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Norilsk Highlights Palladium Deficit

By The Moscow Times

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The metal producer, based in the country's north, would not confirm if it's plans call for increasing production. **Sergei Porter**

Global palladium producers need to increase output by 2020 to cover a rising deficit, according to an executive at Russia's Norilsk Nickel, the world's largest producer of the metal.

Production of palladium, used in catalytic converters — devices that control car exhaust emissions — and jewelry, currently lags consumption by 30 tons, or 1 million troy ounces.

"This lag will increase during the years to come and could (reach) 60 tons by 2020, if new projects do not appear," said Anton Berlin, the head of the marketing department of Norilsk's sales arm Normetimpex.

"However, metal producers understand this and, most likely, will review their strategy to increase production," he said.

He declined to say whether Norilsk, which accounts for 41 percent of global palladium output,

would increase its production.

The market for the metal is expected to be kept in deficit in 2013 due to a continued recovery in demand from carmakers and tighter emissions standards for gasoline-light duty vehicles, according to the latest report by refiner Johnson Matthey.

Global net palladium demand, which excludes recycling, reached 7.6 million ounces in 2012, compared to 6.5 million ounces of total supply, according to Johnson Matthey.

Norilsk, which has its core operations in the Russian Arctic and is also the world's largest nickel producer, has previously forecast it would cut 2013 palladium production to 2.63-2.64 million ounces from 2.73 million ounces the previous year.

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