Fund liquidation wears on metals

Prices (US$)							
Metal	AM Fix	PM Fix	High bid	Low offer	Close bid	Daily change	EFP's
Gold	863.50	853.00	876.00	847.75	849.30	-44.00	1.3/1.6
Silver	-	16.640	16.940	16.00	16.12	-0.88	7.5/9
Platinum	1,917.00	1,886.00	1,890.00	1,865.00	1,870.00	-95.00	4/8
Palladium	418.00	406.00	412.00	403.00	409.00	-27.00	2.0/4.0

Forwards (%)					
Metal	1 month	2 months	3 months	6 months	12 months
Gold	2.5717	2.5717	2.5717	2.5333	2.5483
Silver	2.9033	2.8783	2.8450	2.8183	2.7583
USD Libor	2.7238	2.7606	2.7844	2.8825	2.9838

Technical indicators							
Metal	30-day-RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	40.50	885.59	906.60	907.34	823.98	850.00	855.00
Silver	43.25	16.87	17.42	17.15	15.32	16.13	16.32
Platinum	43.44	1,947.82	1,982.26	1,856.96	1,611.90	1,819	1,865
Palladium	40.63	432.00	444.56	432.64	392.41	403	411

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
Settle-ment	850.90	16.2050	415.50	1,882.30	855.40	2,931.00	850.50
Open Interest	431,914	123,841	19,212	13,668	3,925	178,361	12,331
Change in OI	11,706	-3,628	-240	-157	73	849	292
Date:	01-May-08						

* Open interest

The bearish tone in the commodities complex intensified yesterday due to fund liquidation in all major markets — amid thin market trading volumes due to public holidays in most parts of Europe. This could indicate that investment funds are liquidating their long positions in the precious metals markets or possibly short-selling — CFTC open interest statistics, due today, should give a clearer indication of the nature of selling pressure. The dollar remained resilient throughout the day, with the dollar index climbing to a 7 week high, prompting WTI crude to slide below $110 a barrel intraday. Lower crude oil prices should contain near term inflation expectations, decreasing inflation-hedge investment fund flows into the commodity complex. We see some downside potential for precious metals as investors await further direction from financial markets.

It is instructive to look out for US non-farm payroll statistics due today — markets are expecting an 80,000 fall in payrolls and an unemployment rate of 5.25%. This should give further indications of the state of the US labour market — weaker than expected statistics could possibly inject some weakness in the dollar which could see some short term alternative investment fund flows into commodities.

We see further weakness in the commodity complex as investors, gripped by uncertainty due to market volatility, will look to consolidate their positions ahead of the weekend.

Gold opened at $878 in Asia before fund selling pressure saw prices fall to $870 at the London AM fix. Liquidation continued in London intraday activity, driving prices marginally above $850 at the PM fix — with sell-stops being triggered at these price levels. Gold range-traded in New York to close at **$849** at the afternoon close. Supply-side risks in South Africa have emerged following an accident at a Goldfields mine. Prices could find support if union action disrupts production activity. However, we see strong downside potential with primary support for gold at $850, with $847 and $842 as near-term possibilities. Primary resistance is seen at $855, and secondary resistance at $858. A break higher might see gold test $863.

Silver shadowed gold, closing at **$16.12** in New York due to fund liquidation and a strengthening dollar. Support for silver is seen at $16.13, with $16.02 and $15.83 as possibilities. Primary resistance is seen at $16.32, with secondary resistance at $16.40. A break higher might see silver test $16.59.

Platinum came under fire following strong fund selling pressure which saw the metal close **$1,870** in New York after reaching a high at $1,890. Primary support for platinum is at $1,819 with primary resistance at $1,865. Supply-side risks should intensify in South Africa as heating demand increases amid a power supply crisis ahead of the winter season. Following suit, **Palladium** remained subdued — closing softer at **$409** in New York yesterday. Primary support is at $403 with resistance at $411. In contrast, **Rhodium** was fixed higher — at **$9,200**.

Manqoba Madinane*
+27 11 378 7220
Manqoba.Madinane@standardbank.co.za

Walter de Wet CFA*
+27 11 378 7239
Walter.deWet@standardbank.com

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, Liebscher 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 fonf. (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	Industiral 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 speask	—-	—-
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

Certification

The analyst(s) who prepared this research report (denoted by an asterisk*) hereby certifies(y) that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and issuer(s) and (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

Conflict of Interest

It is the policy of The Standard Bank Group Limited and its worldwide affiliates and subsidiaries (together the "Standard Bank Group") that research analysts may not be involved in activities in a way that suggests that he or she is representing the interests of any member of the Standard Bank Group or its clients if this is reasonably likely to appear to be inconsistent with providing independent investment research. In addition research analysts' reporting lines are structured so as to avoid any conflict of interests. For example, research analysts cannot be subject to the supervision or control of anyone in the Standard Bank Group's investment banking or sales and trading departments. However, such sales and trading departments may trade, as principal, on the basis of the research analyst's published research. Therefore, the proprietary interests of those sales and trading departments may conflict with your interests.

Legal Entities:

To U. S. Residents

Standard New York Securities, Inc. is registered with the Securities and Exchange Commission as a broker-dealer and is also a member of the FINRA and SIPC. Standard Americas, Inc is registered as a commodity trading advisor and a commodity pool operator with the CFTC and is also a member of the NFA. Both are affiliates of Standard Bank Plc and Standard Bank of South Africa. Standard New York Securities, Inc is responsible for the dissemination of this research report in the United States. Any recipient of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Standard New York Securities, Inc.

To South African Residents

The Standard Bank of South Africa Limited (Reg.No.1962/000738/06) is regulated by the South African Reserve Bank and is an Authorised Financial Services Provider.

To U.K. Residents

Standard Bank Plc is authorised and regulated by the Financial Services Authority (register number 124823) and is an affiliate of Standard Bank of South Africa. The information contained herein does not apply to, and should not be relied upon by, retail customers.

General

This research report is based on information from sources that Standard Bank Group believes to be reliable. Whilst every care has been taken in preparing this document, no research analyst or member of the Standard Bank Group gives any representation, warranty or undertaking and accepts no responsibility or liability as to the accuracy or completeness of the information set out in this document (except with respect to any disclosures relative to members of the Standard Bank Group and the research analyst's involvement with any issuer referred to above). All views, opinions and estimates contained in this document may be changed after publication at any time without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors or any particular class of investors; if you have any doubts you should consult your investment advisor. The investments discussed may fluctuate in price or value. Changes in rates of exchange may have an adverse effect on the value of investments. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Members of Standard Bank Group may act as placement agent, advisor or lender, make a market in, or may have been a manager or a co-manager of, the most recent public offering in respect of any investments or issuers referenced in this report. Members of the Standard Bank Group and/or their respective directors and employees may own the investments of any of the issuers discussed herein and may sell them to or buy them from customers on a principal basis. This report is intended solely for clients and prospective clients of members of the Standard Bank Group and is not intended for, and may not be relied on by, retail customers or persons to whom this report may not be provided by law. This report is for information purposes only and may not be reproduced or distributed to any other person without the prior consent of a member of the Standard Bank Group. Unauthorised use or disclosure of this document is strictly prohibited. By accepting this document, you agree to be bound by the foregoing limitations.