

Platinum

Strong physical demand, concerns about Russian supplies and dramatic rises in the palladium price pushed platinum to \$645 in January, the highest price recorded during the first nine months of 2001. Although the price subsequently eased, steady consumer demand and limited availability kept platinum in a \$550-\$630 range until mid July. Growing concerns about a slowdown in the US economy then affected market sentiment, and selling by investors in New York and Tokyo pushed the price down to \$422 in mid August. Although platinum rallied briefly in the wake of the terrorist attacks in the USA, it retreated to \$429 at the end of September.

Platinum recorded \$610 at the first London fixing in **January** 2001, holding on to gains made at the end of the previous year. Further rises were seen during the first half of the month, with the price bolstered by strong physical demand and concerns over Russian pgm supplies. As palladium broke through \$1,000, platinum followed its sister metal upwards to a peak of \$645 on the 11th,

the highest price since April 1987. The price stabilised around \$635 for the following week, as reports suggested that Russian pgm export quotas would not be signed until February. However, from the 18th onwards, selling on TOCOM and NYMEX became the driving force in the market and platinum embarked on a steady descent, recording \$604 at the month end.

This slide continued during the early part of **February**, with the price dipping below \$600 on the 2nd for the first time since the beginning of December 2000. For the remainder of the month, strong consumer demand and further confusion over the approval of Russian pgm quotas tempered the decline and platinum traded within a narrow range of \$592-\$613.

During **March**, sharp falls in the palladium price began to take their toll on platinum, and the price dropped from \$609 at the beginning of the month to \$576 on the 5th. It bounced back to \$600 on the 8th, despite reports that the Russian quotas had been signed, but this proved to be only a temporary respite. During the second half of the month, sharp falls in world stock markets and growing evidence of weakness in the US

economy began to have a negative effect on platinum. The price dropped to an eight month low of \$563 on the 30th, following a bout of selling by US funds.

After slipping back to \$558 on the first day of **April**, platinum staged a recovery throughout the first two weeks of the month, supported by speculative activity on the back of rising lease rates. Reports early in the month that Vladimir Putin had signed the year's export quotas for platinum and rhodium seemed to have little immediate effect on the price. On the 17th loco Zurich rates hit 35 per cent and the following day the price surged to \$630. High borrowing costs then began to ease and, as offers of platinum from Russia were reported in the market, the price started to soften. Platinum ended the month at \$594.

After a brief spike to \$622 on the 4th **May**, platinum traded either side of \$605 during the first half of the month. From the 16th onwards it was lifted by a round of fund buying on NYMEX and a rally in gold, which reached an 11 month high of \$291.25 on the 21st. Platinum peaked at \$622 on the 29th, before selling by investors on NYMEX and TOCOM knocked it back to \$607 at the month's final fixing.

Average PGM Prices in \$ per oz

Average	Platinum	Palladium	Rhodium	Iridium	Ruthenium
January - September 2000	528.93	640.76	2,025.47	415.00	118.72
January - September 2001	558.88	687.26	1,829.79	415.00	143.97
Percentage Change	6%	7%	-10%	0%	21%

Platinum and palladium prices are averages of London am and pm fixings. Other pgm prices are averages of Johnson Matthey European base prices.

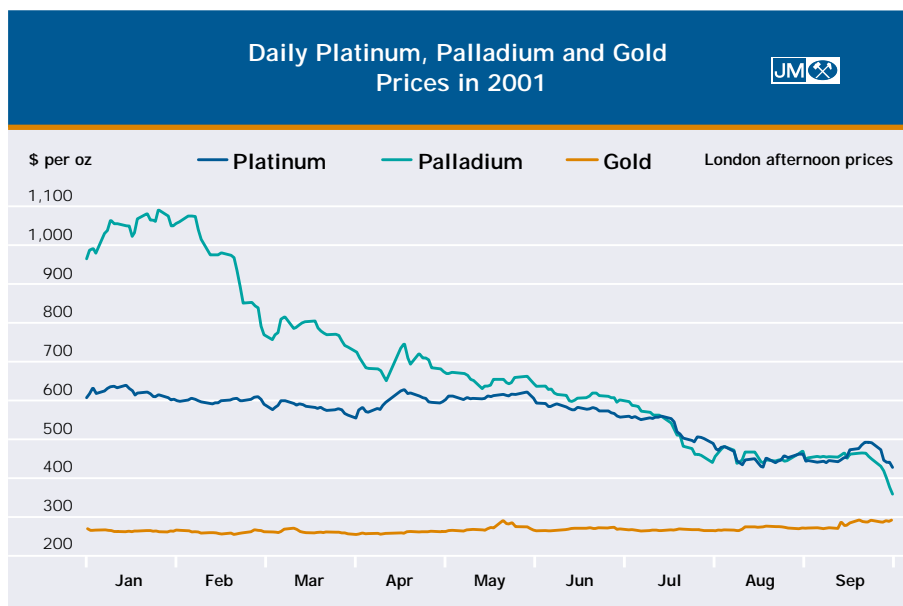


Platinum traded either side of \$590 for the first ten days of **June**. Modest amounts of Russian metal were reported to be coming onto the market, but this was absorbed by strong demand from China. From the 11th onwards market sentiment became more negative, influenced by the slowdown in the US economy. This triggered long liquidation by dealers and funds, and platinum fell back to \$558 at the month end.

The price stabilised in the first two weeks of **July**, but this period of calm was shortlived, with heavy selling on TOCOM triggering a steep fall in the price during the third week of the month. Platinum fell by more than \$50 in just five days, sinking below \$500 for the first time since April 2000. Further liquidation by US funds in New York and by private investors on TOCOM depressed the price to \$476 on the 31st.

During **August**, platinum was subject to further bouts of heavy selling on TOCOM, and the price tumbled to a 19 month low of \$422 on the 16th. At this level there was some bargain hunting by industrial consumers, and platinum was able to recoup some of its losses. Reports that Russian precious metals exports had been suspended also lifted sentiment, and the price recovered briefly to \$465 on the 29th. However, the rally quickly ran out of steam and platinum sank back to \$446 on the 31st following further selling on TOCOM.

The market was quiet at the beginning of **September**, but platinum rallied in the wake of gold following the terrorist attacks in the USA on the 11th. Continued delays in Russian exports gave a further boost to the price, which peaked at \$495 on the 20th. However, the rally came to an abrupt end the following week, as investors responded to growing concerns that a world economic slowdown would hit demand. Rumours of Russian selling reinforced the negative sentiment and platinum dropped to a month end fixing of \$429.



Palladium

Concerns over delays in Russian exports propelled palladium to an all-time high of \$1,094 at the end of January. However, it began a rapid descent in February, with consumer demand drying up and an influx of metal for sale on the London fixings. Selling on the fixings continued to affect the price during the following months and, with consumers reluctant to return to the market, palladium fell steadily to a two year low of \$360 at the end of September.

After opening the year with a fixing price of \$965, palladium made spectacular gains during early **January**. Steady consumer demand combined with a shortage of liquidity in the market forced the price higher, and palladium breached the \$1,000 barrier on the 8th. On the 11th, rumours began circulating in the market that there would be no shipments from Russia until February. Palladium lease rates tightened, with one month borrowing costs rising to over 20 per cent, and the price surged to \$1,085. The market eased in mid month following a bout of profit taking, but concerns over availability of Russian metal soon resurfaced and the price was

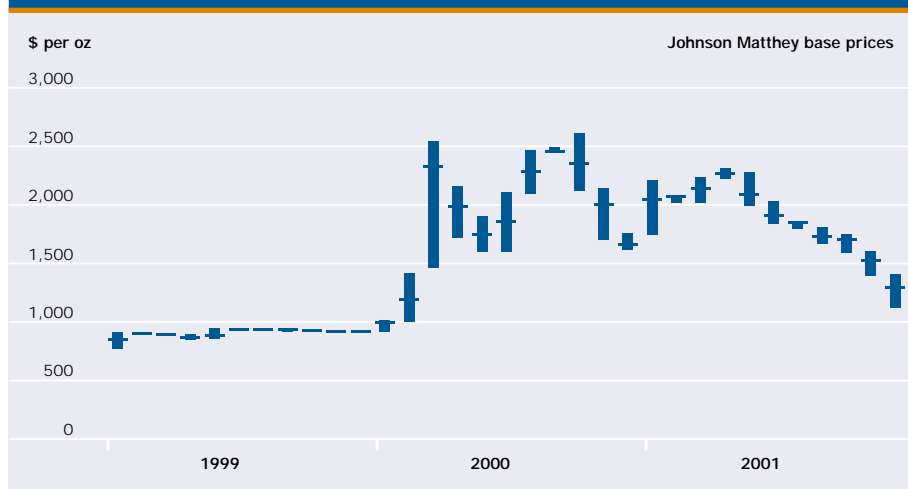
propelled up to a record \$1,094 on the 26th. A lack of activity at this level allowed palladium to drift back to \$1,050 at the month end.

Palladium remained strong during the first week of **February**, edging back to \$1,081 on the 6th. However, it began to falter from the 8th after reports that the signing of Russian export quotas was imminent. During the rest of the month heavy selling, rumoured to originate from Russia, was seen on the London fixings. Although consumer demand remained firm, palladium was unable to hold its ground and the price rapidly dropped below \$1,000, plunging to a three month low of \$839 at the month's final fixing.

The selling continued into early **March**. Palladium dropped to \$750 on the 5th, before staging a strong but short-lived recovery which took it back to \$828 on the 9th. It then retreated again, as the return of modest but persistent selling on the London fixings began to outweigh industrial demand. The price sank to a five month low of \$738 on the 30th.

During the first two weeks of **April**, heavy selling on the London fixings precipitated a further fall in the price, which reached a nine month low of \$650 on the 12th. The selling eased in mid

Monthly High, Low and Average Prices of Rhodium January 1999 - September 2001



month, allowing palladium to recover briefly to \$765 on the 18th, but with metal once more on offer at the fixings the price retreated to \$682 at the end of the month.

May was a quieter month for palladium. After trading either side of \$670 for the first ten days, a bout of selling pushed the price down to \$630 on the 14th. However, once this dried up palladium recovered to trade in a \$638-\$665 range for the remainder of the month.

The downward trend resumed during **June** as selling on the London fixings met with little interest from consumers. Palladium fell below \$600 on the 13th; at this level some buyers were attracted back into the market and there was a brief recovery to \$620 on the 20th. Renewed selling pressure then forced the price down to a one year low of \$594 on the 29th.

It was a similar story in **July**, with little consumer demand to break palladium's fall. The price slid downwards throughout the month, dropping below that of platinum on the 13th for the first time since May 2000. By the morning of the 31st it had fallen to an 18 month low of \$438, although a last minute rally pushed it up to \$457 in the afternoon.

Palladium continued to strengthen during the first days of **August**, reaching \$485 on the 3rd. However, this ascent was interrupted on the 7th as a plunge in the platinum market precipitated a similar sharp fall in palladium. After touching a low of \$438, it bounced back to \$475 on the 13th following reports that Norilsk Nickel was planning to reduce spot sales, but retreated the next day in reaction to news of disposals from the US Defense National Stockpile. There was a further spike to \$473 on the 29th triggered by reports of a temporary suspension of Russian pgm exports but palladium soon eased back to a month end price of \$453.

The palladium market was very quiet for most of **September**. After trading in a \$450-\$466 range for the first three weeks of the month, selling on the London fixes coupled with low industrial demand began to take its toll from the 24th. The price collapsed to a two year low of \$360 at September's final London fixing.

Other PGM

A lack of Russian selling boosted rhodium to a six month high of \$2,300 in February. However this rally came to a halt as Russian metal became available and, with little consumer demand to break the fall, the price dropped to a 20

month low of \$1,125 in September. The ruthenium price also softened during the year, dropping almost \$40 to \$122.

A shortage of Russian sales triggered a rally in the rhodium price at the beginning of 2001. The Johnson Matthey base price climbed from \$2,025 at the beginning of January to a high of \$2,300 in February. However the price dropped sharply in March, sinking to \$2,000 as Russian metal came onto the market.

For the rest of the year rhodium followed a downward trend, punctuated by periods of price stability. The price continued to fall during April as Russian sales were met by a market nervous in the face of a perceived world economic slowdown. It then stabilised at \$1,850 until the end of May when it resumed its descent. With no cessation of supplies during the traditionally quiet summer months, rhodium found little support in the market and by the end of September was trading at a 20 month low of \$1,125.

After significant price rises in 2000, ruthenium saw a reversal of fortunes throughout 2001, in line with a reduction in speculator activity and a fall in consumer demand. The JM base price slipped from \$160 at the beginning of the year to \$122 at the end of September. The iridium market was again quiet, with the price remaining at \$415, unchanged since January 1999.

Monthly High, Low & Average Prices of Ruthenium in 2001

