

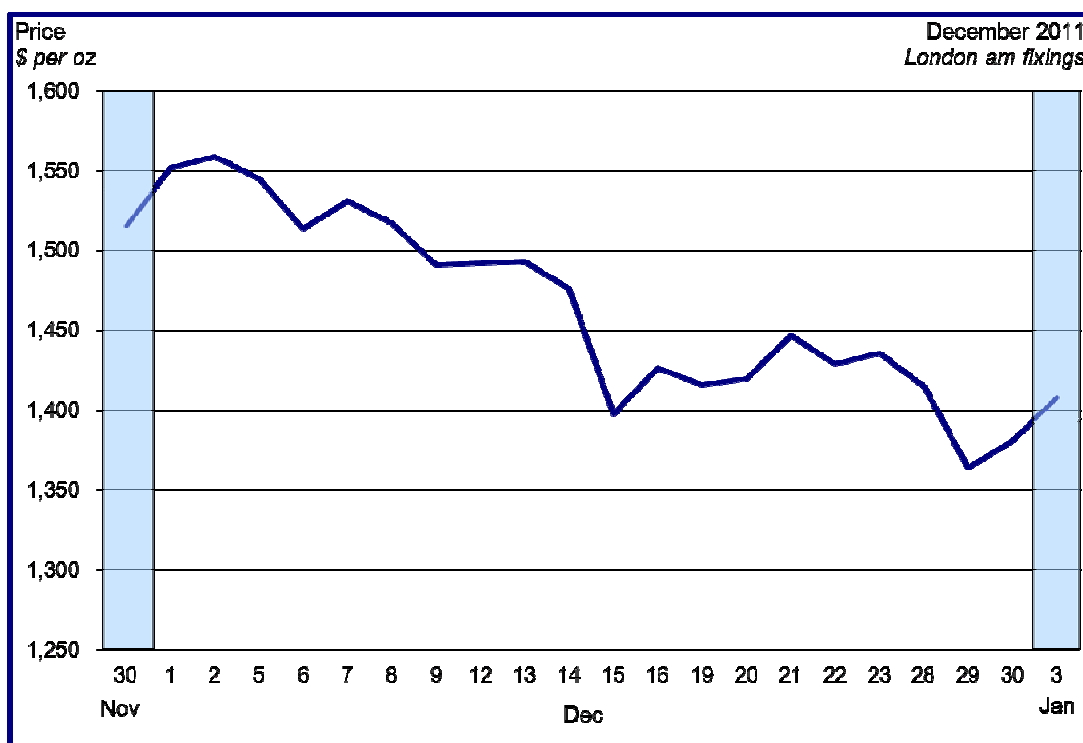


## The Platinum Metals Report – December 2011

The platinum group metals ended 2011 on a low note, with platinum trading at its most depressed level for the year. Platinum and palladium alike lost around a fifth of their value over the course of the previous twelve months. Rhodium lost 42% of its value throughout 2011, reaching depths not seen since May 2009. The softening of pgm prices in December was partly related to liquidation in the gold market as hedge funds and other investors covered losses in equities and moved to the perceived safety of the dollar to maintain cash positions as the year-end approached. The subdued close of 2011, symptomatic of an increasingly gloomy global economic outlook, was in marked contrast to the exuberance seen in the pgm market a year before when pgm prices rallied.

### PLATINUM

With a weakening dollar, in early December platinum's price recovered some of the lost ground from the steep fall in price during the previous month as investor sentiment returned briefly to risk assets. Thereafter, with poor investor sentiment and the year-end approaching, prices generally dropped, mirroring the retreating gold price. On the supply side, Lonmin finalised wage agreements with the National Union of Mineworkers and various other unions, bringing to an end the threat of widespread industrial action. In Zimbabwe, meanwhile, there was tough talk from the government that it may bring in laws to stop exports of unprocessed platinum concentrate to South Africa.



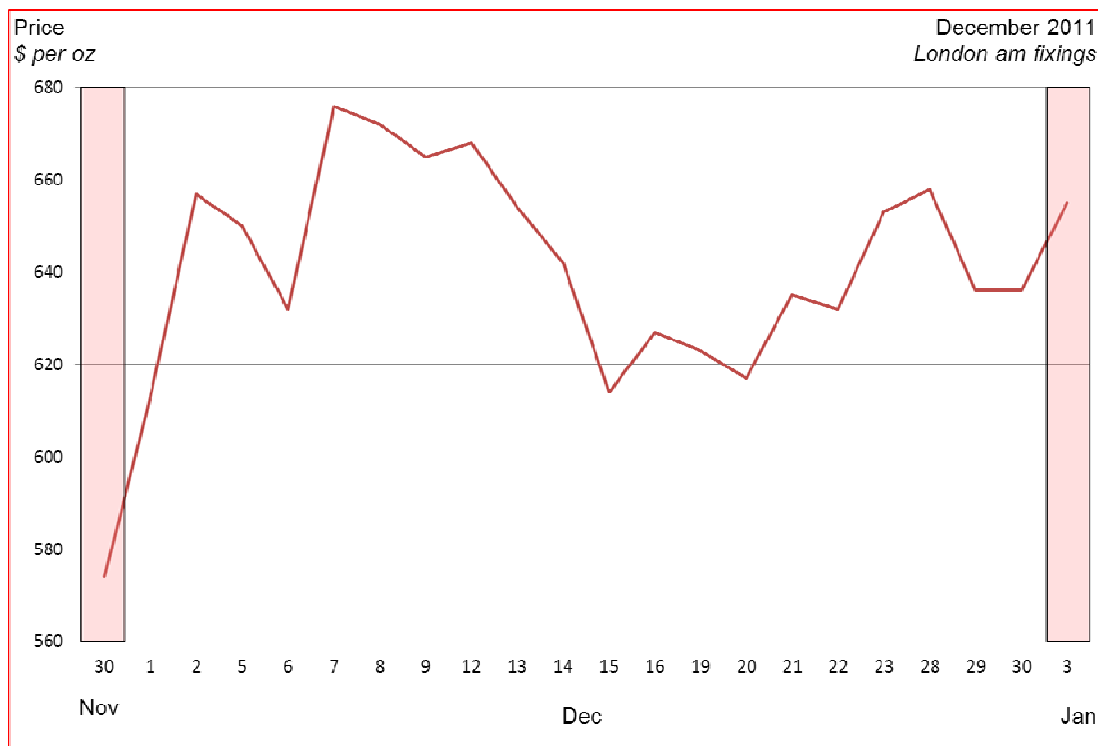
The prospect of an end to the eurozone debt crisis looked as doubtful as ever in December, and commodity prices reflected the poor economic outlook. Platinum's price fell to a 26-year low compared with gold as the yellow metal, itself faring badly, still retained something of the safe haven status that has helped it to maintain a premium over platinum since August. With sustained liquidation in the platinum market, the price dropped below \$1,400 to fix at \$1,398 in a substantial sell-off reminiscent of the darkest days of 2008.

Platinum am Fixing Prices – December 2011			
	High	Low	Average
\$ per oz	1,559.00	1,364.00	1,465.13
£ per oz	993.30	883.70	938.85
€ per oz	1,155.65	1,055.75	1,110.53

Supported by good physical demand from Asia, platinum found some stability above \$1,400 over the next two weeks. The price slid beneath \$1,400 once again in late December, fixing at \$1,364 on the 29<sup>th</sup> – the lowest level since November 2009 – as the euro weakened, sending investors once again scrambling for cover. With a re-bounce in the euro and much of the year-end liquidation over, platinum’s final morning fix of 2011 was \$1,381, down \$387 (22%) on the start of 2011.

## PALLADIUM

In the first half of December, palladium generally outperformed platinum in terms of upwards movements in price. This was largely due to a robust outlook for autocatalyst demand as US car sales were reported to have risen by 14% in November to the highest level for two years. Palladium proved to be just as susceptible to negative investor sentiment surrounding the eurozone as platinum, giving up some of its gains on the 6<sup>th</sup>, and more substantially on the 15<sup>th</sup>, when it fixed at a month low of \$614. The price was also just as subject to speculative liquidation as investors sought to raise cash as the end of the year approached.



News of increased shipments of palladium from Russia in November indicated, as expected, that further state stock sales are being made. Despite this, and the anticipation of further shipments before the year-end sentiment in the market remained positive towards palladium and there was a further bout of buying.

<b>Palladium am Fixing Prices – December 2011</b>			
	<i>High</i>	<i>Low</i>	<i>Average</i>
<i>\$ per oz</i>	676.00	613.00	643.00
<i>£ per oz</i>	432.80	390.20	412.07
<i>€ per oz</i>	503.90	454.40	487.56

In the dying days of the year, palladium was thinly traded and suffered alongside other commodities in the risk-off investor climate. On the last trading day of the year, palladium fixed at £636, down \$156 in the year.

## **OTHER PLATINUM GROUP METALS**

Rhodium was not immune to negative sentiment in the pgm market: the rhodium price plunged in the first two weeks of December, losing \$225 to reach a two-and-a-half-year low of \$1,400. Rhodium flatlined thereafter as some buying interest from Asia was easily met by the weight of selling in Europe and North America. Ruthenium lost \$10 in the month to trade at \$110 while Iridium remained dormant at \$1,085.

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