

Palladium, Platinum's Cheaper Sister, Makes a Bid for Love

By ELIZABETH HOLMES

LIKE SO MANY others this Valentine's Day, palladium will be looking for love.

With her silvery tone and the way she holds her shine, palladium is a dead ringer for her more popular sister, platinum. Jewelers say she is just as precious a metal and, even better, weighs less. Yet, in an industry where image is all, she lacks platinum's cachet.

Now, though, palladium may have the advantage she needs: She is cheap—in a good way.

The skyrocketing price of platinum has made palladium, a lesser-known platinum-group metal, suddenly much more desirable. An ounce of platinum was selling for about \$1,190 yesterday, compared with about \$337 an ounce for palladium. With the same look and feel, jewelers are offering it up to their customers as a less expensive alternative. White gold, once used in the same way, requires alloying to obtain a silvery color. Palladium, however, is a white metal naturally.

Even so, platinum remains the gold standard of white metals, especially for setting diamonds. Platinum's price and increasing rarity, partly a result of its immense popularity, raises its prestige even further.

"I wish I didn't have to make anything but platinum jewelry," says Bruce Pucciarello, owner of Novell Design Studio, which has a line of palladium jewelry. But, he adds, "I

do understand that there are economics involved."

So does Audrey Lu, a 25-year-old law student living in New York who calls the price of platinum "ridiculous." Her engagement ring, which she designed with her fiancé, is made from palladium. Most people assume her ring is platinum, and the word "palladium" often draws puzzled looks. "It's just one of those unknown things," she says.

Palladium has been in use for centuries but first became widely avail-

able in the 1930s. Although it was used occasionally for jewelry during World War II when the U.S. government reserved platinum for military purposes, its primary role has been in catalytic converters to help reduce auto pollution. Found mostly in South Africa, with small deposits in places like Russia and Montana, palladium is mined and produced with platinum.

The world-wide demand for palladium in jewelry in 2006 was 1.12 million ounces (40,000 in North Amer-

ica), compared with platinum's 1.74 million ounces (240,000 from North America), according to Johnson Matthey PLC, which tracks precious metals. About 80% of sales of palladium jewelry comes from China, according to John Stark, chair of Palladium Alliance International. The group was formed in March 2006 to promote the metal for use in jewelry.

In the U.S., palladium jewelry is hitting stores slowly. About 2,000 stores carry it, of which about 600 stores carry a line by celebrity jewelry designer Scott Kay, chief executive of **Scott Kay Inc.** "I call it a hidden treasure," says Mr. Kay, who has worked with a variety of metals and has been a vocal proponent of palladium.

Having a recognizable brand like Mr. Kay's helps, but experts say it takes more to get consumers and designers to accept a newcomer. "There are a lot of crusty old jewelers out there," says Stewart Grice, mill and refining director for **Hoover & Strong**, a wholesale jewelry manufacturer. "It takes something like the fairly recent metal-price hikes to do something."

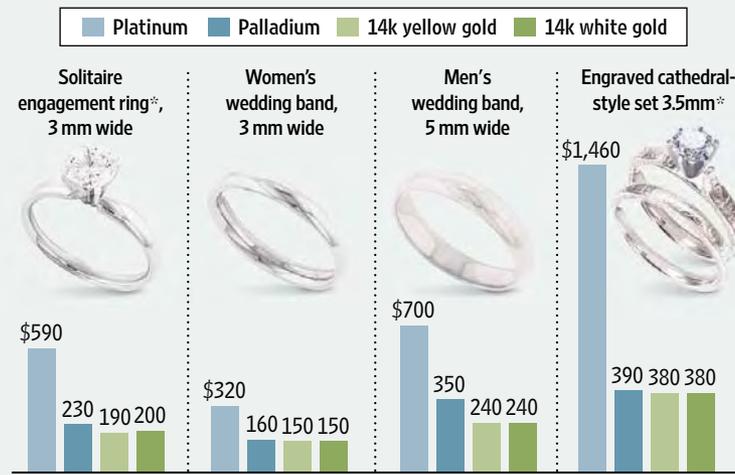
For palladium to really take off, it must make inroads in bridal jewelry—and that means this time of year is particularly important. "Engagement sales really spike on Valentine's Day just because it's a targeted day of romance," says Mr. Kay.

Some jewelers report a dramatic jump in demand for palladium settings. DanforthDiamond.com, an online jewelry retailer specializing in en-

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All That Glitters

Palladium's price, especially in comparison to platinum, is a big selling point for the little-known metal (pictured below).



*Does not include the price of the diamond

Source: DanforthDiamond.com (data and images)

Platinum's Cheaper Sister Bids for Love

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engagement rings, says palladium is outselling platinum 2 to 1. Danforth extended the delivery time for palladium engagement rings to seven business days from five. A one-carat diamond wedding band costs \$930 in white gold and \$970 in palladium. The platinum version of the same ring, however, costs \$1,780. (DanforthDiamond.com sells sterling silver but, like most jewelers, doesn't use it to set diamonds).

The platinum industry isn't buying into the trend, though. James Courage, chief executive of the trade group Platinum Guild International, sees the trend as something forced by the palladium industry rather than a response to consumer demand. Platinum, Mr. Courage contends, carries with it an innate desirability. "If you go out and ask young women what they'd like their wedding diamonds to be set in, the overwhelming majority would say platinum," he says.

Currently, palladium is found mostly in boutiques and middle-market stores. But it is making its way into high-end retailers, Mr. Stark says. Cartier and Hermes carry a small selection of palladium pieces.

Mr. Pucciarello, the platinum devotee, admits that with its density, platinum isn't always practical. It especially is problematic when creating larger "fashion jewelry," as opposed to more restrained bridal pieces. Mr. Pucciarello learned his lesson when he created a pair of dangling platinum earrings for his wife. "Her earlobes were knocking off her shoes 'cause they were so damn heavy," he said. Mr. Pucciarello remade the same pair in palladium.

The comparison to platinum is an obvious one, though industry insiders believe palladium is more of an appropriate alternative to white gold. "There'll be more diamonds set in palladium in the next five years than in white gold," predicts Mr. Kay.

White gold is a mixture of yellow gold and another metal, usually nickel in the U.S.. "There's no point to have white gold," says Tyler Teague, a 47-year-old consultant and the owner of Tennessee-based JETT Research firm. "God made [gold] yellow. Man made it white. Who do you trust?"

Palladium jewelry has caught on overseas. The Asian market is due, in large part, to an intensive marketing campaign by Palladium Alliance International. The push, launched last September with print and television ads in Beijing and Shanghai, is aimed at 20-something, college-educated women and promotes the metal's day-to-night versatility.

There are about 18 jewelry de-

signers and manufacturers in China that produce palladium jewelry. Mr. Stark says a marketing push in the U.S. is forthcoming, as the alliance gauges the effectiveness of the campaign in Asia. For now, though, price will be palladium's allure. Even platinum's biggest fans know there is a market for the rival metal.

"It may not be the choice I would make," says Mr. Pucciarello, "but I have to give them choices."



Platinum's high cost has made So
Kay's **palladium rings** more popular.

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