand has started 2014 strongly.
- Autocatalyst recoveries trending higher as more diesel vehicles enter scrap profile.
- Even if physical investment is net zero, and jewellery demand suffers if/when price rises, market is heading for another significant deficit this year.

2014 Market outlook: Palladium summary



- No Russian state stock sales in 2014, and Norilsk Nickel ore grades falling.
- No significant new emissions standards this year, so auto demand driven largely by growth in global vehicle output.
- Palladium jewellery retaining its niche positioning in Europe and North America, but Chinese demise set to continue.
- Dental and electrical sector demand continues to soften.
- Even ignoring physical investment, market deficit will be significantly greater this year than last.

2014 Market outlook: Rhodium summary



- ETFs have tipped market into modest deficit, but trending that way at industrial level.
- Euro 6 impact will accelerate automotive demand

PGM panel session

- Each panellist will be given 2 minutes to discuss whether he is a bull or bear (Platinum and Palladium) and why.
- Panel will then address three key questions highlighted in the agenda.
- Time for a 10 minute discussion on each.



Are you a bull or a bear ?

Question one:

How big will South African palladium ETF investment be this year (big or very big)?

Question two:

How do you see the landscape of pgm supply from southern Africa evolving in the next few years?

Question three:

Is scrap recycling going to be the saviour of the pgm supply shortfall?