

Amplats up more than 6% after update

Shares of the world's largest platinum producer, Anglo American Platinum (Amplats) were up more than 6% on Wednesday (29 January), following the release of its quarterly production update.



Amplats has shown a production growth of 25% in the final quarter of 2013, boosting its output after disruptive strikes last year. Image: Anglo American Platinum

Amplats said group refined platinum production rose 25% to from 416,000oz to 520,000 ounces during the quarter ended December, in line with market expectations. The mining company said production was lifted by a normalisation of strike action at its operations.

Another round of labour protests is underway at Amplats' mines, after wage negotiations with striking workers failed to yield any results. The strike is industry wide, with other platinum producers, namely Lonmin and Impala also affected.

Mineworkers, represented by the Association of Mineworkers and Construction Union are fighting for a basic wage of R12,500, while the chief executives of the country's top three platinum companies say this demand is "unrealistic and unaffordable".

In a note this week on the effect of the strike on Amplats, Moody's Investor Services said a temporary loss of production was not a major risk for platinum producers, as they held stockpiles and would be able to sell the white metal at higher prices, also benefiting from the weaker rand.

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