Platinum on its mettle

by Bill Jamieson

PLATINUM Week — the industry's annual round of lunch and dinner get-togethers of chic jewellery designers and burly South African mine managers starting tomorrow in London's top hotels — is set to be the gloomiest in years. A surge in Soviet sales to a record level of close to 690,000 ounces has led to supply overtaking demand for the first time since 1984.

Annual figures tomorrow from Johnson Matthey are expected to confirm a troubling picture evident half way through last year of Soviet unloading, small investor demand all but evaporating, auto catalyst demand slowing with the slump in the American car industry, and a rise in South African production as new investment, ordered in the heady days when platinum was topping $600 an ounce, comes on stream. Today the platinum price is just $389·75. In the event, the extent of the surplus of supply over demand is thought to be marginal: Japanese demand towards the end of the year may have helped soak up the bulk of the extra Soviet shipments which may have increased by as much as a quarter. An over supply of under 100,000 ounces is likely to be revealed when Johnson Matthey unveils its figures.

But just when prospects look bleak for platinum come signs that the industry could be poised for its biggest boom ever. The challenge lies less in shifting elegant £30,000 BlancPain platinum watches onto the wrists of the discerning than in finding a new "big burn" use for the metal to take over the baton from the auto catalyst. Here, industry visits to Japan have focused on a $27 million-a-year research programme on fuel cell technology which could have huge implications. As the search intensifies for a high efficiency, pollution-free means of power generation to replace fossil fuels, three top companies have now started commercial production of fuel cells in Japan, Europe and the United States.

The excitement for the platinum industry is that the catalysts involved could bring massive new demand, with consumption growing 20-fold to 200,000 ounces by the end of the 1990s. This could prove just the threshold: new world electricity demand alone over the next 20 years will require generating capacity of more than 50,000 MW. Fuel cells require 5g of platinum for each KW of capacity, so the potential is huge.

Buy-out team lines up £30m Wallace deal

by Andrew Don

A management buy-out team has agreed in principle to purchase Wallace International from Doctus, Brian Blake's recession-hit management consultancy.

The deal, understood to be for about £30 million, is supported by venture capitalist 3i and fronted by two of the original "rebel four" directors who supported Isosceles in its £2·1 billion bid for Gateway.

They are Peter Fisher, the Gateway human resources director who joined Wallace UK as managing director this year, who is joined by Richard Quinton, the former Gateway finance director. It is thought former Dorothy Perkins managing director Angus Munroe is likely to be part-time chairman.

Wallace, Europe's leading game and "continuity programme" supplier to retailers

Blake: hit by recession

in 14 countries with 10 offices worldwide is understood to have contributed more than half of Doctus's £11·4 million profit last year.

The City has been uncomfortable with the business mix and Doctus has been looking for some time to sell Wallace in order to concentrate on consultancy. Doctus chief executive Alan Greenough said: "We have agreed in principle terms for the sale of the Wallace business.

"It is at a very early stage. Negotiations are still continuing and are likely to for some time." It is thought agreement, subject to due dilligence,will be in five to six weeks' time.

Wallace has caught the attention of some of the top supermarket groups with its continuity programmes and it is in talks with a number leading to promotional trials within months. Continuity programmes reward the shopper with discounted goods in return for a specified spend and can boost sales by at least 7 per cent.

It is well poised at times of recession when retailers, particularly supermarket chains, need to find points of differentiation to attract customers from competitors.

Revolt rumbles over SE reforms

by Bill Jamieson

A REVOLT is looming at
Stock Exchange as reform
the way it is governed
being met with growing
may among private cli
stockbrokers.

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unveiled plans to replace
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ACT sets sights on Quotient

FINANCIAL software and services company ACT, formerly Apricot, is the suitor for financial systems company Quotient.

Roger Foster's ACT, which has been transformed into a software and services business with a strong presence in financial systems software following the sale of its hardware arm to Mitsubishi, is thought to have made an

'Marriage bureau' for shy solicitors

by Ray Mgadzah

LEGAL eagles seeking to soar in size are being offered help through a new "marriage bureau" venture by London mergers and acquisitions boutique Cavendish.

The company has teamed up with City legal recruitment company Lipson Lloyd-Jones to set up a consultancy to assist small and medium-sized solicitors which want to take over or merge with specialises in finding buyers for private businesses, says the plan is first to offer solicitors a tie-up service for London partnerships. This will then be extented to include assistance with the setting-up of regional and continental deals.

Leigh hopes to make use of the strong links which Cavendish, which only acts for vendors in mergers and acquisitions deals, has established in legal circles. Initially he will target City and Holborn firms.