

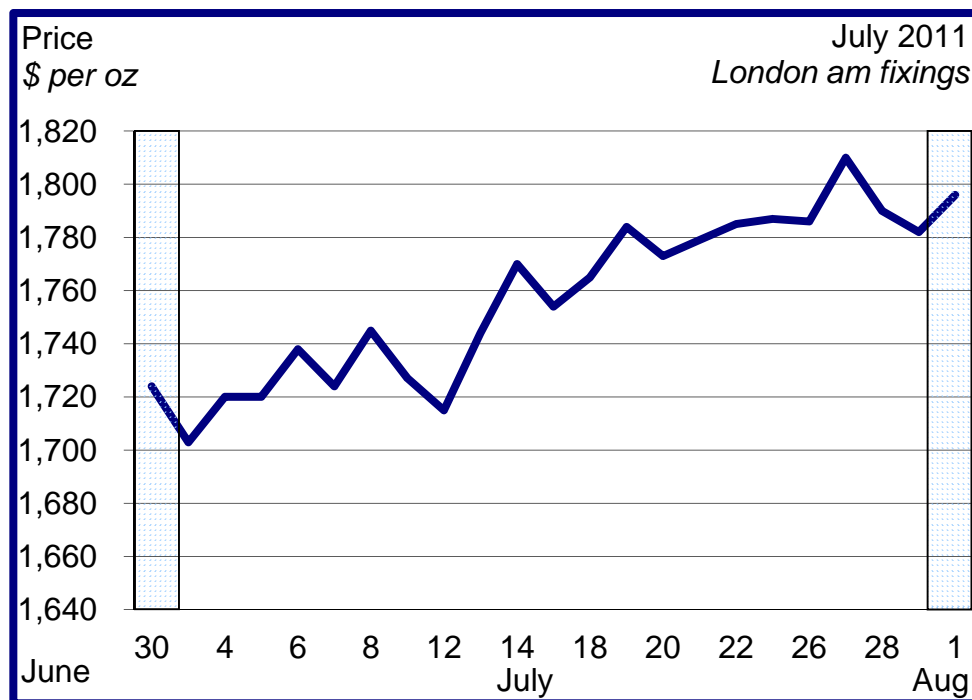


## The Platinum Metals Report – July 2011

Both platinum and palladium were on an upward trend for much of July as they benefitted from a weak dollar and followed the rising gold price. The yellow metal reached new record highs as a safe haven on the back of sovereign debt concerns in Europe and the USA. Tension in mine labour negotiations in South Africa also helped give some support to platinum and palladium prices throughout the month. As July wore on, growing uncertainty about Greece's debt level, and the ability of the EU and its banks to manage it, led to a rush into gold, boosting PGMs. Debt concerns were not confined to Europe; the risk that the USA might default on its debt obligations unless its debt ceiling was raised became increasingly apparent towards the end of the month. Political deadlock over the issue helped weaken the dollar and drive platinum to its highest level for several weeks, and palladium to levels not seen since February.

### PLATINUM

Platinum began July at its low point for the month of \$1,703 and steadily tracked the gold price upwards as sovereign debt concerns in Europe and dollar weakness led some investors to physical commodities. As annual wage negotiations continued between PGM miners and unions in South Africa, worries on the supply side also helped provide some support to platinum. While no official strikes have yet taken place at PGM mines during this round of negotiations, a coal miners' strike raised fears that electricity supplies may be affected.



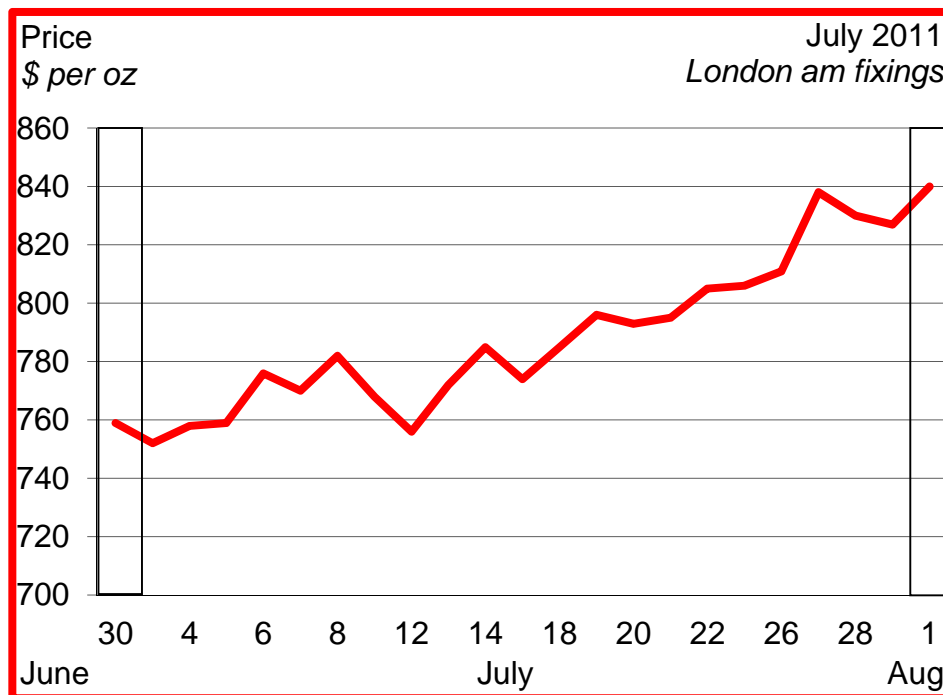
The middle of the month saw the prospect of a US sovereign debt default change from being a remote to a realistic possibility as it became increasingly apparent that no agreement was in sight for raising the US debt ceiling. Moody's warned of a possible downgrade to the US' credit rating. This, together with hints from the Fed of a possible third round of quantitative easing, led the dollar to weaken and the precious metal complex to move higher. Gold reached new highs in excess of \$1,600, and platinum followed an upward trend, reaching a month high of \$1,810 on the 27<sup>th</sup>. At this point, the price retreated to end the month at \$1,782, up \$58 in July.

Platinum am Fixing Prices – July 2011			
	High	Low	Average
\$ per oz	1,810.00	1,703.00	1,757.19
£ per oz	1,105.35	1,063.40	1,089.35
€ per oz	1,257.20	1,173.25	1,229.91

Investment in platinum ETFs in July was positive, with 34,500 oz being added to net holdings, bringing year-to-date net investment to 208,000 oz and total cumulative holdings to a new record high of 1.45 million ounces. Although there was net disinvestment in the first half of the month, investor confidence returned in the second half, with the majority of net investment going into the London fund.

## PALLADIUM

Palladium's price broadly tracked platinum throughout July on a generally upwards trend. Mixed news from the global automotive industry, with Renault reporting disappointing European sales but record half-year global sales for VW and higher production from Nissan's Japanese operations, affected the price positively and negatively but was generally bullish for palladium demand.



After fixing at a month low of \$752 on the 1st, palladium continued higher before receding briefly on the 8<sup>th</sup> as the dollar gained some strength. With a weaker dollar and a rallying gold price, palladium followed platinum higher, passing through \$800 on the 22<sup>nd</sup>. Underpinned by positive fundamentals and a weak dollar, and with investor confidence returning, palladium reached a month high of \$838 on the 27<sup>th</sup> before falling back the dollar strengthened. Palladium ended July an impressive \$75 higher than the start of the month.

Palladium am Fixing Prices – July 2011			
	High	Low	Average
\$ per oz	838.00	752.00	787.52
£ per oz	510.35	469.55	488.16
€ per oz	582.50	517.95	552.45

Palladium ETF investment holdings of palladium were virtually unchanged overall in July, leaving year-to-date disinvestment of 20,000 oz and cumulative holdings at 2.2 million oz, although this belied redemptions mid-month and net investment as the price rose.

#### **OTHER PLATINUM GROUP METALS**

Rhodium remained under pressure in July with very limited buying interest. The price fell back \$50 to \$1,950, at which point light buying in Asia arrested the fall. Rhodium recovered to close at \$1,975, down \$25 in the month. Iridium and ruthenium continued unchanged at \$1,050 and \$180 respectively.

**© Johnson Matthey Plc, 2011**

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)