



Platinum Prices Should Rebound This Year, Dillon Gage Says *Demand continues to grow in Asian jewelry markets*

Addison, TX (April 19, 2012)...Platinum prices fell to 2 1/2-months lows in mid-April because of concerns about global economic growth but physical buying in Asia and bargain hunting slowed losses. Buying on dips by investors reflects the market's favorable supply and demand factors, **Dillon Gage Metals** says.

"Spot platinum prices briefly traded above gold in March, and that's something that hasn't happened since last summer," said Terry Hanlon, president of **Dillon Gage**. Last August, gold exceeded platinum prices for the first time since December 2008, making it the costliest metal used in jewelry, and it remains so today.

"Platinum remains sought after in the Chinese and Japanese jewelry markets," Hanlon noted. As gold prices rose last year, global jewelry demand for the yellow metal dropped 3 percent in 2011 according to the World Gold Council. Meanwhile, platinum's usage in jewelry grew 2 percent last year, with the increase mainly from the Far East according to Johnson Matthey Plc, a major distributor of the metal. Elevated gold prices could help platinum gain market share in the global bridal sector, Johnson Matthey said in November.

Gold's gains against platinum last year bolstered demand for platinum, which is seen as a good buy by manufacturers and some consumers, Hanlon remarked. Purchasing of platinum by China's jewelry industry was estimated by Johnson Matthey to have grown by 35,000 ounces last year to 1.69 million ounces. Platinum's use in Japan's jewelry industry remained steady at 320,000 ounces last year. More couples married in Japan, reversing a trend towards later and fewer marriages and boosting purchases of platinum wedding and engagement rings, Johnson Matthey said. Lighter-weight pieces are in demand in Japan now, however, and the nation is recycling platinum so its gross needs have remained flat.

"Labor tensions in top producer South Africa will remain a supportive factor for platinum this year," Hanlon stated. A six-week strike early this year at Impala Platinum's largest facility at Rustenburg involved over 17,000 workers, cut production by nearly 200,000 ounces and will reduce deliveries this spring, that company said. Moreover, a South African government crackdown on mine safety that began in late 2011 caused output at some of Impala's major rivals – Anglo Platinum, Aquarius and Lonmin – to decline.

In a March 12 report, analysts at HSCB Holdings Plc said platinum-mine supply is likely to remain tight in 2012 because of labor unrest, limited mining capacity and government policies in South Africa. The bank forecast 2012 global supply at 6.298 million ounces, marginally above its 2011 estimate of 6.287 million. The bank expects global platinum demand from the auto industry to rise to 3.286 million ounces in 2012 from 3.146 million in 2011. The auto sector will recover more platinum from scrapped vehicles in 2012, however, than last year.

Demand for platinum comes from several major sectors – autos, electronics, jewelry manufacturers and investors – and from the glass, petroleum and chemical industries. Palladium, at less than half the price of platinum, is used in jewelry to whiten gold in alloys and has a number of industrial applications.

Platinum reached an all-time high of \$2,252 an ounce in early 2008 and is hovering near \$1,585 in mid-April. Palladium traded at a record \$858 an ounce in early 2011 and is near \$664 now.

Hanlon said, "I expect buyers to step in on any price setbacks in platinum, keeping it supported this year."

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