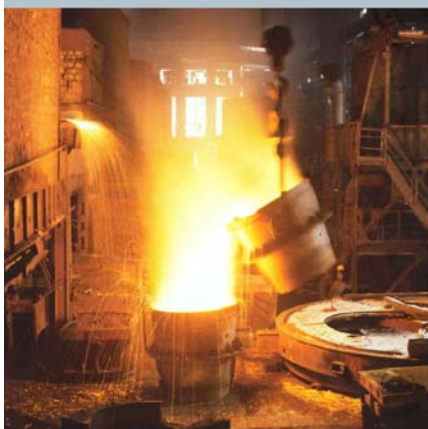


1 December 2009

**Walter de Wet* CFA**

+44 (20) 3145 6821

Walter.DeWet@standardbank.com

Leon Westgate*

+44 (20) 7626 6004

Leon.Westgate@standardbank.com

Manqoba Madinane*

+27 (11) 378 7220

Manqoba.Madinane@standardbank.co.za

Focus: Auto sales in recovery Given that auto sales are a leading economic indicator, we view recovering vehicle sales as bullish for platinum, palladium and aluminium demand, and also for demand for base metals like copper and zinc.

- Strong Chinese economic data, and a more relaxed attitude towards the extent and spread of the Dubai World saga, have combined with a weaker dollar to see much of the base metals complex rally strongly this morning.
- Aluminium has led the base metals complex higher, with the light metal reaching just shy of \$2,100 before drifting back slightly heading into the afternoon. The move has come on the back of decent turnover, with fresh buying interest also emerging.
- The RBA has raised rates for the third time as growth returns to the Australian economy. In November, China's manufacturing sector expanded at the fastest pace since April 2008 (according to China's PMI index released this morning). Japanese auto sales grew by 36% y/y in November. Growth has clearly returned in Asia, and we view this bullish for PGM.
- Crude oil prices remain range-bound. Front-month WTI crude oil briefly climbed from \$77.10/bbl to \$77.46/bbl in Asian trade before slipping back to \$77.02/bbl in electronic trade as the greenback strengthened from \$1.5027 to \$1.4973 ahead of the European session.

Commodity price data (30 November 2009)**Base metals LME 3-month**

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	2,032	2,058	2,065	2,010	39	1.93	2,007.00	50	-29.00
Copper	6,831	6,930	6,972	6,830	75	1.09	6,814.50	60	-27.25
Lead	2,310	2,347	2,350	2,285	60	2.63	2,290.00	1	-29.25
Nickel	16,100	16,405	16,500	15,999	315	1.96	16,030.00	-95	-65.00
Tin	14,950	15,100	15,225	14,763	305	2.05	14,800.00	-25	-17.00
Zinc	2,252	2,322	2,329	2,215	92	4.13	2,226.50	29	-29.50

Energy

	Open	Close	High	Low	day/day	Change (%)
ICE Brent	78.42	78.51	78.60	78.40	0.04	0.05%
NYMEX WTI	77.35	77.27	77.45	77.10	-0.01	-0.01%
ICE Gasoil	621.75	623.75	623.75	621.75	9.50	1.52%
API2 Q1'10	77.40	77.40	-	-	0.00	0.00%
ICE EUA Dec09	13.09	13.09	-	-	0.00	0.00%

Precious metals

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFPs
Gold	1,172.00	1,175.75	1,181.50	1,164.75	1,181.00	6.00	0.8/1.2
Silver	-	18.43	18.52	18.14	18.50	0.19	2/3
Platinum	1,440.00	1,442.00	1,456.00	1,440.00	1,452.00	7.00	3/5
Palladium	362.00	360.50	367.00	362.00	364.00	-6.00	1/3

Sources: Standard Bank; LME; BBG



Focus: Auto sales in recovery

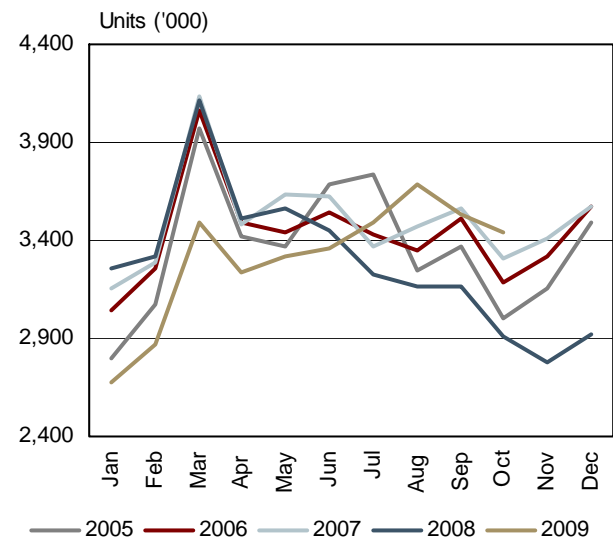
Auto sales are recovering. Japan's auto sales for November jumped 36% y/y. These figures are improving partly because of the base effect. But in absolute terms, Japan's auto sales are recovering.

While Japan's YTD sales were 539,259 units fewer than the first 11 months in 2008, and 749,166 units fewer than in 2007, the November sales of 436,535 units compare very well with November sales in 2007 (451,087 units) and is much higher than sales seen in November 2008 (368,883 units).

At an aggregate level, the situation is the same. We are therefore more bullish. The combined auto sales figure between January and October 2009 for the US, Eurozone, Japan and China is 33,090,189 units. While this is 2.1m units fewer than the 2007 level, it is only 121,850 units fewer than the same period in 2008. More important to us is auto sales in November this year was 3.43 million units. In October 2008, auto sales were only 2.77million units, while in October 2007 is was 3.40 million units.

Given that auto sales are a leading economic indicator, **we view the vehicle sales as a positive signal.** Furthermore, while we recognise that total demand from auto makers for metals is still low on an absolute level, auto sales are clearly rising fast. Japan's November auto sales confirmed this today. We expect China's auto figures to confirm the trend too, while auto sales in Europe

Figure 1: Auto sales (US, China, Japan and Euro-zone)



Source: Global Markets Research

and the US are also likely to show a recovery (but much slower in Asia's).

We view vehicle sales as bullish for platinum, palladium and aluminium demand, and also for demand for base metals like copper and zinc.

By Walter de Wet

Base metals

Strong Chinese economic data, and a more relaxed attitude towards the extent and spread of the Dubai World saga, have combined with a weaker dollar to see much of the base metals complex rally strongly this morning. Equity markets are also much stronger, with concerns over Dubai World, the German banking system and the state of the UK economy being pushed to one side.

Aluminium has led the base metals complex higher, with the light metal reaching just shy of \$2,100 before drifting back slightly heading into the afternoon. The move has come on the back of decent turnover, with fresh buying interest also emerging.

After a pretty anemic start, copper is once again trading above the \$7,000 level heading into the afternoon, with an outbreak of what looks like fat fingeritis, earlier this morning, appearing to have no lasting impact. The initial trigger for copper's rally actually appears to have been aluminium's move higher, with combination of a stronger dollar and increased risk appetite subsequently helping to support prices. Available LME inventory posted yet another gain, with on-warrant stocks in South Korea gaining 2,600 mt, however, the figures continue to have little impact on sentiment.

In contrast to copper, nickel has struggled this morning, with a 3,564 mt increase in on-warrant LME stocks helping to snuff out this morning's initial rally. The main location for the inventory was Rotterdam, up 1,764 mt, however Singapore and South Korea also saw significant increases, up 870 mt and 930 mt respectively.

Looking ahead, the month of December looks like being a very volatile period indeed, with factors such as year-end profit taking (on both commodities and currencies), commodity index re-weighting activity, concerns over Chinese spending levels next year, and the afore mentioned concerns about elements of the wider economy all converging. Set against this admittedly rather bearish short term outlook, are the longer term concerns over inflation, the strength of the dollar, but also the expected global economic recovery. We therefore do not rule out an aggressive sell-off, particularly if any price weakness triggers significant CTA activity, however, given the strength of the rebound in commodity prices in the aftermath of the Dubai World story late last week it appears that any price dips will also continue to be seen as a longer-term buying opportunity.

By Leon Westgate

Precious metals

The RBA has raised rates for the third time as growth returns to the Australian economy. In November, China's manufacturing sector expanded at the fastest pace since April 2008 (according to China's PMI index released this morning). Japanese auto sales grew by 36% y/y in November. **Growth has clearly returned in Asia, and we view this bullish for PGM.**

While Asian economies are growing, **central banks continue to create liquidity.** The Bank of Japan might resume quantitative easing as deflation in the country persists. At the same time, the market still sees no tightening in rates by the US within the next two quarters.

Gold touched \$1,199 this morning. While support remains in place, there is strong resistance at \$1,200. Physical buying continues apace, and investment demand is strong. The SPDR Gold Trust ETF, the biggest gold-backed ETF, increased its investment holdings by 2.13 metric tonnes yesterday. **Gold support and resistance are at \$1,166 and \$1,200 respectively today.**

We have been bullish on PGM for some time mainly because of cost pressures. However, we are increasingly seeing signs of demand growth for PGM (*refer to Focus*). We still believe the growth in auto sales, driven by China, will benefit palladium more than platinum. **We believe that palladium will outperform platinum.** Platinum support is at \$1,450 and resistance at \$1,500. Palladium resistance is at \$380.

Silver continues to lag the rest of the complex, finding resistance at \$19.00. But with metals, including base metals, well supported, **we expect silver support levels at \$18.20 to hold.**

By Walter de Wet

Energy

Crude oil prices remain range-bound. Front-month WTI crude oil briefly climbed from \$77.10/bbl to \$77.46/bbl in Asian trade before slipping back to \$77.02/bbl in electronic trade as the greenback strengthened from \$1.5027 to \$1.4973 ahead of the European session.

Growth data out of Japan shows a 36% y/y increase in vehicle sales in November — following a 12.6% y/y increase in October. In China, the PMI manufacturing index was unchanged, at 55.2 in November — remaining above the 50 threshold level, which signals that China's manufacturing sector is still growing. However, **this failed to bolster the front-end of the WTI crude oil forward curve**, as crude oil prices remain closely correlated to the greenback. The rolling correlation (on a 5-day basis) between front-month WTI crude and the trade-weighted US dollar is at -0.66 this morning, albeit lower than yesterday's -0.74 rolling correlation.

Thermal contracts — API2(CIF ARA) for December delivery was steady, at \$77.40/mt while API4(FOB) for December delivery gained \$0.80/mt, to \$68.50/mt. Data from the Newcastle Coal Terminal, Asia's main coal hub, showed signs of thermal coal demand weakness in the Asia-Pacific region. According to the data, while export tonnage gained 25% w/w, the shipping queue at the port contracted from 38 to 37 vessels. Furthermore, total stockpiles at the Newcastle terminal increased 20.5% w/w.

Carbon contracts were steady despite lower German base load power prices. ICE EUA for December delivery was unchanged, at EUR13.09/mtCO₂, while UN-backed CER for December delivery slipped EUR0.06/mtCO₂, to EUR12.12/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	4,599,700	4,599,475	1,000	775	225	2,270,800	123,125	2.68	174,386
Copper	441,000	438,525	2,600	125	2,475	101,225	1,275	0.29	105,835
Lead	138,450	137,850	600	-	600	93,300	250	0.18	21,954
Nickel	140,646	137,280	3,588	222	3,366	62,256	1,032	0.73	27,378
Tin	26,800	26,805	-	5	-5	19,010	580	2.16	46,001
Zinc	455,275	454,950	500	175	325	201,775	6,350	1.39	61,054

Shanghai 3-month forward prices

Metal	Open	Last	1d Change	COMEX active month future prices	Open	Close	Change	Change (%)
Aluminium	15,670	15,600	30	Ali Dec'09	-	-	-	-
Copper	54,900	54,660	150	Cu Dec'09	318	316.50	-1.20	-0.38%
Zinc	18,280	18,110	80					

ZAR metal prices (30 November 2009)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	14,876	50,509	16,973	118,814	109,698	16,503	7.4120
3-month	15,522	52,270	17,702	123,735	113,892	17,514	7.5425

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)	83.92	1.00	84.36	1.00	85.07	1.04	87.71	1.09	93.11	1.20
Gasoil 0.1% Rdam (\$/mt)	623.75	9.50	634.00	8.50	642.25	8.25	655.75	8.50	695.75	8.75
NWE CIF jet (\$/mt)	679.92	10.49	689.20	10.57	698.13	9.00	721.42	8.92	761.40	8.54
Singapore Kero (\$/bbl)	85.57	1.18	85.96	0.92	86.62	0.97	89.16	1.09	94.63	1.19
3.5% Rdam barges (\$/mt)	447.05	-0.98	451.30	-0.47	453.26	-0.67	457.57	-0.56	465.23	-1.24
1% Fuel Oil FOB (\$/mt)	466.55	-0.73	475.80	-0.22	480.01	-0.17	491.82	-0.81	510.98	-1.24
Sing FO 380 Cargo (\$/mt)	471.55	-1.05	473.01	-1.00	473.72	-1.44	478.09	-0.32		
Sing FO180 Cargo (\$/mt)	474.30	0.27	476.30	-0.22	477.76	-0.42	481.82	-0.56		

Thermal coal	Q1-10		Q2-10		Q3-1		Cal 11		Cal 12	
API2 (CIF ARA)	77.40	0.00	87.15	-1.00	82.50	-0.75	95.90	-0.25	102.80	0.15
API4 (FOB RBCT)	68.50	0.80	78.35	-0.90	74.40	-0.70	86.60	-0.25	93.15	0.15
Carbon	Spot		Dec-09		Dec-10		Dec-11		Dec-12	
ICE - ECX EUA (€/mt)	13.09	0.00	13.09	0.00	13.29	0.00	13.84	-0.01	14.60	0.04
ICE - ECX CER (€/mt)	12.17	-0.09	12.12	-0.06	11.78	-0.06	11.77	-0.06	12.17	-0.05

Precious metals

Forwards (%)	1-month	2-month	3-month	6-month	12-month
Gold	0.26750	0.29500	0.31250	0.39000	0.49250
Silver	0.57500	0.57500	0.57500	0.57500	0.58750
USD Libor	0.23531	0.24438	0.25656	0.48813	1.01750

Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	70.87	1,166.36	1,137.82	1,020.85	972.49	1,146.00	1,199.00
Silver	58.76	18.48	18.03	16.16	14.85	17.76	18.73
Platinum	60.56	1,452.29	1,415.39	1,303.93	1,226.47	1,428.00	1,468.00
Palladium	64.82	368.22	356.64	305.50	266.75	357.00	378.00

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	1,179.70	18.5100	370.30	1,460.20	1,176.70	3,319.00	1,179.80
Open Interest	532,137	135,492	23,695	35,432	1,519	115,928	4,127
Change in Open Interest	0	0	-153	422	0	3,322	0

Date: 30 November 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.