

April 28th 2008

Precious Metals Daily

## Volumes low as metals drift

The week ended on a quiet note on Friday as volumes stayed low across the basket of precious metals. In the commodities complex, crude oil took centre stage again as supply disruptions and strikes pushed WTI crude to \$120 per barrel.

The lower volumes and side-ways drift pre-empt an extremely busy week ahead in terms of data releases. Market participants will be watching two US data releases — the FOMC meeting on Wednesday, and the non-farm payroll data due for release on Friday.

It is now widely expected that the Fed will cut interest rates once more, by only 25 bps, after which it is expected to keep rates constant for the rest of the year. Currently, US treasuries are pricing in tightening by the Fed towards year-end, which is supporting the greenback. The dollar is currently trading well below \$1.5700 against the euro. Further support for the US currency comes as US equities seem to have turned the corner, with the Dow Jones having almost wiped out YTD losses. In contrast, European equities continue to struggle, with many major indices still down more than 10% YTD. These conditions should continue to favour US dollar strength. However, a much worse-than-expected non-farm payrolls reading on Friday could see the dollar on the defence again.

**Gold** traded between \$885 and \$890 in Asia. When European markets opened, the euro came under heavy selling pressure, pushing gold as low as \$878 just before the AM fix. However, buying support on the back of rising crude and slightly weaker US dollar erased most of the day's losses in late afternoon trading. Gold closed almost unchanged, at \$887.70 in New York. We see support for gold at \$880, with \$870 and \$847 as near-term possibilities. Primary resistance is seen at \$903, and secondary resistance at \$917. A break higher might see gold test \$940.

**Silver** was very quiet in Asia, drifting between \$16.70 and \$16.80. The sell-off in gold just before the AM fix saw silver losing value very fast. The metal lost 35 cents in less than 30 minutes. It then clawed its way back throughout US trade, to close 1.08% higher at \$16.87. Support for silver is seen at \$16.54, with \$16.33 and \$15.80 as possibilities.

Prices (US\$)							
Metal	AM Fix	PM Fix	High bid	Low offer	Close bid	Daily change	EFP's
Gold	883.50	891.50	896.50	878.50	887.70	1.00	1.9/2.2
Silver	-	16.680	16.890	16.42	16.87	0.18	-3/-1.5
Platinum	1,932.00	1,951.00	1,961.00	1,922.00	1,951.00	-10.00	5/9
Palladium	437.00	434.00	443.00	433.00	440.00	4.00	2.0/4.0

Forwards (%)					
Metal	1 month	2 months	3 months	6 months	12 months
Gold	2.6829	2.6943	2.7129	2.6757	2.7157
Silver	2.9186	2.8957	2.9000	2.8543	2.7443
USD Libor	2.8813	2.8981	2.9125	3.0800	3.2350

Technical indicators							
Metal	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	44.52	916.22	915.30	903.99	819.05	880.00	903.00
Silver	45.98	17.59	17.60	17.04	15.23	16.54	17.07
Platinum	50.40	2,001.50	1,999.13	1,834.93	1,597.31	1,931	1,989
Palladium	47.73	450.95	449.98	429.06	391.15	433	448

Active Month Futures*							
	Comex GLD Jun'08	Comex SLV May'08	NYMEX PAL Jun'08	NYMEX PLAT Jul'08	DGCX GLD Jun'08	TOCOM GLD Feb'09	CBOT GLD Jun'08
Settlement	889.40	16.7680	446.45	1,970.70	889.10	0.00	889.50
Open Interest	422,179	130,707	19,554	14,009	3,944	177,820	12,663
Change in OI	-5,682	-22,586	-112	-89	-169	756	-28
Date:	25-Apr-08						

\* Open interest

Primary resistance is seen at \$17.07, with secondary resistance at \$17.39. A break higher might see silver test \$17.92.

**Platinum** also came under some selling pressure as the greenback strengthened. After trading between \$1,940 and \$1,960 in Asia, the metal fell sharply towards \$1,920 when gold moved lower. But platinum recovered on buying at the intra-day lows to close at \$1,951 — a level that continues to provide support to the metal. **Palladium** was very quiet; the metal saw some buying support when New York markets opened, which pushed the metal higher towards a close of \$444 — \$4 up from Thursday's close. **Rhodium** fixed \$10 higher — at \$9,130.



Date/Time (SA)		Data/Event	Consensus	Previous
<b>28-Apr</b>				
—	ZAR	Public holiday	—	—
01:50	JPY	Large retailers' sales (Mar)	-0.2% m/m	1.3% m/m
01:50	JPY	Retail trade (Mar)	1.0% y/y	3.2% y/y
09:00	EUR	ECB's Trichet, Liescher and Wellink speak	—	—
10:30	EUR	ECB's Mersch and Hurley speak	—	—
11:45	EUR	Economic growth forecasts	—	—
<b>29-Apr</b>				
—	JPY	Public holiday	—	—
10:00	EUR	Eurozone retail PMI (Apr)	—	48.2
10:30	GBP	M4 money supply (Mar)	—	12.0% y/y
10:30	GBP	Net consumer credit (Mar)	£1.4bn	£2.4bn
10:30	GBP	Mortgage approvals (Mar)	67K	73K
10:45	GBP	BOE's King speaks	—	—
15:00	USD	S&P/CS Composite-20(Feb)	-11.9% y/y	-10.7% y/y
16:00	USD	Consumer conf. (Apr)	62.0	64.5
19:00	GBP	BOE's Blanchflower speaks	—	—
23:00	USD	ABC consumer fonf. (Apr)	—	-40
<b>30-Apr</b>				
01:01	GBP	GfK consumer conf. (Apr)	-20	-19
01:15	JPY	Manufacturing PMI (Apr)	—	49.5
01:30	JPY	Jobless rate (Mar)	3.9%	3.9%
01:30	JPY	Household spending (Mar)	0.5% y/y	0.0% y/y
01:50	JPY	Industrial production (Mar)	2.0% y/y	5.1% y/y
04:00	JPY	BOJ rate decision (Apr)	0.50%	0.50%
08:00	ZAR	M3 money supply (Mar)	20.7	21.07% y/y
08:00	ZAR	Private sector credit (Mar)	20.4	20.79% y/y
11:00	EUR	Eurozone CPI est. (Apr)	3.4% y/y	3.5% y/y
11:00	EUR	Unemployment rate (Mar)	7.1%	7.1%
11:00	EUR	Consumer conf. (Apr)	-12	-12
11:00	EUR	Economic conf. (Apr)	99.0	99.6
13:00	USD	MBA mortgage apps (Apr)	—	-14.2%
14:00	ZAR	Trade balance (Mar)	-R5.1bn	-R5.8bn
14:15	USD	ADP employment (Apr)	-63K	8K
14:30	USD	GDP (1Q)	0.3% q/q	0.6% q/q
15:45	USD	Chicago PMI (Apr)	48.0	48.2
19:30	EUR	ECB's Garganas speak	—	—
20:15	USD	FOMC rate decision	2.00%	2.25%
<b>01-May</b>				
—	ZAR	Public holiday	—	—
01:01	GBP	BOE Financial Stability Report	—	—
10:30	GBP	PMI manufacturing (Apr)	50.8	51.3
13:30	USD	Challenger job cuts (Apr)	—	9.4% y/y
14:30	USD	Personal income (Mar)	0.4% m/m	0.5% m/m
14:30	USD	Personal spending (Mar)	0.2% m/m	0.1% m/m
14:30	USD	Initial jobless claims (Apr)	—	342K
14:30	USD	Continuing claims (Apr)	—	2,934K
16:00	USD	ISM Manufacturing (Apr)	48.0	48.6
<b>02-May</b>				
—	ZAR	Public holiday	—	—
10:00	EUR	PMI manufact. (Apr)	50.8	50.8
10:30	GBP	PMI construction (Apr)	—	47.2
14:30	USD	Nonfarm payrolls (Apr)	-75K	-80K
14:30	USD	Unemployment rate (Apr)	5.2%	5.1%
14:30	USD	Manufact. Payrolls (Apr)	-40K	-48K



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