

January 7th 2009

Precious Metals Daily Update

Dollar still in the driving seat

The US dollar remained in charge of precious metal investment sentiment yesterday. Precious metals were still under pressure as the greenback rallied from \$1.3661 to \$1.3312 against the euro between Asian and London trading activity. Precious metals were then lifted higher during the New York session as the greenback weakened to \$1.3536 as investor caution intensified after US November factory orders statistics surprised on the downside — slipping 4.6% m/m against market expectations for a more benign 2.3% drop. These statistics could also weigh on PGM investment sentiment today.

The rally in the DJIA yesterday, which was anticipated by equity index futures, also helped to anchor commodity market investment sentiment — filtering into precious metals. Noteworthy today, equity index futures are now pricing weakness in US equity markets. This increased investor risk aversion during New York trading which, barring any further US dollar weakness, could result in precious metals finding it harder to attract investment fund flows today.

However, oil prices should continue to lend support to precious metals. Driven mainly by an increased geopolitical risk premium, WTI crude oil prices managed to climb above \$50/bbl during the London session yesterday, before slipping back to \$48/bbl overnight — following the gloomy US factory orders statistics. With US DOE inventory data expected to show a significant increase, oil prices could meander at current levels ahead of the data before the speculative risk premium drives prices again. Therefore, precious metal investors should maintain a cautious investment strategy throughout the day.

Gold came under pressure in Asia and London, slipping from \$860 to \$839 — settling at \$848 at the PM fix. After opening at \$842 in NY, the metal shot higher — climbing to \$866 before settling at **\$865** at the close — rising to \$870 in aftermarket trading. Primary support is at \$841, with secondary support at \$824 and \$800. Resistance is at \$872, \$886 and \$917.

Silver followed gold lower throughout Asia and London, slipping from \$11.27 to \$10.78, before rallying in NY — set-

Prices (USD)							
Metal	AM Fix	PM Fix	High bid	Low offer	Close bid	Daily change	EFP's
Gold	844.00	848.25	866.70	839.75	865.40	8.40	0.20/0.60
Silver	-	10.850	11.440	10.880	11.440	0.18	-1/1
Platinum	945.00	955.00	960.00	939.00	956.00	11.00	6/9
Palladium	185.00	196.50	199.00	187.00	197.00	13.00	0/3

New York aftermarket high bid/ask: Gold = 870.50/871.50; Silver = 11.52/11.55

Forwards (%)					
Metal	1 month	2 months	3 months	6 months	12 months
Gold	0.2357	0.3286	0.4357	0.5086	0.6700
Silver	0.1286	0.1457	0.1886	0.1929	0.3417
USD Libor	2.4638	2.6713	2.8038	3.0938	3.2406

Technical indicators							
Metal	30-dayRSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	54.78	862.84	850.80	810.14	855.09	841.00	872.00
Silver	53.64	10.92	10.81	10.99	14.06	10.91	11.62
Platinum	56.08	920.70	883.64	991.75	1,460.97	956	1,003
Palladium	50.01	184.40	180.63	210.90	317.64	186	203

Active Month Future							
	Comex GLD Feb'09	Comex SLV Feb'09	NYMEX PAL Jan'09	NYMEX PLAT Jan'08	DGCX GLD Dec'08	TOCOM GLD Jan'09	CBOT GLD Feb'08
Settlemnt	866.00	11.4450	199.05	968.20	868.00	2,543.00	865.60
Open Interest	312,164	86,088	12,032	18,430	1,018	73,041	4,316
Change in OI*	4,551	51	-31	165	-5	571	-458
Date:	06-Jan-09		* Open Interest				

ling at **\$11.44** at the close, and gaining to \$11.52 in the aftermarket. Support and resistance are at \$10.91 and \$11.62, respectively, today.

Platinum was taken lower in Asia, from \$951 to \$932, as fund-selling interest persisted, before clawing higher in London as the greenback's fortunes reversed — rising to \$957. The metal climbed to \$960 in NY, before settling at **\$956** at the close. Overnight, the metal climbed to \$989. **Palladium** drifted sideways throughout Asia and London, before rocketing from \$185 to \$199 in NY — settling at **\$197** at the close. **Rhodium** fixed at **\$1,240**.

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