

This Research Is Almost Free

Last year, *Money Morning* gave you the chance to make 117 double-gains – an average of one big gain every 3 days for an entire year! That’s pretty darn good for any research service, let alone a free one. But now, Bill Patalon has found a way for you to see even bigger winners than is possible with *Money Morning*. This is so good, we have to charge for it. But the price is so low, it’s almost free. Read Bill’s letter [here](#).

Platinum: How to Profit From the Metal That’s More Precious Than Gold

by Martin Hutchinson, Contributing Editor, *Money Morning*

Gold set yet another new record recently, closing above \$1,800 an ounce. And with the U.S. Federal Reserve, the Bank of England (BOE) and the Bank of Japan (BOJ) all having near-zero interest rates, the case for gold looks more convincing than ever.

Yet there are other precious metals that stand to benefit from the same inflation-hedging demand that’s driving gold to record after record. And one in particular is an even better investment than gold.

It is favored by Chinese investors and is benefiting from soaring industrial demand. Unlike gold or silver, this particular precious metal has risen only about 3% this year and remains well below its 2008 peak.

The metal I’m talking about is platinum.

Platinum’s Promise

Platinum is extremely rare, occurring at only 0.003 parts per billion (ppb) in the Earth’s crust. This makes it the *most* precious of all precious metals – about 30 times rarer than gold.

Annual platinum production is roughly 175 tons, equal to 6% of the annual production of gold. In fact, platinum is so rare that if all the platinum in the world were poured into one

Olympic-size swimming pool, it would scarcely be deep enough to cover your ankles.

Rarity can be one of the best factors to drive up prices on any investment. To learn about

another rare producer, one that makes a product no one else can, [click here](#) for the latest special presentation.

At the same time, unlike gold, platinum has major industrial uses, most notably in automobile catalytic converters.

Platinum is by far the best metallic catalyst. Since the 1980s, this “noble metal” has been used in catalytic converters, which oxidize toxic carbon monoxide into carbon dioxide, and toxic hydrocarbon fractions to carbon dioxide and water.

Its usage, therefore, is closely tied to automobile demand.

Platinum’s principal competitor is palladium, which is cheaper, but considerably less effective.

The pricing of the two metals tends to move in parallel, with platinum being three- to four-times as expensive as palladium. This year, however, palladium prices are up more than 22%, bringing the platinum/palladium price ratio down to an exceptionally low level around 2.5.

The China Factor

Needless to say, the principal market for automobile catalysts today is China, whose automobile market just leapfrogged its U.S. counterpart to become the largest in the world, and where sales have continued to be strong throughout the recession.

Although Chinese automobiles use less fuel than the larger U.S. cars, they use just as much catalyst. In the last year or so, Chinese manufacturers have tended to use palladium catalysts, while Europe uses platinum. But rising global auto demand and the two metals’ recent convergence in price has made platinum relatively more attractive.

Thus, platinum demand, driven by the worldwide automobile industry – including a certain amount of the rapidly growing Chinese and Indian auto sectors – can be expected to display continued strength.

Chinese investors are being drawn to platinum, as well as its auto industry. To the extent that they’re permitted to buy them, that country’s investors are keen on precious metals in general. In the case of platinum, demand takes the form of platinum jewelry, whose sales in China rose from a 2008 level of 1.06 million ounces to an all-time record of 2.08 million ounces last year – an amount equal to about 35% of the world’s platinum mine output of 5.9 million ounces.

Since annual catalyst demand is estimated to run at 50% of world platinum output, it’s easy to see the potential for a supply/demand imbalance and a jump in platinum prices.

More than 80% of the world’s platinum is mined from South Africa and Zimbabwe, neither of them known for efficient mining techniques or secure property rights. Another 10% comes from Russia (Enough said!).

Profit From Platinum Now

More than 80% of the world's platinum is mined from South Africa and Zimbabwe, and neither of them are known for efficient mining techniques or secure property rights. Another 10% comes from Russia (Enough said!).

Given the risk facing overseas platinum miners, it's clear that the best route into platinum is the metal itself. That means it's time to look at an exchange-traded fund (ETF) – the **ETFS Physical Platinum Shares (NYSE: PPLT)**.

PPLT has only been around for a year and a half, but it has a relatively low 0.60% expense ratio. In June, the size of PPLT exceeded its authorized maximum of 4.95 million shares (about \$886 million at current prices), so it's already large enough to be plenty liquid.

For other opportunities in metals investing, take a look at Money Morning Private Briefing. This new service provides some of the best investment advice and stock picks from Money Morning's top market professionals for only \$5 a month. Some investors pay up to \$26,000 to get access to this information, but right now, you can get it for less than the cost of a ham sandwich. [Click here](#) to learn more. 🍷



Copyright 2011–present, Money Map Press, LLC 105 W. Monument St., Baltimore, MD 21201

All rights reserved. No part of this report may be reproduced or placed on any electronic medium without written permission from the publisher. Information contained herein is obtained from sources believed to be reliable, but its accuracy cannot be guaranteed.

Money Map Press Disclaimer: *Nothing published by Money Map Press should be considered personalized investment advice. Although our employees may answer your general customer service questions, they are not licensed under securities laws to address your particular investment situation. No communication by our employees to you should be deemed as personalized investment advice. We expressly forbid our writers from having a financial interest in any security recommended to our readers. All of our employees and agents must wait 24 hours after on-line publication or 72 hours after the mailing of printed-only publication prior to following an initial recommendation. Any investments recommended by Money Map Press should be made only after consulting with your investment advisor and only after reviewing the prospectus or financial statements of the company.*