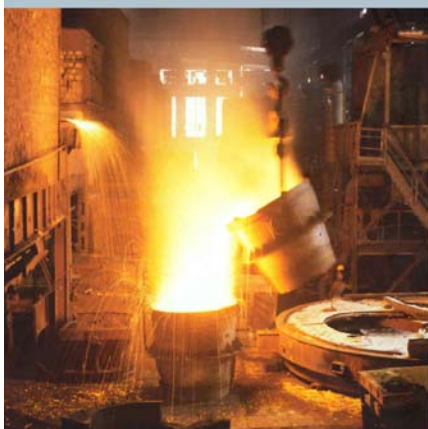


20 November 2009



Focus: Crude oil demand is recovering in the US and other OECD countries. However, oil product demand in July and August has remained below levels last seen in 2007 and 2006. But, non-OECD product demand has recovered well.

- Precious metals have rallied hard this week. There are no data releases today. We maintain that the risk of adding longs outweighs the upside. We look to equities for direction.
- The base metals drifted lower throughout much of Thursday. Generally poor US economic data applied further pressure, however, a late rally in the euro helped the metals to recover slightly towards the close. With no significant economic data this afternoon it looks likely to be a dull end to the week, with the base metals again looking to technical signals and the currencies for direction.
- After failing to break above \$80/bbl on Wednesday, and again on Thursday, crude oil prices came under pressure during Thursday afternoon. Front-month WTI reached an intraday low of \$77.06 before climbing slightly to close at \$77.46. The sell-off in crude oil has since spilled over into the morning session, with a stronger dollar seeing prices dip below \$77/bbl heading into the afternoon.

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Commodity price data (19 November 2009)**Base metals LME 3-month**

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	2,041	2,031	2,050	2,026	-34	-1.65	2,003.00	-33	-33.75
Copper	6,791	6,796	6,870	6,826	-90	-1.31	6,761.00	-165	-28.25
Lead	2,353	2,332	2,373	2,347	-71	-2.95	2,335.00	-70	-24.00
Nickel	16,975	17,000	17,225	17,000	-225	-1.31	16,940.00	-360	-58.00
Tin	15,000	14,855	15,000	14,800	-335	-2.20	15,100.00	-155	28.00
Zinc	2,230	2,216	2,274	2,234	-33	-1.47	2,205.00	-47	-29.25

Energy

	Open	Close	High	Low	day/day	Change (%)
ICE Brent	77.93	77.95	78.15	77.59	0.31	0.40%
NYMEX WTI	77.59	77.53	77.99	77.39	0.07	0.09%
ICE Gasoil	618.50	620.50	622.25	618.50	-0.50	-0.08%
API2 Q1'10	67.80	66.90	-	-	-0.90	-1.35%
ICE EUA Dec09	12.61	12.58	-	-	-25.19	-0.24%

Precious metals

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFPs
Gold	1,136.00	1,135.50	11,303.00	1,131.00	1,142.00	0.50	-0.2/0.2
Silver	-	18.52	18.55	18.19	18.44	0.07	-1.0/1.0
Platinum	1,430.00	1,435.00	1,445.00	1,430.00	1,440.00	-5.00	3/5
Palladium	366.00	370.00	372.00	369.00	367.00	-3.00	0/2

Sources: Standard Bank; LME; BBG



Focus: OPEC non-compliance still high

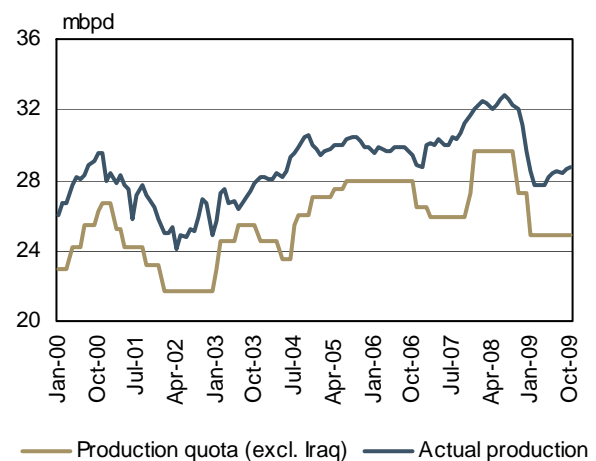
Crude oil demand is recovering in the US and other OECD countries. However, oil product demand in July and August has remained below levels last seen in 2007 and 2006. But, non-OECD product demand has recovered well.

Non-OECD product demand started the year below 2008 demand. In January, non-OECD demand was 37.1mbpd, compared to 26.9mbpd last year. However, we estimate that in June, product demand was at 39.6 mbpd. In October, we estimate non-OECD demand at 39.6 mbpd — 1.5mbpd higher than in October 2008. **We expect this trend to continue and that 2009 product demand from non-OECD countries will outstrip 2008 demand.**

This rise in non-OECD demand is important support for crude oil prices; however, these countries comprise the minority of global crude oil demand. While we believe non-OECD countries should continue to lead the rise in demand for crude oil in 2010, they consume only 45% of crude oil. OECD countries, excluding the US, consumes 37% of crude oil, while the US consumes 18%. Inventory levels remain high in the US which despite stabilisation in demand, **remains a hindrance to a major price rally.**

But the latest data also shows that OPEC is increasingly defying quotas and that the compliance level has been falling. While the OPEC quota (excl. Iraq) has been unchanged at 24.8mbpd

OPEC production vs. quotas



Source: OPEC

since the start of the year, actual OPEC production has steadily risen, from a low of 27.66 mbpd in March to 28.76 mbpd in October.

While the dollar has been range-bound, we still favour more weakness against the euro. **This, combined with recovering demand, might see crude break above \$80/bbl soon.** However, supply remains ample and **investors will probably sell into rallies.**

By Walter de Wet

Base metals

The base metals drifted lower throughout much of Thursday. Generally poor US economic data applied further pressure, however, a late rally in the euro helped the metals to recover slightly towards the close. With no significant economic data this afternoon it looks likely to be a dull end to the week, with the base metals again looking to technical signals and the currencies for direction.

Zinc has been the strongest performing metal this morning, with lingering concerns over the impact on supply within and from China, following heavy snowstorms. That said, the SFE zinc forward curve remains in a pronounced contango, while SFE stockpiles have continued to climb - positing a 1,507 mt this week - suggesting any potential disruption has yet to make a significant impact. Should these concerns start to be realised however, it will likely show up in a tightening in the SFE forward curve and a decline in SFE inventories. LME zinc stocks meanwhile posted a 2,475 mt increase in on-warrant stocks, with the material all entering the warehouse in Chicago.

Copper opened higher overnight before drifting back towards Thursday's closing levels heading into the afternoon. Volumes have dropped off noticeably however. Shanghai inventories climbed again this week, increasing by 2,466 mt to reach a 5½-year high of 107,405 mt. LME stocks also posted another gain this morning with on-warrant inventory climbing 1,525 mt.

In other news, workers at Codelco's Norte division - which includes the giant Chuquicamata mine - have asked for a 7.5% wage increase and a 17.5 million peso bonus (~\$35,000) as negotiations for the next 2-year collective contract review get underway. The bonus is the same amount obtained by employees at BHPB's Escondida mine, however workers at Escondida agreed a smaller 5% salary increase. Meanwhile workers at BHP Billiton's Cerro Colorado mine have agreed to a 4.8% wage increase.

By Leon Westgate

Precious metals

Precious metals have rallied hard this week. There are no data releases today. We maintain that **the risk of adding longs outweighs the upside.**

We look to equities for direction. Major equity indices in Asia all closed lower today, and the futures market signals that US equities will also open lower. And, yesterday's data in the US has not been very positive. Delinquencies in the US continue to rise, while jobless claims are not falling. With the euro is being protected broadly between \$1.48 and \$1.50 against the dollar, we do not expect much direction for commodities from currencies. In fact, **correlations between commodities and the dollar have fallen substantially.**

Although upside may be limited, we believe the precious metals market won't want to get short. Therefore, **buy price dips.** While equities may struggle today, US 10-yields remain steady around 3.30%. The VIX is steady below 24% and there are no worries that interest rates will be raised soon.

Gold support is at \$1,135 and \$1,125, while resistance is at \$1,150 and \$1,170.

Silver support is at \$18.23 and \$17.95, while resistance is at \$178.72 and \$18.90.

Swiss PGM import/export data was released yesterday. This data is important because it provides a good picture of physical demand for PGM. Switzerland was a small net importer of 17,138oz during the month, and **we still see little demand pressures for platinum.** However, we believe cost pressures do warrant a higher price. We still have a price closer to ZAR11,200 (or ~\$1,500 for ZAR at \$7.50) as target for platinum.

For palladium, the bullish trend of this year continues. Switzerland was once again a net exporter of palladium, exporting 26,562oz in October. **We maintain that palladium will outperform platinum.**

By **Walter de Wet**

Energy

After failing to break above \$80/bbl on Wednesday, and again on Thursday, crude oil prices came under pressure during Thursday afternoon. Front-month WTI reached an intraday low of \$77.06 before climbing slightly to close at \$77.46. The sell-off in crude oil has since spilled over into this morning, with a stronger dollar seeing prices dip below \$77/bbl heading into the afternoon.

Oil's fortunes remain very much in the hands of the currency markets and technical signals. Key support for the front-month WTI contract is ~\$75.50 - \$76.00. Therefore, although prices have dropped below \$77/bbl this morning, there is still a bit of room for maneuver before participants are persuaded to start throwing in the towel.

Thermal coal prices tracked oil lower on Thursday with API2 for delivery in Dec-09 closing \$1.00 lower at \$78.85. Interestingly, the brunt of the pressure was felt in Q1-10, with prices falling \$1.90 to \$79.70. The back end of 2010 was less affected, with Q4-10 dropping \$1.40 to \$90.00. API4 showed a similar pattern, with coal for delivery in December closing \$1.10 lower at \$68.95.

By **Leon Westgate**

Base metals

Daily LME stock movement (mt)

Metal	Today	Yesterday	In	Out	One day change	YTD change (mt)	Cancelled warrants (mt)	Cancelled warrants (%)	Contract turnover
Aluminium	4,595,250	4,559,325	39,350	3,425	35,925	2,266,350	119,650	2.60	254,792
Copper	420,550	414,100	6,800	350	6,450	80,775	2,075	0.49	99,722
Lead	134,800	133,025	2,000	225	1,775	89,650	300	0.22	27,376
Nickel	132,912	132,930	120	138	-18	54,522	2,022	1.52	26,795
Tin	26,950	26,985	10	45	-35	19,160	205	0.76	37,633
Zinc	448,650	449,375	-	725	-725	195,150	8,075	1.80	57,964

Shanghai 3-month forward prices

Metal	Open	Last	1d Change
Aluminium	15,600	15,650	95
Copper	53,500	53,650	120
Zinc	17,800	18,000	225

COMEX active month future prices

	Open	Close	Change	Change (%)
Ali Nov'09	-	-	-	-
Cu Nov'09	311	312.80	2.20	0.71%

ZAR metal prices (19 November 2009)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	15,099	50,964	17,601	127,694	113,824	16,621	7.5380
3-month	15,576	52,119	17,881	130,375	113,924	16,995	7.6691

Energy

Energy futures pricing

	Price Change		Price Change		Price Change		Price Change		Price Change	
	1-month forward	2-month forward	3-month forward	6-month forward	1-year forward					
Sing Gasoil (\$/bbl)	84.57	-0.29	84.10	-2.79	84.80	-2.72	87.39	-2.67	94.44	94.44
Gasoil 0.1% Rdam (\$/mt)	620.50	-0.50	632.75	0.00	641.50	-0.25	663.25	1.25	701.75	2.00
NWE CIF jet (\$/mt)	676.82	-7.33	687.51	-11.32	698.05	-13.98	723.14	-15.82	770.33	-8.34
Singapore Kero (\$/bbl)	85.66	-0.29	85.92	-2.92	86.73	-2.79	89.08	-2.73	94.59	-2.55
3.5% Rdam barges (\$/mt)	449.00	-4.19	451.53	-8.20	454.75	-7.79	459.08	-7.58	465.35	-7.27
1% Fuel Oil FOB (\$/mt)	473.21	-3.43	472.53	-5.70	481.25	-7.54	493.83	-6.83	511.85	-7.27
Sing FO 380 Cargo (\$/mt)	472.42	-7.31	474.50	-7.29	475.86	-7.21	478.82	-7.67		
Sing FO180 Cargo (\$/mt)	471.64	-0.89	475.78	-7.45	478.50	-7.29	482.58	-7.83		

Thermal coal

	Q1-10	Q2-10	Q3-1	Cal 11	Cal 12
API2 (CIF ARA)	79.60	83.00	86.40	98.80	106.48
API4 (FOB RBCT)	71.95	75.00	77.65	80.80	96.83

Carbon

	Spot	Dec-09	Dec-10	Dec-11	Dec-12
ICE - ECX EUA (€/mt)	14.43	0.05	14.43	0.04	15.35
ICE - ECX CER (€/mt)	13.60	0.00	13.44	-0.01	13.28

Precious metals

Forwards (%)

	1-month	2-month	3-month	6-month	12-month
Gold	0.30200	0.32200	0.34200	0.42600	0.58200
Silver	0.55400	0.55400	0.55400	0.55800	0.56800
USD Libor	0.23656	0.24844	0.26656	0.49250	1.03375

Technical Indicators

	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	70.44	1,126.54	1,094.30	1,002.80	965.37	1,110	1,150
Silver	60.75	17.96	17.42	15.77	14.70	17.50	18.20
Platinum	62.41	1,405.11	1,371.40	1,280.67	1,213.32	1,400	1,450
Palladium	66.11	356.70	341.63	296.07	261.11	350	370

Active Month Future

	COMEX GLD Dec'09	COMEX SLV Sep'09	NYMEX PAL Oct'09	NYMEX PLAT Oct'09	DGCX GLD Oct'09	TOCOM GLD Jun'10	CBOT GLD Oct'09
Settlement	1,146.50	18,5350	363.15	1,443.90	1,145.40	3,284.00	1,145.70
Open Interest	526,959	139,738	22,541	34,480	2,182	107,202	4,538
Change in Open Interest	-340	1,408	98	247	-147	-1,538	202

Date: 19 November 2009

Sources: Standard Bank; LME; Bloomberg

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