

April 30th 2008

Precious Metals Daily

Commodities under heavy fire

Precious metals fell victim to a broad-based commodities sell-off yesterday, which saw crude oil and base metals prices also falling sharply.

The sell-off can partly be ascribed to the dollar that gained ground against major currencies such as the euro. However, we perceive an undertone of nervousness not entirely explained by dollar strength, which perhaps triggered even more selling.

Although the greenback strengthened by almost a cent against the euro — to around \$1.5560 in European trade — it stabilised around these levels in New York. However, despite little movement in the dollar during this time, precious metals continued their slide.

While there is general consensus that the US Fed will cut rates by only 25 bps today, the outlook of the US economy remains uncertain. Latest figures show that house prices continue to slide by record margins, while consumer confidence remains under downward pressure. All this created uncertainty that combined with the US dollar to push commodities lower.

Gold was on the back foot for the entire day. Selling accelerated as the day wore on. The downward movements triggered stop losses which made it difficult for gold to recover even after the US dollar stopped gaining. Markets could remain nervous after the Fed rate decision as Friday's non-farm payrolls await. Gold closed at a bid of **\$874.80**. We see support at \$852, with \$828 and \$873 as near-term possibilities. Primary resistance is seen at \$886, and secondary resistance at \$901. A break higher might see gold test \$907.

Silver moved lower on the back of gold, but stabilised in New York when gold selling accelerated. The metal found support at \$16.50. Silver closed at **\$16.53**. Support for silver is seen at \$16.34, with \$16.13 and \$16 as possibilities. Primary resistance is seen at \$16.90, with secondary resistance at \$17.26. A break higher might see silver test \$17.40.

Anglo Platinum has announced that its Q1 production output had fallen by 24% — to 428,000oz. The company has set a production target of 2.4m oz this year — for which it

Prices (US\$)							
Metal	AM Fix	PM Fix	High bid	Low offer	Close bid	Daily change	EFP's
Gold	886.00	880.00	893.00	869.30	874.80	-18.50	1.7/2
Silver	-	16.780	17.000	16.47	16.53	-0.47	7.5/9
Platinum	1,955.00	1,950.00	1,967.00	1,923.00	1,930.00	-35.00	4/8
Palladium	431.00	428.00	435.00	429.00	427.00	-9.00	2.0/4.0

Forwards (%)					
Metal	1 month	2 months	3 months	6 months	12 months
Gold	2.6329	2.6314	2.6171	2.6214	2.6314
Silver	2.9757	2.9471	2.9071	2.8471	2.7486
USD Libor	2.8275	2.8531	2.8728	2.9863	3.1075

Technical indicators							
Metal	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	42.83	900.12	911.90	906.16	822.05	861.00	886.00
Silver	44.54	17.21	17.54	17.11	15.28	16.34	16.90
Platinum	48.00	1,986.85	1,996.75	1,849.29	1,606.49	1,900	1,989
Palladium	44.13	442.48	447.93	431.47	392.01	420	433

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	876.80	16.6400	431.65	1,940.10	872.50	3,021.00	877.00
Open Interest	418,657	127,367	19,554	13,970	3,827	177,512	12,443
Change in OI	-1,551	-102	102	145	-25	0	404
Date:	29-Apr-08						

* Open interest

would have to produce around 657,000oz for the remaining three quarters of 2008. Anglo is the world's largest producer of platinum. The company also indicated that rhodium production was down 27%, while palladium production had dropped by 25%. Although this news should provide support for platinum prices on the downside, the metal failed to avoid today's sell-off. **Platinum** followed gold lower throughout the day, closing \$35 below yesterday's close — at **\$1,930**.

Palladium prices also headed down as fund selling depressed prices. As with gold, large amounts of metal were offered in the after-market in New York. Palladium closed at **\$427**.

Rhodium responded positively to the Anglo news, and fixed higher again — at **\$9,150**.

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Date/Time (SA)		Data/Event	Consensus	Previous
28-Apr				
---	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	---	---
29-Apr				
---	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 conf. (Apr)	---	-40
30-Apr				
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%
01-May				
---	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
02-May				
---	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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