

New York jeweller Le Vian has chosen platinum as its metal of the year for 2021. Image source: PGI, Le Vian



## PLATINUM 'MOMENT'UM

What is behind the recent recovery in platinum jewellery demand?

While it is a mere coincidence that New York jeweller Le Vian has chosen platinum as 'metal of the year for 2021' in its annual trend analysis, the latest platinum demand forecasts\* also highlight platinum's potential, indicating that annual global platinum jewellery demand will bounce back in 2021, reaching just over two million ounces, a 13 per cent year on year growth, with improved trading across all major markets.

The 2021 forecast – which follows a volatile year that saw a 13 per cent drop in demand – brings platinum jewellery demand back to pre-pandemic levels. Signs that jewellery volumes were turning a corner across all major markets came in the final quarter of 2020, when platinum jewellery demand actually exceeded pre-pandemic levels, rising by 7 per cent when compared to the same quarter in 2019\*.

Underpinning this fourth quarter performance, was, according to Platinum Guild International (PGI), an especially strong recovery from its strategic retail partners in India and the US. In India the return of pent-up demand was bolstered by strong festival season-driven sales and new platinum marketing campaigns. Unit sales in the US were similarly boosted by a strong overall holiday season as well as robust bridal and diamond sector sales.

In the major China market, platinum jewellery fabrication demand in the fourth quarter was some 15 per cent higher than the fourth quarter of 2019\*. However, consumer demand softened when compared to the previous quarter, according to the PGI research, as sporadic outbreaks of COVID-19 dampened retail activity. That said, in 2021, the forecast uplift in sales of platinum jewellery in China – predicated on the continued success of increased marketing and new product development – is expected to mark the first annual increase in demand since 2013.



Pt Moments® is PGI's flagship non-bridal brand for women in China. Image source: PGI

## Platinum's prospects

The favourable platinum price compared to gold continues to present an opportunity for platinum jewellery across many regions. For example, in 2020, platinum imports into China surged by 23 per cent to the highest level since 2013. This increase included purchasing by some jewellery manufacturers who, attracted by the low price of platinum during the early days of the pandemic, took the opportunity to increase working stock.

The knock-on effect has been to spur on fabrication and promotional activities, while at the same time new product lines have been successful in growing market share. In fact, PGI's Pt Moments®, its flagship non-bridal brand for women in China, achieved double digit growth in sell-in volume during 2020 compared to the same period in 2019.

In North America, the expected rebound is based on a return to economic activity in the belief that the worst of COVID-19 has passed. With this, bridal

sales are expected to rise as delayed weddings take place. The curtailment of activities such as travel due to the pandemic has left consumers with surplus funds that could also benefit jewellery purchases.

European jewellery demand is expected to enjoy a robust increase this year, to almost pre-COVID-19 levels. Key to this will be a continuation of export-led growth for the top-end jewellery and watch brands. Sales within Europe, however, could remain soft, as long-haul tourism stays muted and the region's economic recovery proves modest.

Finally, Indian jewellery fabrication is expected to improve this year, driven by a strong recovery in economic growth and a recent 2.5 per cent cut in the import duty on platinum. A revival in the urban economy and higher spend on platinum jewellery advertising by retailers are also likely to benefit demand.

\*World Platinum Investment Council Platinum Quarterly Q4 2020, Metals Focus, published 10 March 2021

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