

# THE PLATINUM METALS REPORT

Johnson Matthey

## June 2000

**An 11-year high of \$580 for platinum**

**Palladium rises by \$119 to reach \$691**

**Strong demand takes rhodium to \$2,450**

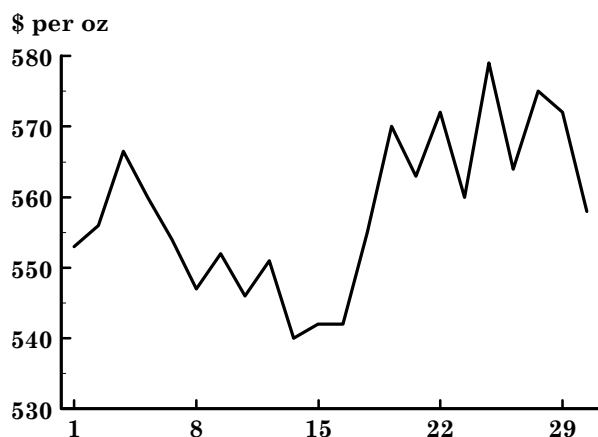
### PLATINUM

*An increase in prices following the release of US employment data began to erode around the 7th leading to a downward trend, which culminated in the monthly low of \$540 on the 14th. Prices began a recovery in the third week, supported by strong physical and technically-driven fund buying, which lifted the metal to the month's high of \$580 in the last week of June. However, the price rise was accompanied by bouts of profit taking.*

Having remained at the \$552-553 level for the first three fixes of the month, platinum rose to \$556 at the afternoon fix of Friday the 2nd. The trigger for the rise was the release of better than expected US employment data, which led to a weaker dollar and a rise in gold. In addition, there was a reported shortage of platinum sponge, particularly in the USA..

#### Platinum

**June 2000**  
(London pm fix)



On Monday the 5th, platinum continued to rise, reaching \$566.50 in the afternoon. One-month lease rates rose from 45 per cent to 50 per cent the following day, although the price dipped to \$560 in the afternoon due to selling on NYMEX. It recovered to \$566 on the morning of the 7th, but a bout of stop

#### Platinum prices

**June 2000**

	High	Low	Average
\$ per oz	580.00	540.00	558.88
£ per oz	386.80	358.35	370.35

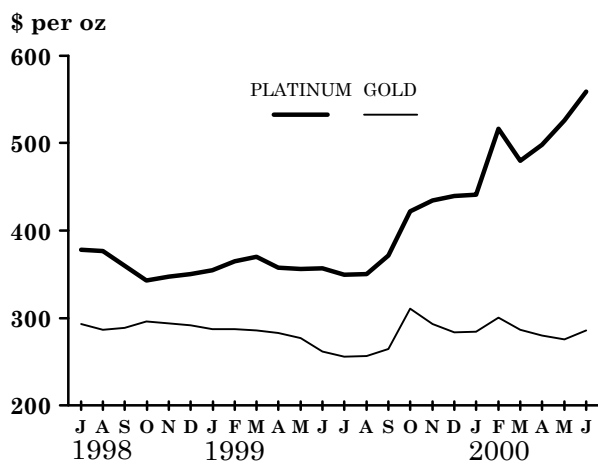
loss selling on NYMEX by technically-motivated funds saw the price tumble to \$554. Lease rates dropped back to 45 per cent. Norilsk Nickel reported greatly increased profits for 1999. On Thursday the 8th, platinum retreated to \$547, and lease rates fell to 40 per cent. Friday the 9th saw platinum move to \$552 due to light physical buying in London.

During the week beginning the 12th, the general trend was a slide in platinum prices. The final fix on Monday the 12th was \$546, but it rose to the week's high of \$558 the following morning, due to strong demand for sponge. In the afternoon of the 14th, platinum had fallen to what proved to be the month's low of \$540. Lending by a US bank in London sent one-month lease rates lower to 30 per cent, and this in turn sparked some long liquidation. On Thursday the 15th, the metal stayed at \$542 at both of the fixes. It rose to \$544 at the next day's morning fix, but retreated to \$542 in the afternoon.

The following week opened on a more bullish note and at the afternoon fix of Monday the 19th, platinum reached \$555, supported by steady physical buying. Purchasing by technically-driven funds saw platinum rise to \$570 on Tuesday the 20th, although



## Monthly average London fixings



it dropped to \$563 the following afternoon, mainly due to profit taking. The metal jumped on the morning of Thursday the 22nd to an 11-year high of \$575, boosted by a lack of selling in the market and aggressive buying on the part of one large broker. One-month lease rates rose from 35 to 40 per cent. The price eased in the afternoon to \$572. On the final day of the week, the market quietened and platinum was set for both fixes at \$560.

Platinum got off to a strong start on Monday the 26th, having opened at \$575 it moved to \$579 in the afternoon. Although the market was fairly quiet, supplies of platinum sponge were tight. On the following morning, the 27th, platinum hit \$580, its highest fix since December 1988. It tumbled to \$564 at the afternoon fix during a day characterised by large price swings. On NYMEX funds took profits, forcing the NYMEX October contract to trade limit down. Platinum strengthened to \$575 the following afternoon. Swiss customs statistics for May showed platinum imports from Russia totalled over 224,000 oz. The same day, the chairman of Russia's Central Bank was reported to have said that it had not received an export licence for pgm this year. On Thursday the 29th, platinum remained strong at \$572, supported by TOCOM, where the Russian story sparked concern about supplies and saw platinum futures posting contract highs. Selling on Friday the 30th led to a drop in platinum and it recorded a final monthly fix of \$558.

## PALLADIUM

*Apart from an occasional price dip, palladium rose fairly steadily throughout the first two weeks of June. It reached the month's high of \$691 at the beginning of the third week, bolstered by strong demand, which contrasted with relative scarcity of offers.*

Palladium fixed at \$572 at both fixes on the 1st, which subsequently proved to be the month's low. Like its sister metal, palladium was boosted by the release of the US employment data and, coupled with fund and trade house buying, it rose to \$590 at the afternoon fix of Friday the 2nd.

On Monday the 5th, palladium saw a morning fix of \$608, but this eroded to \$600 in the afternoon due to selling by a bank. Boosted by bullish platinum market and strong demand, palladium picked up, rising to \$615 on the 6th, and \$630 on Wednesday the 7th. It reached \$640 on the 8th, where it remained at the afternoon fix. By Friday, it had risen to \$647 at the afternoon fix. It was reported that the public were short on the new TOCOM palladium contracts.

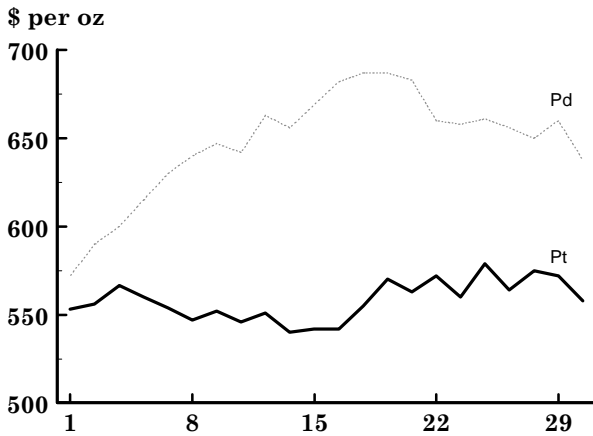
Although the price had eased to \$642 on Monday the 12th, the metal rose sharply to \$663 the following afternoon, due to a lack of selling. Demand, meanwhile, remained steady. Wednesday the 14th saw palladium slip to \$656, but it soon regained momentum, rising to \$669 on Thursday, and by Friday the 16th it reached \$682, where it remained

## Palladium

**June 2000**  
(London pm fix)



## Comparison of London pm fixings



for the afternoon fix. Short covering on TOCOM by the general public was central to the price rally. One-month lease rates also rose, from five per cent to 12 per cent as concern grew about Russian supplies following a report that Gokhran had purchased a large amount of palladium from the Central Bank.

Although there was some profit taking, palladium hit the month's high of \$691 on the morning of Monday the 19th, before easing to \$687 in the afternoon. It reached \$690 the following morning, but

### Palladium prices June 2000

	High	Low	Average
\$ per oz	691.00	572.00	647.09
£ per oz	456.70	382.20	428.78

then began to drift lower. Very low volumes of selling in a thin market saw the metal drop from \$683 at the afternoon fix of the 21st to \$660 on the 22nd. It dropped further to \$652 before light buying on Friday the 23rd pulled palladium to \$658 at the final fix.

A rally in platinum boosted palladium on Monday the 26th, and it recorded an opening fix of \$666, though this gave way to \$661 in the afternoon. The metal was impacted by heavy selling of platinum during the afternoon of the 27th, and it dropped to \$656. Palladium eased to \$650 for both fixes on Wednesday the 28th. A thin market in London, and quiet pre-holiday trade in New York, saw palladium record \$638 at the final fix of the month.

## OTHER PGM

**Rhodium recorded strong prices increases during June, ending the month on \$2,450. Ruthenium continued to rise, finishing the month \$20 up at \$155. There was no change in the iridium price in June, which stayed at \$415.**

The Johnson Matthey Base Price for rhodium steadily strengthened throughout June. Underpinning the metal's strength was strong demand and, combined with a lack of Russian material, prices began to spiral upwards. Having opened the month on \$2,100, rhodium moved to \$2,150 on the 7th, and the next day it rose to \$2,200. On the 14th, the metal edged ahead to \$2,225 and to \$2,275 the following day. It rose by \$75 on the 16th to \$2,350 and on the 19th, it moved to \$2,375. On the 28th, rhodium eased ahead to \$2,400, and then to \$2,450 on the 28th, where it stayed through to the final day of the month.

The Johnson Matthey Base Price for ruthenium also recorded upward movement in June. Market sources indicated that buying was from both both end users and speculators. The price began the month on \$135, moving to \$140 on the 20th, and to \$145 on the 23rd. The metal then hit \$155 on the 27th and remained at that level until the month's end.

### Monthly average rhodium prices



Except where otherwise stated, prices in the charts, tables and text above are London fixings.

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# JOHNSON MATTHEY PLATINUM GROUP METALS BASE PRICES (\$ per oz)

June 2000

Daily Prices		Platinum			Palladium			Rhodium		
		Asia	Europe	America	Asia	Europe	America	Asia	Europe	America
Thursday	1	552	555	557	585	587	582	2,100	2,100	2,100
Friday	2	555	555	562	585	587	595	2,100	2,100	2,100
Monday	5	567	567	572	600	600	615	2,100	2,100	2,100
Tuesday	6	-	573	565	-	622	620	-	2,100	2,100
Wednesday	7	567	572	565	622	626	640	2,100	2,150	2,150
Thursday	8	554	554	554	645	648	648	2,150	2,200	2,200
Friday	9	554	551	557	647	650	658	2,200	2,200	2,200
Monday	12	555	555	553	648	653	650	2,200	2,200	2,200
Tuesday	13	555	563	560	650	653	672	2,200	2,200	2,200
Wednesday	14	557	558	547	667	671	670	2,200	2,225	2,250
Thursday	15	544	543	547	665	668	677	2,250	2,275	2,300
Friday	16	544	548	548	675	685	690	2,300	2,350	2,350
Monday	19	546	548	560	690	700	700	2,350	2,375	2,375
Tuesday	20	560	561	577	697	695	695	2,375	2,375	2,375
Wednesday	21	575	568	570	695	695	695	2,375	2,375	2,375
Thursday	22	569	566	580	685	677	675	2,375	2,375	2,375
Friday	23	574	577	567	650	658	664	2,375	2,375	2,375
Monday	26	565	566	586	660	665	675	2,375	2,375	2,375
Tuesday	27	580	585	577	670	675	667	2,375	2,375	2,375
Wednesday	28	571	575	583	655	660	660	2,375	2,400	2,400
Thursday	29	585	585	578	665	670	668	2,400	2,450	2,450
Friday	30	575	575	562	657	662	650	2,450	2,450	2,450

Monthly Average		Platinum	Palladium	Rhodium	Iridium	Ruthenium
May	2000	534.05	585.31	1,843.99	415.00	128.11
June	2000	564.41	654.94	2,274.15	415.00	139.86
<i>Change</i>		30.36	69.63	430.16	0.00	11.75

Daily prices shown above are the first prices set in each time zone. Monthly prices are averages of all prices set during the month.

A full list of first and all subsequent prices in each time zone is available on request.

