

Supply cutbacks, increased demand bode well for platinum

According to *Business Day Live*, platinum players say that the fall in platinum production from South Africa, the world's largest source of the metal, combined with steady demand means the market will be in balance this year and slide into a deficit next year with the outlook for prices good.

Heavy cutbacks in supply from this country (more than 250,000oz of platinum production have been lost so far this year) follow labour disputes coupled with weak prices, high costs and negative sentiment around the metal, which is used in autocatalysts and jewellery.

Platinum miners have reported disrupted supply or shaft closures or delayed projects because of industrial action or the poor economics of operating mines. However, Implats marketing executive Derek Engelbrecht said that negative sentiments may be overdone, with strong growth in vehicle production. "Global auto sales are tracking at an all-time high, notwithstanding what we're seeing in Europe," he said.

About 45% of platinum used to make autocatalysts is consumed in Europe, where the poor economic environment has reduced car sales.

Business Day Live reports that Implats expects the platinum market to be in balance this year and slip into a deficit next year. "We see a deficit because supply is not going to catch up next year," Engelbrecht said.

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