
China platinum demand may slide in 2010 -Johnson Matthey

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Interfax China reported that China was the world's largest platinum consumer in 2009 and has played a pivotal role in helping to support the international platinum price. However, China's consumption of the precious metal is expected to slide in the coming months, as a result of slowing jewelry demand.

According to representatives of Johnson Matthey plc, Global market prices for platinum have increased from around USD 900 per ounce at the beginning of 2009 to the current price of approximately USD 1,400 per ounce, largely driven by Chinese demand.

The report said that Chinese platinum demand will reach 2.04 million ounces in 2009 up 66.12% YoY accounting for 34.38% of global demand this year. It added that "The majority of China's platinum demand is attributed to the jewelry making industry, which grew by an incredible 105.88% in 2009 YoY. Chinese jewelry makers and retailers built up large platinum stocks when platinum prices were low earlier in the year."

Mr Peter Duncan GM of Johnson Matthey's market research department said that "Currently jewelers and retailers have nearly full platinum stocks and will most likely not replenish them as actively next year as they did at the beginning of 2009. However, underlying demand will still exist, so we expect total platinum demand to slide only slightly in 2010."

Mr Terry Harris Asia region sales manager of Johnson Matthey said that the current international market price for platinum hovers around USD 1,400 per ounce close to the current gold prices of around USD 1,140 per ounce which Mr Duncan says could increase jewelry related demand for platinum, as customers may be more inclined to pay a little extra for platinum jewelry.

Mr Harris said that according to Chinese culture, 2009 is thought of as an auspicious year for marriages and other ceremonious events, which contributed to increased platinum jewelry consumption.

According to Chinese tradition, 2010 is not considered a lucky year which may have a slightly negative impact on platinum jewelry consumption. In terms of industrial demand, the majority comes from the automotive and chemical industries and robust growth in both sectors in 2009 has boosted overall Chinese demand for platinum.

Johnson Matthey has two plants in Shanghai that produce catalysts used in both industries. Platinum is used in catalytic converters mainly for the control of exhaust emissions. It is also used in the manufacture of intermediary chemicals used for production of plastics.

China's automobile output grew by 36.23% YoY in the first 10 months of 2009 and Duncan estimates that automobile output will grow at around 28% on an annual basis for the entire year.

(Sourced from Interfax China)

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