

Platinum and Palladium Prices Can Rise Into Next Year, Dillon Gage Says

Labor Disruptions in South Africa and China's Demand for Cars Are Supportive

ADDISON, TEXAS (Nov 19, 2013)...Prices of platinum and the platinum-group metal palladium slid this summer but they're recovering, buoyed by factors on the supply and demand sides, says Dallas metals dealers [Dillon Gage Metals](#). Platinum prices hit a four-year low in July after palladium prices touched a nine-month low in June. Both metals have risen since.

Ongoing supply disruptions in South Africa, combined with promising, demand-side developments, particularly in China's auto and jewelry sectors, are supporting platinum and palladium, states Terry Hanlon, president of **Dillon Gage Metals**. "Both metals have upward potential into next year."

Global platinum production shrank 13 percent on the year in 2012 as strikes disrupted South African mines, according to Johnson Matthey, the London-based chemicals and metals company. South Africa is the top platinum supplier, providing three-fourths of world output, and it accounts for about 39 percent of palladium production. Platinum output in Russia, the next major supplier, was comparatively stable last year. Russia is the biggest palladium producer.

South Africa's mine output of platinum is expected to decline again this year and could be the lowest since 2000 because of labor unrest. In a late September dispute that turned deadly, 80 percent of employees didn't report for work at Anglo American Platinum's mines near the South African city of Rustenburg. Absent workers protested a planned cut of 4,800 jobs that was announced in August. Anglo American is the world's leading platinum-producing company.

Platinum and palladium are also mined in the United States and Canada.

Hanlon points to demand-side glimmers, especially in the Far East. "Demand for platinum in jewelry, particularly for wedding rings, remains strong in China and Japan," he says. "And platinum and palladium are needed for catalytic converters to reduce the toxicity of car emissions."

The auto industry is growing in China and globally this year. World car sales rose four percent in the first half of 2013 and should be a record this year, according to Scotiabank, headquartered in Canada.

A 15 percent increase in car sales is expected for China in 2013, Scotiabank adds. China's vehicle ownership is only 70 autos per 1,000 people now. But a recent survey found that Chinese consumers born since 1980 view car ownership as a necessity. That group, which includes more than 450 million people, accounts for 85 percent of auto purchases in China today. Less than a quarter of these young people have bought their first car, however, so potential sales are considerable.

China's battle against air pollution will benefit the platinum and palladium markets, Hanlon explains. Chinese officials hope to fully implement national IV emissions standards next year. China's new standards are similar to the EU's Euro 5 introduced in 2009 and aim to cut vehicle pollution by 40 percent. In 2008, Olympics-host Beijing was the first city in mainland China to adopt IV standards. China's restrictions on emissions will boost demand for catalytic converters and their parts, especially diesel-particulate filters which use platinum-group metals.



Meanwhile, average daily platinum volume traded on the Shanghai Gold Exchange, which mainly reflects consumption by the jewelry industry, is nearly 45 percent above last year and has reached record levels.

Platinum also has promising new uses in the chemicals and electronics industries, including computer components, Hanlon notes.

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About Dillon Gage Metals

Dillon Gage Inc. of Dallas (www.DillonGage.com) was founded in 1976, and its companies include:

- **Dillon Gage Metals**, www.DillonGage.com/Metals, is one of the largest precious metals dealers in the U.S. (www.DillonGage.com/Metals) 800.375.4653
- **FizTrade Online Trading**, (www.FizTrade.com) offers real-time trading for bid and ask markets for gold, silver platinum and palladium. 800.375.4653
- **Diamond State Depository LLC**, (www.DiamondStateDepository.com) is a secure and insured precious metals and certified coin depository outside Wilmington, DE. 888-322-6150
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