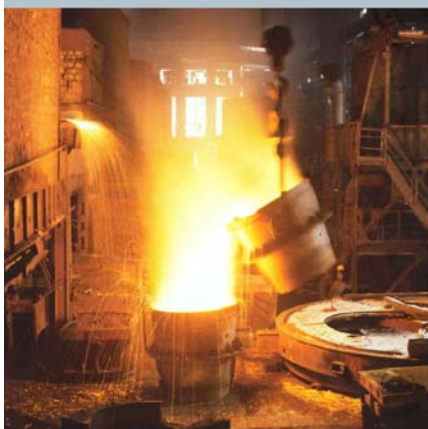


22 December 2009



Focus: Base metals scorecard - Price wise there have been two distinct groups this year. The first group consists of Copper and Lead, which performed very strongly throughout the year to finish a very close first and second respectively. The second group is made up of the also-rans, namely Aluminium, Nickel and Tin, which performed well during the second half but only after a poor start.

- The market is in holiday mode with thin volumes being seen across the base metals. The complex is generally softer, though this is more through lack of interest rather than anything else.
- This afternoon looks to be a little more interesting, and sees the release of the US Q3 GDP numbers, followed later on by the US Existing Home Sales figures for November (expected up 2.5% m-o-m) and House Price Index data for October (expected up 0.2%). Given the thin conditions, any significant deviation from consensus expectations may spark some activity, particularly if the equity markets react to the numbers.
- After a stronger US dollar weighed on the front-end of the crude oil forward curve yesterday, crude oil prices garnered support this morning ahead of OPEC's meeting in Angola later today. The organisation is expected to maintain its output quotas.

Leon Westgate*

+44 (20) 7626 6004

Leon.Westgate@standardbank.com

Manqoba Madinane*

+27 (11) 378 7220

Manqoba.Madinane@standardbank.co.za

Commodity price data (21 December 2009)**Base metals LME 3-month**

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	2,268	2,270	2,278	2,243	26	1.16	2,231.00	17	-37.25
Copper	6,910	6,935	6,978	6,895	16	0.23	6,880.00	39	-41.75
Lead	2,347	2,315	2,367	2,310	-10	-0.43	2,320.00	6	-34.00
Nickel	17,620	17,950	18,020	17,250	770	4.50	17,515.00	465	-76.00
Tin	15,800	15,950	15,950	15,800	25	0.16	15,875.00	95	-80.00
Zinc	2,445	2,438	2,468	2,415	-1	-0.03	2,408.00	10	-39.25

Energy

	Open	Close	High	Low	day/day	Change (%)
ICE Brent	72.99	72.88	73.02	72.77	-0.11	-0.15%
NYMEX WTI	73.51	73.72	73.84	73.45	0.00	0.00%
ICE Gasoil	593.25	595.00	595.25	593.25	-6.75	-1.13%
API2 Q1'10	80.00	80.75	-	-	0.75	0.93%
ICE EUA Dec09	13.58	12.37	-	-	-1.21	-8.91%

Precious metals

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFPs
Gold	1,113.25	1,105.50	1,118.10	1,091.00	1,094.50	-16.50	0.5/0.9
Silver	-	17.00	17.42	16.99	17.00	-0.26	0.5/2.5
Platinum	1,430.00	1,429.00	1,432.00	1,420.00	1,420.00	-5.00	2/4
Palladium	366.00	368.00	367.00	365.00	363.00	0.00	1/2

Sources: Standard Bank; LME; BBG



Focus: Base metals scorecard

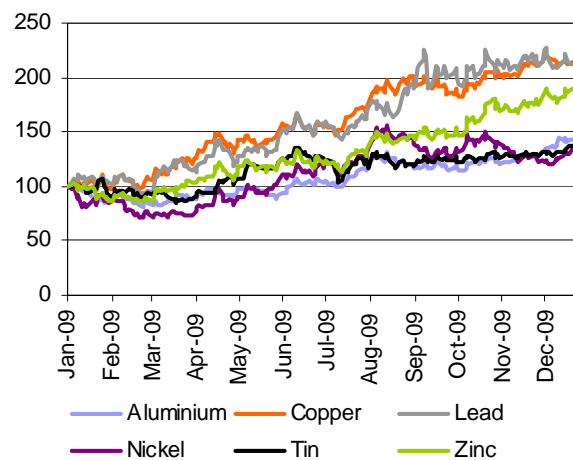
This year has seen the base metals perform far better than even our own bullish expectations. The initial catalyst for the recovery was the Chinese stimulus package and its aggressive purchasing of various commodities at the beginning of the year. After the initial China effect, the commodity price rally was driven by the investor community and abundant liquidity in the financial markets, before finally, over the past few weeks or so, the global recovery and growth story finally appears to be having a say.

Price wise there have been two distinct groups this year. The first group consists of Copper and Lead, which performed very strongly throughout the year to finish a very close first and second respectively. The second group is made up of the also-rans, namely Aluminium, Nickel and Tin, which performed well during the second half but only after a poor start - incidentally nickel only just took the wooden spoon from Tin. Zinc lies somewhere in-between the two groups having had an average start to the year but a reasonably strong finish, with its tendency to track the copper price from time to time, apparently making up for its relatively poor fundamentals.

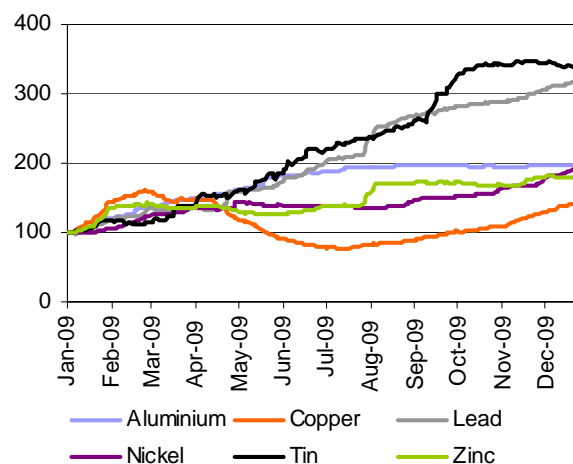
Switching attention to how inventories have performed, the first thing to note is how little bearing they've had on the price. Admittedly indexing the stocks provides no information about stock/consumption ratios or genuine market tightness, however it does give some guide as to the strength of physical demand. Nevertheless, while copper inventories have increased only moderately, arguably helping to support prices, lead stocks picked up very strongly throughout the year, while having no impact on price behaviour whatsoever. Tin also saw a big increase in inventories, flushed out by the backwardation during the second half of the year, while the other metals saw steady but unspectacular increases towards year-end.

By Leon Westgate Sources: LME, Standard Bank

LME Metal Prices indexed to Jan 2nd 2009



LME Warehouse Stocks indexed to Jan 2nd 2009



Base metals

The market is in holiday mode with thin volumes being seen across the base metals. The complex is generally softer, though this is more through lack of interest rather than anything else. This afternoon looks to be a little more interesting however, and sees the release of the US Q3 GDP numbers, followed later on by the US Existing Home Sales figures for November (expected up 2.5% m-o-m) and House Price Index data for October (expected up 0.2%). Given the thin conditions, any significant deviation from consensus expectations may spark some activity, particularly if the equity markets react to the numbers.

Nickel was the star performer on Monday, rallying over 4% after staging a technical break out. Nickel saw very good volumes with over 2,200 lots trading on LME Select, more than the level seen in zinc (indicating just how poor the zinc turnover was), and more than double the turnover seen in lead. This morning has seen prices pullback with the metal dropping back towards \$17,700. Volumes have also dropped off significantly.

Copper is also softer this morning, drifting lower on the back of very poor turnover. Meanwhile the will-they/won't-they saga with the Codelco Norte workers continues, with the unions now threatening to strike again over the company's latest wage offer, in spite of reports yesterday that the bonus portion of the offer had been agreed. In other news, Chinese imports of refined copper jumped 15% m-o-m in November to 194,388 mt. After the release of the preliminary figures however, the numbers were largely factored in already and had little impact on prices.

By Leon Westgate

Precious metals

Gold is directionless this morning, range-trading between \$1,097 and \$1,091, after a stronger US dollar weighed on precious metals in New York trade yesterday. Open interest on the February 2010 COMEX gold future decreased by 9,808 contracts yesterday—which also weighed on gold market sentiment. In spite of that however, the retracement in the gold price did appear to attract new ETF inflows. Of note, the SPDR Gold Trust ETF, the biggest gold-backed ETF, increased its gold investment holdings by 215,171oz. Gold support and resistance are at \$1,083 and \$1,110, respectively, today.

Gold has remained strongly correlated to the US dollar this morning, with the rolling correlation (on a 5-day basis) between the spot gold price and trade-weighted US dollar increasing from -0.88 yesterday, to -0.94 this morning. Today's US Q3:09 GDP and existing home sales data could impact on gold prices in NY trade, particularly if the data impacts significantly on the strength of the dollar.

Silver is also struggling to find direction this morning—bouncing between \$17.07 and \$16.94. Like gold, the metal has attracted ETF inflows, with the ZKB Silver ETF adding 1,037,000oz to its investment holding. Support and resistance are at \$16.76 and \$17.31, respectively, today.

PGMs came under pressure this morning as the forward-looking German GfK consumer confidence data surprised on the downside, sliding 10.8% m/m to 3.3 for January against consensus at 3.5, while China's Shanghai Composite fell 2.32%. Platinum slipped from \$1,420 to \$1,412 in Asian trade, before staging a recovery to \$1,416 in early European trade. Palladium encountered resistance at \$369 in early Asian trade before nose-diving to \$361 and holding steady at \$363 in early European trade.

By Manqoba Madinane

Energy

After a stronger US dollar weighed on the front-end of the crude oil forward curve yesterday, crude oil prices garnered support this morning ahead of OPEC's meeting in Angola later today. The organisation is expected to maintain its output quotas, despite some countries failing to adhere to production targets. After falling to \$71.98/bbl in New York trade yesterday, front-month WTI crude oil found support at \$73.45/bbl in early Asian trade this morning before escalating to \$73.98/bbl in early European trade.

The front-month WTI crude oil contract has also benefited from optimism amid market expectations of improved US crude oil demand—given colder weather in the US. According to a Bloomberg survey, crude oil stockpiles are expected to have contracted 1.73 million barrels; distillate stockpiles are also expected to have contracted last week—this could support crude oil prices ahead of the release of API inventory data later today with the DOE expected to release its inventory data tomorrow. Support and resistance for front-month WTI crude oil are at \$72.50/bbl and \$74.83/bbl, respectively, today.

Thermal coal contracts were firmer yesterday amid signals of improved thermal coal demand in the Asia-Pacific region. API2 (CIF ARA) for January 2010 delivery gained \$0.85/mt to \$80.75/mt. API4(FOB) for January 2010 delivery gained \$0.75/mt to \$75.55/mt. Data at Australia's Newcastle Coal Terminal, the main coal export hub in Asia, showed inventories at the port contracted 17.1% w/w to 1.19 million tonnes. The shipping queue at the Newcastle Terminal also increased from 52 to 60 vessels which increased port congestion—this resulted in a 1.13% w/w contraction in export tonnage to 1.91 million tonnes.

Carbon contracts were weaker yesterday amid weaker confidence following the Copenhagen United Nation climate change conference. ICE EUA for December 2010 delivery shed EUR1.21/mtCO₂ to EUR12.37/mtCO₂. UN-backed CER for December 2010 delivery slipped EUR0.80/mtCO₂ to EUR11.03/mtCO₂.

By Manqoba Madinane

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	4,636,675	4,638,850	2,250	4,425	-2,175	2,307,775	214,350	4.62	117,860
Copper	479,450	476,350	3,150	50	3,100	139,675	1,550	0.32	66,058
Lead	142,975	142,175	800		800	97,825	75	0.05	12,245
Nickel	150,498	148,458	2,148	108	2,040	72,108	918	0.61	23,523
Tin	26,365	26,405		40	-40	18,575	565	2.14	14,253
Zinc	456,475	456,500		25	-25	202,975	4,250	0.93	46,827

Shanghai 3-month forward prices

Metal	Open	Last	1d Change	COMEX active month future prices	Open	Close	Change	Change (%)
Aluminium	16,290	16,310	20	Ali Dec'09	-	-	-	-
Copper	55,500	55,640	40	Cu Dec'09	316	315.70	-0.15	-0.05%
Zinc	19,220	19,180	-10					

ZAR metal prices (21 December 2009)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	17,049	52,577	17,729	133,850	121,317	18,402	7.6420
3-month	17,663	53,961	18,013	139,669	124,107	18,970	7.7810

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)	80.37	-0.02	80.56	0.71	81.40	0.70	84.18	0.77	89.73	0.87
Gasoil 0.1% Rdam (\$/mt)	595.00	-6.75	601.25	-7.50	615.75	6.50	636.25	6.25	672.50	6.00
NWE CIF jet (\$/mt)	662.99	1.54	668.78	3.63	675.83	5.13	698.67	5.25	737.70	5.84
Singapore Kero (\$/bbl)	82.38	0.04	83.36	0.76	83.90	0.70	86.13	0.82	91.55	0.89
3.5% Rdam barges (\$/mt)	426.41	-0.64	429.00	1.00	432.25	1.25	437.25	1.75	446.00	2.00
1% Fuel Oil FOB (\$/mt)	442.02	0.09	445.50	1.25	450.50	0.50	467.25	1.00	489.25	2.25
Sing FO 380 Cargo (\$/mt)	456.00	1.25	455.25	1.75	455.00	1.50	458.25	1.50	460.75	8.75
Sing FO180 Cargo (\$/mt)	465.43	-1.26	459.75	1.25	459.25	1.75	462.00	1.75	460.75	8.75

Thermal coal	Q1-10		Q2-10		Q3-1		Cal 11		Cal 12	
API2 (CIF ARA)	80.75	0.75	89.60	0.80	84.90	0.65	98.10	0.45	108.60	0.20
API4 (FOB RBCT)	75.55	0.75	82.50	1.50	79.40	1.25	89.40	0.90	99.35	0.20
Carbon	Spot		Dec-09		Dec-10		Dec-11		Dec-12	
ICE - ECX EUA (€/mt)	12.13	-1.22	12.37	-1.21	12.96	-1.23	13.72	-1.25	14.77	-1.25
ICE - ECX CER (€/mt)	11.15	-0.75	11.03	-0.80	11.08	-0.81	11.73	-0.79	11.28	-0.80

Precious metals

Forwards (%)	1-month	2-month	3-month	6-month	12-month
Gold	0.34833	0.36500	0.37833	0.40833	0.58333
Silver	0.59500	0.59500	0.59500	0.58667	0.58667
USD Libor	0.23188	0.24094	0.24875	0.43063	0.96438

Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	48.86	1,116.45	1,149.57	1,049.64	988.48	1,083.00	1,110.00
Silver	47.26	17.28	17.93	16.76	15.20	16.76	17.31
Platinum	52.80	1,429.03	1,446.12	1,341.42	1,255.57	1,406.00	1,429.00
Palladium	56.82	365.20	370.11	322.28	279.75	359.00	368.00

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	1,094.40	17.0250	364.60	1,428.60	1,094.80	3,225.00	1,094.50
Open Interest	493,122	122,188	22,704	32,817	1,620	129,008	3,398
Change in Open Interest	-9,808	95	-206	-106	0	3,124	-18

Date: 21 December 2009

Sources: Standard Bank; LME; Bloomberg

Disclaimer

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. **Please note that one or more of the analysts that prepared this report sit on a sales and trading desk of the Standard Bank Group.**

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. Copyright 2009 Standard Bank Group. All rights reserved.