

May 6th 2008

Precious Metals Daily

Crude oil and copper boost precious metals

With London absent from the precious metals market yesterday, volumes were low, and metals took the lead from surging oil and copper prices to finally end the day higher. Following the UK bank holiday, markets could be busy today as they assess yesterday's price movements.

As with PGM, supply problems dominate crude oil and copper production. Crude oil surged to over \$120, while COMEX copper for delivery in July spiked to \$426/lbs (from around \$385) in a matter of minutes (copper has since retreated to below \$400). These commodity movements got precious metals going in New York, with buying interest fuelled by buy stops on the way up. Dollar weakness throughout the day gave further support to metal prices.

Although the recent optimism in financial markets continue to provide some support for equities as an asset class (especially in the US and UK), the macroeconomic picture remains mixed. Yesterday's release of the US Fed's survey on bank lending practices shows that credit conditions for both individuals and businesses have tightened significantly since January. Combined with higher food and energy prices, this could see consumers remain under pressure for longer.

Gold was range-bound in Asian trade, bouncing between \$860 and \$865. The metal jumped almost \$10 during morning trade in New York as buy stops around \$870 were triggered. Support continued until the close, at **\$872.70**. We see support at \$870, with \$861 and \$848 as near-term possibilities. Primary resistance is seen at \$875, and secondary resistance at \$880. A break higher might see gold test \$887.

With copper pushing higher in New York, **silver** found good support. The metal gained almost 40 cents from its low to its highs for the day, and remained well supported in the after-market. Silver closed at a bid of **\$16.77**. Support for silver is seen at \$16.73, with \$16.46 and \$16.20 as possibilities. Primary resistance is seen at \$16.80, with secondary resistance at \$16.89. A break higher might see silver test \$17.

There was very little in the PGM sphere that provided direction for platinum and palladium yesterday. As a result,

Prices (US\$)							
Metal	AM Fix	PM Fix	High bid	Low offer	Close bid	Daily change	EFP's
Gold	854.25	853.50	873.30	860.00	872.70	16.00	1.1/1.4
Silver	-	16.190	16.810	16.45	16.77	0.37	6/7.5
Platinum	1,855.00	1,878.00	1,923.00	1,913.00	1,920.00	25.00	4/8
Palladium	408.00	412.00	423.00	419.00	419.00	4.00	2/4

Forwards (%)					
Metal	1 month	2 months	3 months	6 months	12 months
Gold	2.5486	2.5471	2.5471	2.5257	2.5514
Silver	2.8714	2.8571	2.8429	2.7671	2.6971
USD Libor	2.6975	2.7375	2.7700	2.8738	2.9938

Technical indicators							
Metal	30-day-RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	44.47	877.62	902.50	908.91	826.10	870.00	880.00
Silver	46.77	16.74	17.32	17.21	15.36	16.73	16.89
Platinum	48.49	1,934.89	1,975.12	1,866.29	1,618.66	1,852	1,925
Palladium	44.79	426.93	442.15	434.12	393.05	406	423

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	874.10	16.8300	424.45	1,927.40	859.00	2,931.00	874.10
Open Interest	428,634	120,937	19,318	13,737	3,773	173,635	11,483
Change in OI	799	-1,841	-312	-119	-42	0	-792
Date:	05-May-08						

* Open interest

the metals drifted higher on the back of gold and silver. However, if recent optimism in the equity market over the outlook for the US economy continues, both these metals could find greater support as the industrial demand picture for PGM improves. **Platinum** pushed higher for most of the day in choppy trade. Platinum closed at **\$1,920**.

Palladium had a very quiet and also erratic day. Although it closed only \$3 higher, at **\$419**, the trading range was between \$414 and \$424.

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



Date/GMT + 2		Data/Event	Consensus	Previous
05-May				
—	JPY	Public holiday	—	—
—	GBP	Public holiday	—	—
10:30	EUR	Sentix investor conf. (May)	3.9	4.1
11:00	ZAR	Naamsa vehicle sales (Apr)	—	-17.5% y/y
11:00	ZAR	Investec PMI (Apr)	—	43.7
11:00	ZAR	SBK house price ind. (Apr)	—	-5.2%
16:00	USD	ISM Non-Manufact. (Apr)	49.1	49.6
06-May				
02:30	USD	Fed's Bernanke speaks	—	—
10:00	EUR	PMI services (Apr)	51.8	51.8
10:00	EUR	PMI Composite (Apr)	51.9	51.9
10:30	GBP	PMI services (Apr)	51.7	52.1
10:30	GBP	Official reserves (Apr)	—	\$45m
11:00	EUR	Eurozone PPI (Mar)	5.6% y/y	5.3% y/y
19:30	EUR	ECB's Tumpel-Gugerell speaks	—	—
23:00	USD	ABC Consumer conf. (May)	-41	-41
07-May				
01:01	GBP	Consumer conf. (Apr)	74	77
03:30	USD	Fed's Hoenig speaks	—	—
09:00	EUR	ECB's Bini-Smaghi and Stark speak	—	—
10:30	GBP	Industrial prod. (Mar)	0.8% y/y	1.3% y/y
10:30	GBP	Manufacturing prod. (Mar)	1.2% y/y	1.9% y/y
11:00	EUR	Retail sales (Mar)	-0.7% y/y	-0.2% y/y
11:30	ZAR	SACOB business conf (Apr)	—	93.9
13:00	USD	MBA mortgage apps (May)	—	-11.1%
14:30	USD	Nonfarm productivity (1Q)	1.5% q/q	1.9% q/q
14:45	USD	Fed's Kroszner speaks	—	—
16:00	USD	Pending home sales (Mar)	-1.0% m/m	-1.9% m/m
21:00	USD	Consumer credit (Mar)	\$6.0bn	\$5.2bn
08-May				
01:01	GBP	GDP estimate (Apr)	—	0.5%
08:00	ZAR	Gross reserves (Apr)	—	\$34.4bn
08:00	ZAR	Net reserves (Apr)	—	\$33.1bn
13:00	GBP	BOE rate decision	5.00%	5.00%
13:00	ZAR	Manufacturing prod (Mar)	3.1% y/y	3.5% y/y
13:45	EUR	ECB rate decision	4.00%	4.00%
14:30	USD	Initial jobless claims (May)	370K	380K
14:30	USD	Continuing claims (Apr)	3,020K	3,019K
16:00	USD	Wholesale inventories (Mar)	0.5% m/m	1.1% m/m
18:30	USD	Greenspan speaks	—	—
23:30	USD	Treasury's Paulson speaks	—	—
09-May				
01:50	JPY	Official reserves (Apr)	—	\$1,015.6bn
07:00	JPY	Leading eco. index (Mar)	20.0%	54.5%
07:00	JPY	Coincident index (Mar)	33.3%	70.0%
14:30	USD	Trade balance (Mar)	-\$61.4bn	-\$62.3bn



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