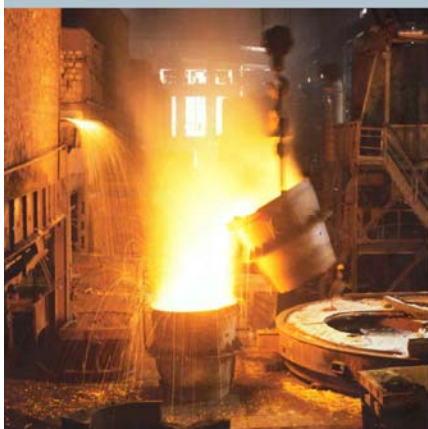


29 June 2009



**Focus: Buy platinum on a correction towards \$1,100** We believe a correction in the platinum price towards \$1,100 should be seen as a buying opportunity despite risk factors (refer overleaf).

- The precious metals market might re-enter risk aversion mode over the next few days. Because of the stronger dollar, precious metals are under pressure ahead of what will be a busy week of data releases.
- Gold is still finding good support above \$935, but isn't set to move much higher.
- Platinum and palladium is finding it hard to gain ground.
- Front-month WTI crude remains under pressure this morning following disappointing economic data.
- Profit taking saw much of the base metals complex close lower on Friday. With the exception of copper, which has broken free of the other metals, Monday has so far seen dollar watching emerge as the order of the day.
- Overnight China's NDRC has confirmed the size of the country's strategic metal reserve holdings, and has stated that purchases for reserves will not continue under current market conditions.

**Walter de Wet, CFA**  
+44 (20) 7815 2759  
Walter.DeWet@standardbank.com

**Leon Westgate**  
+44 (20) 7815 4090  
Leon.Westgate@standardbank.com

**Manqoba Madinane**  
+27 (11) 378 7220  
Manqoba.Madinane@standardbank.com

## Commodity price data (26 June 2009)

## Base metals LME 3-month

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	1,678	1,645	1,692	1,642	-37	-2.20	1,646.50	25	-32.25
Copper	5,120	5,036	5,140	5,014	-95	-1.85	5,101.50	78	-14.50
Lead	1,735	1,715	1,750	1,700	-4	-0.25	1,718.00	8	-16.75
Nickel	15,865	15,800	16,098	15,475	175	1.12	15,875.00	520	-85.00
Tin	14,850	14,700	15,000	14,625	-55	-0.37	15,000.00	200	60.00
Zinc	1,623	1,582	1,629	1,578	-27	-1.68	1,589.50	7	-24.50

## Energy

	Open	Close	High	Low	day/day	Change (%)	ATM 1-m vol	ATM 6-m vol	ATM 1-y vol
ICE Brent	68.95	68.34	68.95	68.10	-0.58	-0.85%	46.74	42.07	35.46
NYMEX WTI	69.25	68.77	69.36	68.36	-0.39	-0.57%	47.59	42.38	35.46
ICE Gasoil	556.00	556.00	556.00	553.25	-1.50	-0.27%	-	-	-
API2 Q3'09	66.30	65.50	-	-	-0.80	-1.22%	-	-	-
ICE EUA Dec09	13.48	13.40	-	-	-0.08	-0.59%	-	-	-

## Precious metals

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFPs
Gold	943.00	942.00	948.20	937.00	940.20	1.20	0.10/0.50
Silver	-	14.01	14.32	14.07	14.13	0.11	-1.00/1.00
Platinum	1,208.00	1,203.00	1,206.00	1,196.00	1,200.00	10.00	0/3
Palladium	244.00	245.00	245.00	245.00	244.00	2.00	0/3

Sources: Standard Bank; LME; Bloomberg

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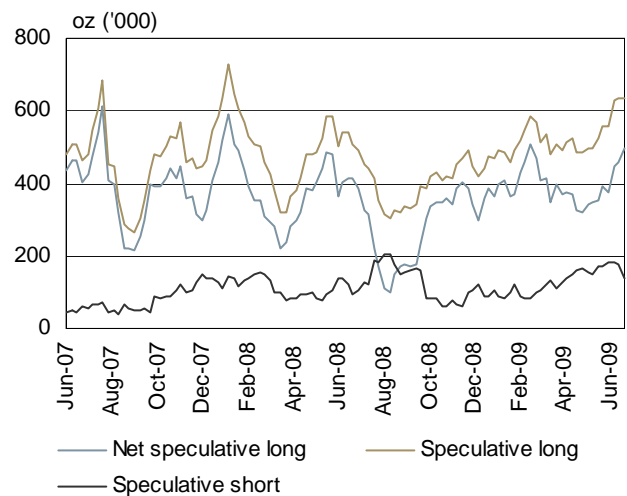
## Focus: Buy platinum on a correction to \$1,100 Platinum CFTC data

The latest CFTC data shows that the net speculative long position in NYMEX platinum continues to rise. The rise in the net long positions to 495,900oz (from 457,150oz the previous week) is the result of a decline in speculative shorts (shorts declined from 175,550oz to 136,350oz) rather than a rise in speculative longs (longs declined from 632,700oz to 632,250oz).

But both the speculative long and short positions remain near recent highs (adjacent graph). The long positions are at levels last seen in January 2008. Short positions have retreated somewhat but are still at levels last seen in August 2008.

With long speculative positions at levels seen when electricity supply was cut to PGM mines in South Africa in January 2008, and short positions close to the levels when automakers started its mass de-stocking last year in July, there might be another sell-off in platinum. On top of this, physical demand remains weak, except out of China (refer to Focus on 24 June 2009).

While the above are risk factors to the platinum price, we believe a correction in the platinum price towards \$1,100 should be seen as a buying opportunity. The net long speculative position as a percentage of open interest are at 43% which is not excessively high.



Sources: CFTC; Standard CIB Global Research

The supply-side continues to adjust and a ZAR below \$8.00 can only compound cost pressures. At the same time, we expect the general trend in the dollar to be one of depreciation with a target of \$1.50 towards year-end.

**By Walter de Wet**

## Base metals

Friday was a fairly quiet end to the week with much of the base metals complex coming under pressure as profit taking emerged ahead of the weekend. Monday has been a bit more mixed, though with the exception of copper, which has broken free of the other metals, dollar watching again appears to be the order of the day. Looking ahead, position housekeeping ahead of month and quarter-end may start to come into play as the day wears on.

Of interest have been a couple of announcements overnight from China's NDRC, firstly noting the size of the country's strategic metal reserve holdings, and secondly that State purchases for reserves will not continue under current market conditions. Current state reserves have been confirmed as standing at 539 kt of Aluminium, 235 kt of Copper, 159 kt of Zinc, 5 kt of Titanium and 30 tonnes of Indium. The reserve numbers are not surprising in themselves and tie in with estimates. The announcement that the SRB is stepping back from the market due to high prices is also fairly logical, and links in with recent market observations. What is unusual however, is the decision to clarify the reserve numbers, and also make what appears to be an attempt to talk the price down.

Copper climbed back above \$5,100 during Monday morning, rallying overnight on the back of further strength on the SHFE. However, with most of the nearby SHFE copper contracts closing lower, prices have also drifted off, with the red metal again resorting to dollar watching heading into the afternoon. On the inventory front, LME available stocks declined by 700 mt this morning to 255,325 mt. However, with headline inventories falling at a faster rate, the lack of significant fresh cancellations have seen LME cancelled warrants slip to below 5% of total LME inventory for the first time since late March.

Friday saw nickel climb above \$16,000 for the first time since October before closing at \$15,800. Monday has seen prices continue to trade around Friday's closing levels. Elsewhere, a large - 11,050 mt - increase in available LME inventory gave zinc prices a knock during Monday morning. The main locations for the stock inflows were Johor, which saw an 8,050 mt increase in New Orleans, up 3,000 mt. Prices have since recovered however, helped by a weaker dollar.

Aside from the Japanese Industrial Production numbers for May - up 5.9% compared to expectations of a 7.0% gain - there is little else of note today in terms of macroeconomic data.

**By Leon Westgate**

## Precious metals

**The precious metals market might re-enter risk aversion mode over the next few days.** Because of the stronger dollar, precious metals are under pressure ahead of what will be a busy week of data releases. Furthermore, apart from the data releases, Q2 draws to a close on Tuesday, which might see portfolio rebalancing and short-term tactical positioning of funds, which may add to the volatility. But while a week is a long time in these markets, precious metals could stay range-bound until at least Thursday, when we see the ECB interest rate decision as well as the release of US non-farm payrolls. **Gold is still finding good support above \$935**, but isn't set to move much higher. The recent correlation with the S&P has been high (10-day correlation at 0.85) and, as a result, we will be looking for direction primarily at equities today. Gold support is at \$935 and \$930, with resistance at \$946.50 and \$953.

**Platinum and palladium is finding it hard to gain ground.** While we believe that the probability of a move lower in especially platinum has risen (refer to *Focus*), the continued wage disputes in South Africa could support prices. Key for PGM prices this week will be total US vehicle sales as well as US and Eurozone ISM manufacturing data — both due for release on Wednesday. Already this morning, Japanese vehicle sales data showed a contraction of 41.4% y/y in May, following a 47.1% y/y contraction in April. Japan is the second largest market for platinum and palladium. But apart from these data releases, according to correlations, platinum and palladium seem to be tracking not only equities, but also crude oil and copper more closely. Platinum support is at \$1,180 and \$1,170, with resistance at \$1,200 and \$1,220. Palladium support is at \$243 and resistance is at \$248.

**Silver is flirting with the \$14.00 support level again.** A break below this could see silver test \$13.84 — \$13.80. Resistance is at \$14.27 and \$14.45.

By Walter de Wet

## Energy

**Front-month WTI crude oil prices plummeted from \$71.29/bbl in London to \$68.80 during NY trade on Friday** after the US department of trade reported a rise in households' savings rate — showing consumers are spending less. Sentiment was further pressured by a US equity market decline, with the DJIA and S&P sliding 0.40% and 0.15% respectively.

**Front-month WTI crude remains under pressure this morning following disappointing economic data.** Japanese industrial production surprised on the downside, rising 5.9% m/m in May against market expectations for a 7.0% m/m increase. Japanese vehicle production also contracted 41.4% y/y in May, following a 47.1% y/y contraction in April. Front-month WTI crude oil clawed back to \$69.07 in early European trade this morning after China announced plans for a 160% increase to its crude oil strategic reserve to 270 million barrels within the next five years. Look out for Eurozone Business climate and industrial confidence data — worse-than-expected data could see crude oil prices come under pressure ahead of NY trade. Support and resistance are at \$67.83/bbl and \$70.75/bbl for front-month WTI crude oil respectively.

**Sliding crude oil prices on Friday saw thermal coal contract prices close marginally lower in London on Friday.** API2 (CIF ARA) for Q3:09 delivery shed \$0.80/mt, to \$65.50/mt, whilst API4(FOB) for Q4:09 delivery shedding \$1.40/mt, to \$68.70/mt. Improving Chinese power demand conditions could support coal investment sentiment today. Chinese official data shows primary and tertiary industry power consumption increased 4.7% m/m and 9.0% m/m respectively in May. Chinese power production also increased 2.47% m/m by June 23 indicating that domestic demand conditions could improve. Today's June Eurozone economic and industrial confidence data should provide more clues on European thermal coal demand.

Carbon emissions contract prices followed the rest of the energy complex lower on Friday. ICE EUA for December deliver shed EUR0.10/mtCO<sub>2</sub>, to EUR13.40/mtCO<sub>2</sub>. Active UN-backed CER slipped EUR0.04/mtCO<sub>2</sub>, to EUR11.74/mtCO<sub>2</sub>.

By Manqoba Madinane

## Base metals

### Daily LME stock movement (mt)

Metal	Today	Yesterday	In	Out	One day change	YTD change (mt)	Cancelled warrants (mt)	Cancelled warrants (%)	Contract turnover
Aluminium	4,371,000	4,365,925	13,775	8,700	5,075	2,042,100	141,175	3.23	179,720
Copper	267,300	270,250	525	3,475	-2,950	-72,475	11,975	4.48	71,697
Lead	89,200	88,575	625	0	625	44,050	75	0.08	12,866
Nickel	109,476	108,960	738	222	516	31,086	1,470	1.34	20,133
Tin	16,760	16,955	25	220	-195	8,970	690	4.12	5,067
Zinc	353,700	344,000	11,050	1,350	9,700	100,200	5,075	1.43	45,446

### Shanghai 3-month forward prices

Metal	Open	Last	1d Change	COMEX active month future prices	Open	Close	Change	Change (%)
Aluminium	13,430	13,450	-25	Ali June'09	77	75.50	-1.50	-1.95%
Copper	40,370	40,390	460	Cu June'09	231	231.15	0.25	0.11%
Zinc	13,405	13,485	-35					

### ZAR metal prices (26 June 2009)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	13,024	40,353	13,589	125,571	118,650	12,573	7.9100
3-month	13,242	40,540	13,806	127,190	118,335	12,735	8.0500

## Energy

Energy futures pricing	Price Change		Price Change		Price Change		Price Change		Price Change	
	1-month forward	2-month forward	3-month forward	6-month forward	1-year forward					
Sing Gasoil (\$/bbl)	76.16	-0.02	75.11	-1.71	75.79	-1.38	79.10	-1.04	84.43	-0.74
Gasoil 0.1% Rdam (\$/mt)	556.00	-1.50	566.00	-2.75	579.50	-8.25	608.00	-6.50	647.00	-5.50
NWE CIF jet (\$/mt)	618.15	-2.66	621.33	-9.45	627.92	-8.50	658.67	-6.59	701.17	-5.50
Singapore Kero (\$/bbl)	76.35	0.00	76.21	-1.61	77.59	-1.38	81.60	-1.14	86.83	-0.84
3.5% Rdam barges (\$/mt)	372.09	0.36	369.11	-8.85	369.00	-8.83	373.66	-9.09	389.11	-8.43
1% Fuel Oil FOB (\$/mt)	380.15	0.46	376.36	-8.60	385.25	-8.58	404.41	-9.34	433.11	-8.68
Sing FO 380 Cargo (\$/mt)	389.00	-9.08	388.63	-9.63	389.83	-10.05	397.10	-9.34	412.04	-9.15
Sing FO180 Cargo (\$/mt)	400.46	0.12	396.86	-8.85	394.75	-9.33	399.16	-9.84	412.04	-9.15
Thermal coal	Q3-09		Q4-09		Q1-10		Cal 11		Cal 12	
API2 (CIF ARA)	65.50	-0.80	73.50	-0.80	93.25	-1.15	101.00	-0.65	106.50	-0.80
API4 (FOB RBCT)	62.20	-0.80	68.70	-1.40	85.00	-0.25	91.40	-1.00	96.90	-1.20
Carbon	Spot		Dec-09		Dec-10		Dec-11		Dec-12	
ICE - ECX EUA (€/mt)	13.20	-0.10	13.40	-0.08	13.93	-0.08	14.66	-0.05	15.68	0.01
ICE - ECX CER (€/mt)	11.70	-0.03	11.74	-0.04	11.52	-0.11	11.79	-0.05	12.14	-0.06

## Precious metals

Forwards (%)	1-month	2-month	3-month	6-month	12-month		
Gold	0.21857	0.26286	0.32429	0.46143	0.65429		
Silver	0.40429	0.41857	0.46857	0.49857	0.59286		
USD Libor	0.31000	0.42000	0.59750	1.09500	1.59125		
Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	51.16	932.89	945.02	928.21	875.96	932.00	945.00
Silver	49.91	14.05	14.63	13.62	12.21	13.82	14.25
Platinum	51.74	1,193.20	1,223.64	1,140.80	1,025.00	1,181.00	1,205.00
Palladium	54.62	240.95	246.58	224.67	208.87	240.00	253.00
Active Month Future	COMEX GLD	COMEX SLV	NYMEX PAL	NYMEX PLAT	DGCX GLD	TOCOM GLD	CBOT GLD
	Aug'09	Jul'09	Jul'09	Jul'09	Jun'09	Apr'10	Jun'09
Settlement	937.60	14.0150	245.70	1,210.70	937.00	2,881.00	937.20
Open Interest	380,283	103,642	16,411	23,057	717	92,934	3,393
Change in Open Interest	1,585	-1,085	388	106	-12	-2,682	26

Date: 26 June 2009

Sources: Standard Bank; LME; Bloomberg

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