

# The Platinum Metals Report

www.platinum.matthey.com

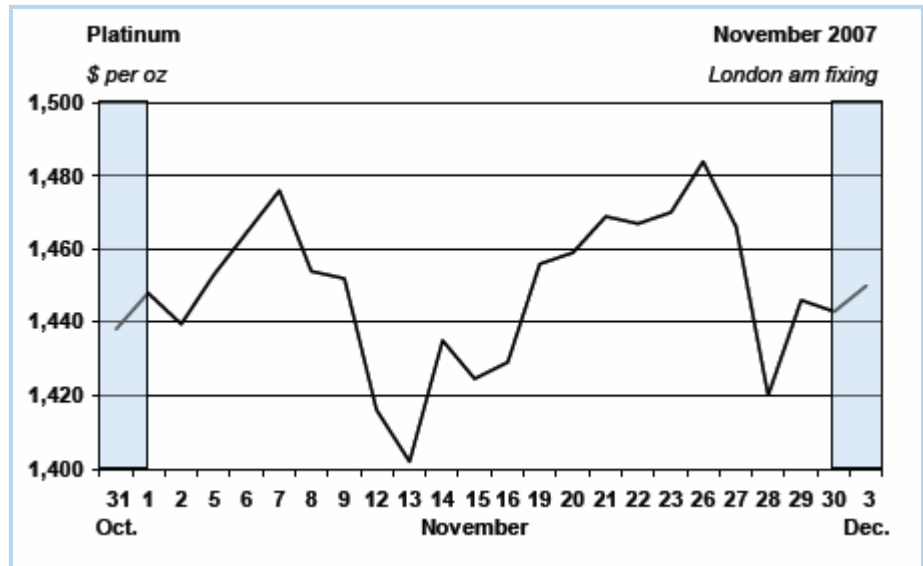
November 2007

Johnson Matthey

*Platinum hit another series of record high prices in November, peaking at \$1,484. While all of the platinum group metals were supported by a weak dollar and strong gold and oil prices, platinum benefited particularly due to the tightness in the physical market. These fundamentals gave funds and other investors sufficient incentive to buy into platinum, particularly on TOCOM and at high volumes through Exchange Traded Funds. Further safety-related interruptions to mining in South Africa kept the upward pressure on the price. Rhodium performed strongly too, falling only slightly short of its all-time record of \$7,000 as buying outstripped market offers. Iridium and ruthenium prices failed to benefit and lost ground or remained flat.*

## PLATINUM

Platinum rose to \$1,484 in November, another all-time high, but despite positive stimuli ranging from issues restricting South African production to investor interest, it lost \$8 over the month as a whole, from an initial \$1,448 to a closing \$1,440. NYMEX positions were reduced but TOCOM positions held by the General Public rose. Buying of Exchange Traded Funds also added another 80,000 oz or so to platinum demand in November.



Platinum started November at \$1,448 and weakened to \$1,439 on the 2<sup>nd</sup> under pressure from low sales on the Shanghai Gold Exchange and poor American automotive sales for October – a negative for platinum demand. However, gold rose towards a 28 year high on the back of a weak US Dollar and the declaration of martial law in Pakistan. Platinum followed, boosted by Mining unions' plans for a possible strike across the whole South African mining sector to address safety concerns, reaching \$1,458 on the 5<sup>th</sup>.

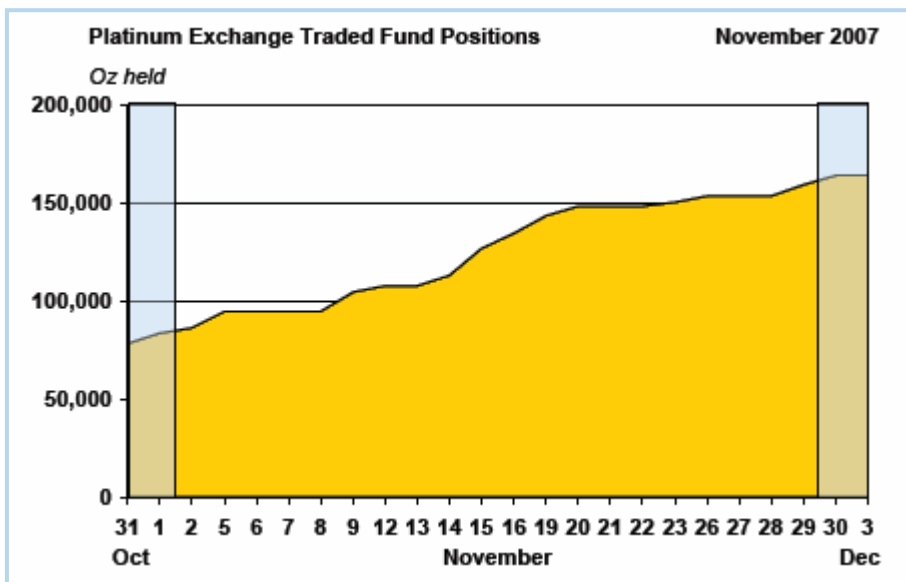
Funds rather than fundamentals led the charge and investor buying on NYMEX the following day, along with further dollar weakness, took platinum to a peak of \$1,476 before it ran out of momentum. The other side to the US economic performance then

emerged as the market worried over a possible economic slowdown and the impact this would have on demand for industrial metals. Platinum backtracked and fell as low as \$1,434 at the London pm fix on the 9<sup>th</sup>.

After the weekend, Asian stocks fell further and oil dropped too as Saudi Arabia announced planned increases in oil production. Platinum dipped to \$1,389, the monthly low, at the second fix on the 12<sup>th</sup> where large volumes changed hands. Strange to say, even at these prices, “bargain-hunters” emerged in the form of industrial buyers and others. The General Public on TOCOM added roughly 100,000 oz of platinum longs to their positions and platinum bobbed back over \$1,400 on the 13<sup>th</sup>. It did not fall back below this point for the remainder of the month.

Johnson Matthey’s interim review of the markets was released on the 13<sup>th</sup> and its forecast of a clear fundamental deficit helped platinum bounce back to \$1,440 on the 14<sup>th</sup> with buying from all quarters. The following day was quiet and platinum rested despite news that Aquarius had shut a shaft at Kroondal after a fatality there. However, on the 16<sup>th</sup>,

Anglo Platinum downgraded its own forecast for its annual platinum output substantially. The market responded immediately and platinum leapt to \$1,450 at the second fix of the day. NYMEX positions remained stable but TOCOM positions kept lengthening. At these high prices, investment flows into the Exchange Traded Funds increased markedly, showing the bullish attitude of at least some investors.

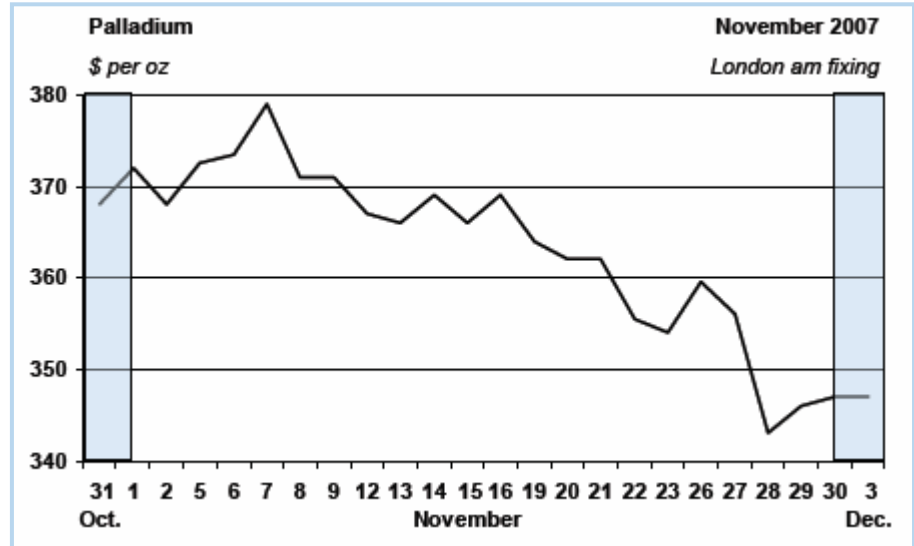


The price moved little then until the 21<sup>st</sup> despite oil coming close to \$99 per barrel. However, a fall in the dollar that day forced gold sharply back over \$800 and platinum firmed to \$1,469. With the US markets closed for Thanksgiving on the 22<sup>nd</sup> and 23<sup>rd</sup>, announcements of a death and consequent stoppage at Impala’s Marula mine and another at Aquarius’s Everest were enough to move the price higher in thin conditions. Platinum fixed at a new record level of \$1,484 on the morning of the 26<sup>th</sup>.

At this point, the gold price started moving lower as COMEX positions were closed out ahead of the month end. Platinum showed remarkable volatility, falling to \$1,420 on the 28<sup>th</sup> before jumping another \$20 higher on the following fix as industrial buyers re-emerged. The end of the month was disappointingly sedate for market commentators, however, and platinum closed quietly at \$1,440.

## PALLADIUM

Palladium showed little of the energy seen in the platinum market. It lost almost all of the ground it had gained in October and fell back \$23 from an opening \$372 to a final fix of \$349. ETF positions changed little and price movements echoed those of gold.



Palladium started November quietly at \$372. Where the gold and platinum markets were active, palladium lagged behind. As platinum rose over the first week of November, palladium slowly crawled higher, driven by concerns over the imposition of martial law in Pakistan and rising oil and gold prices. It fixed at its high point for the month of \$379 on the 7<sup>th</sup> but failed to threaten the \$380 level and slipped back to a second fix of \$374.5 later that day under some profit-taking from banks across the precious metals complex.

The lethargy in the palladium market continued into the second week of November. Key to this was the stability of the large net long speculative positions on NYMEX, which remained just above the million ounce mark. In contrast to platinum which fell almost \$90 over this period, due to selling in Asia and on NYMEX, palladium barely moved, staying within a band \$5 either side of \$370.

The first distinct move down from here came on the 19<sup>th</sup>. While platinum started to climb once more, palladium slipped lower, falling first to \$364 that day and then further, to \$355 at the second fix on the 22<sup>nd</sup>, in the thin trading conditions surrounding Thanksgiving, even as gold shot back above \$800. Palladium sagged into a new range of \$350-\$360 but, surprisingly, soon fell out of this new range.

Palladium fixing prices – November 2007			
	<i>High</i>	<i>Low</i>	<i>Average</i>
\$ per oz	379.00	343.00	363.00
£ per oz	180.55	166.25	175.20
€per oz	258.25	232.55	247.30

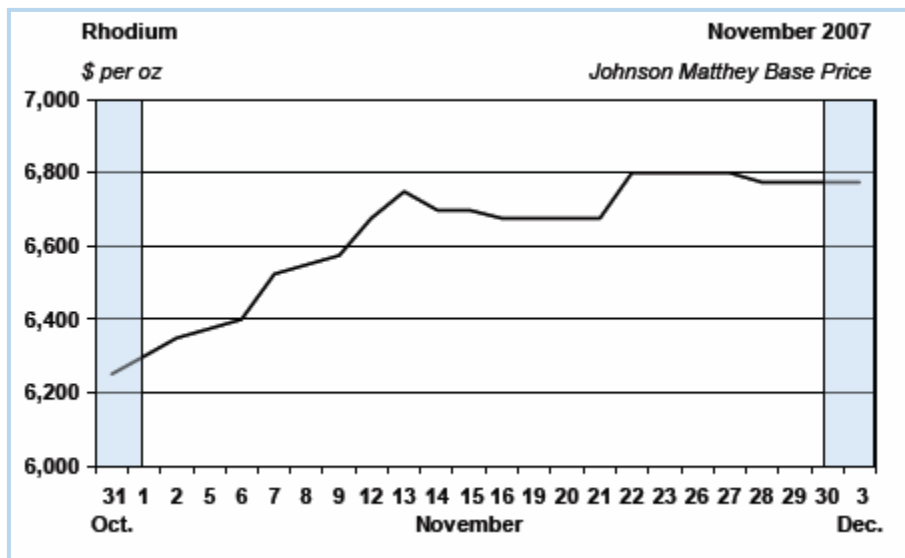
The catalyst for this move was selling of gold on TOCOM by the General Public. When this was quickly followed by fund sales, also in Tokyo, gold fell sharply and platinum

and palladium dropped too. Palladium reached its monthly low of \$343 on the 28<sup>th</sup> before finding support and trading the month out a little more healthily at \$349.

## OTHER PLATINUM GROUP METALS

Strong buying interest in rhodium was rekindled in November, helped by concerns over metal supply from South Africa. Good two-way trading moved the price progressively higher from an initial \$6,300 to a monthly peak of \$6,800 on the 22<sup>nd</sup>. Although the price relaxed slightly to close the month at \$6,775, these prices mark the highest point for rhodium since it briefly reached an all-time record of \$7,000 in July 1991.

Ruthenium, by comparison, suffered a month of quiet demand and the price fell steadily from \$565 at the start of the month to \$475 at the end of November. Once more, iridium remained at a Johnson Matthey base price of \$450 for the whole month.



© Johnson Matthey Plc, 2007.

Prices in charts and tables are London fixings or their equivalents in other currencies, unless otherwise stated. The information, text, graphics and links contained in these pages are provided for information purposes only. Johnson Matthey Plc does not warrant the accuracy or completeness of the information, text, links and other items contained in these pages and accepts no responsibility for any loss which may arise from reliance on information contained herein. To read our full disclaimer, please visit: [www.platinum.matthey.com/info/disclaimer.html](http://www.platinum.matthey.com/info/disclaimer.html)