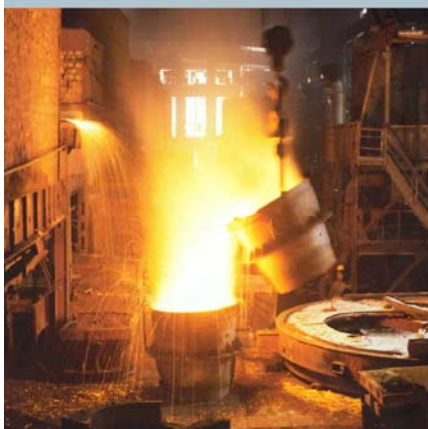


7 January 2010



Focus: Copper and Aluminium Open Interest - Price-wise, 2010 has started with a bang, with both copper and aluminium making strong gains. Interestingly, while open interest for aluminium has picked up in conjunction with rising prices, indicating new long positions have been added, copper open interest has fallen slightly, suggesting that some of the red metal's recent strength has been due to short covering activity.

- Gold is running into resistance at \$1140—\$1,142. We expect the market to remain cautious ahead of tomorrow's non-farm payroll data and as a result profit-taking ahead of the data release might take place.
- We expect large dips in platinum and palladium to be bought.
- After the bearish data, which registered a large build in crude and gasoline inventories, and only a small draw of 233K barrels in the middle distillates, it appears many market participants had to cover short positions.
- The base metals had a very strong day price-wise on Wednesday, with much of the complex making impressive gains. Aluminium had another exceptionally busy day, with over 14,400 lots trading on LME Select, while copper and lead also saw very good volumes. The base metals are a little softer this morning, with prices pulling back after yesterday's rally.

Walter de Wet* CFA

+44 (20) 3145 6821

Walter.DeWet@standardbank.com

Leon Westgate*

+44 (20) 7626 6004

Leon.Westgate@standardbank.com

Commodity price data (6 January 2010)**Base metals LME 3-month**

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	2,328	2,380	2,389	2,337	83	2.23%	2,303.00	56	-34.25
Copper	7,615	7,660	7,796	7,584	185	0.59%	7,587.50	152	-29.50
Lead	2,613	2,681	2,680	2,603	157	2.62%	2,582.00	142	-27.25
Nickel	19,050	19,160	19,375	18,825	445	0.58%	18,955.00	340	-72.00
Tin	-	17,825	17,850	17,400	400	-	17,500.00	95	-75.00
Zinc	2,635	2,720	2,736	2,670	143	3.23%	2,618.00	92	-31.75

Energy

	Open	Close	High	Low	day/day	Change (%)
ICE Brent	82.00	81.71	82.05	81.21	-0.18	-0.22%
NYMEX WTI	83.19	82.94	83.36	82.51	-0.24	-0.29%
ICE Gasoil	665.00	663.25	665.00	659.75	1.50	0.23%
API2 Q1'10	93.55	93.70	-	-	0.15	0.16%
EUA Dec10	12.75	12.45	-	-	-0.30	-2.3%

Precious metals

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFPs
Gold	1,125.00	1,130.00	1,140.50	1,118.25	1,135.80	17.80	-0.1/0.3
Silver	-	18.13	18.21	17.77	18.14	0.35	0.5/2.5
Platinum	1,548.00	1,556.00	1,564.00	1,522.00	1,550.00	23.00	3/5
Palladium	424.00	422.00	428.00	420.00	426.00	8.00	0/2

Sources: Standard Bank; LME; BBG



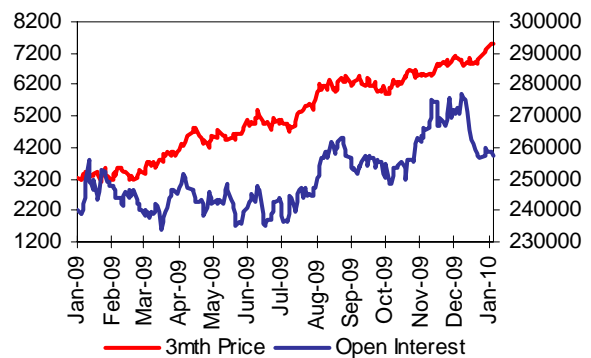
Focus: Copper and Aluminium Open Interest

Price-wise, 2010 has started with a bang, with both copper and aluminium making strong gains. Interestingly, while open interest for aluminium has picked up in conjunction with rising prices, indicating new long positions have been added, copper open interest has fallen slightly, suggesting that some of the red metal's recent strength has been due to short covering activity.

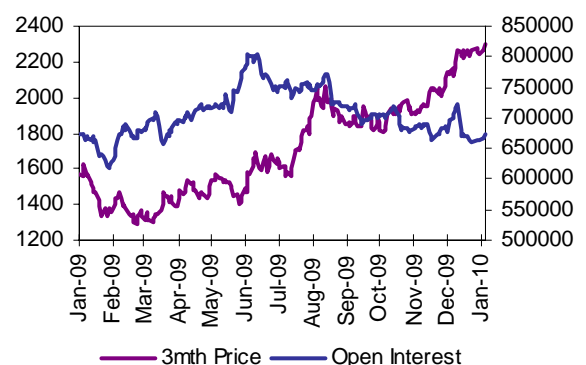
Overall, 2009 saw copper open interest build strongly from mid-year as the wider market finally started to turn bullish and started to build long positions. Open interest then dropped sharply around mid-December as participants pared back positions ahead of the New Year, though prices were largely unaffected. The much-hyped index re-weighting due in early January may also have persuaded some participants to position themselves short, in anticipation of the rebalancing resulting the selling of (primarily) Comex copper. With prices remaining solid however, and any dips being regarded as a buying opportunity, some shorts appear to have thrown in the towel.

In contrast, 2009 saw aluminium open interest decline during the second half of the year, with the improving economic and financial outlook and the strong performance of commodities generally resulting in shorts unwinding their positions. Overall, open interest has continued to drift lower, with the overhang of inventory making it more of a struggle to get too bullish. However, against the backdrop of an improving economic outlook, rising energy prices and concerns over possible weather-related disruption in China, it appears fresh long positions are being built.

LME 3m Copper price vs. Open Interest



LME 3m Aluminium price vs. Open Interest



Sources: LME; Standard Bank

By Leon Westgate

Base metals

The base metals had a very strong day price-wise on Wednesday, with much of the complex making impressive gains. Aluminium had another exceptionally busy day, with over 14,400 lots trading on LME Select, while copper and lead also saw very good volumes. The base metals are softer this morning, with prices pulling back after yesterday's rally. The Peoples Bank of China has also started reining in liquidity which is weighing on sentiment a little, with the PBOC set to drain \$20 billion from the market this week (the biggest weekly drain in 11 weeks).

Copper continues to see very good volumes this morning with ~6800 lots trading on Select by 12am (UK time). Prices rallied overnight, reaching just shy of \$7800 before coming under pressure during the morning session. The metal saw good 2-way interest building up around the \$7,600 mark however, and has since picked up a little heading into the afternoon. Codelco has meanwhile resumed normal operations at its Chuquicamata mine after workers agreed to a new pay agreement and halted their strike action.

Outside of copper, volumes elsewhere in the complex are much lower today. The lack of volume is particularly evident in Aluminium after the metal's incredibly busy day yesterday.

In line with expectations, this BoE has kept interest rates and its Asset Purchase Target unchanged today. Looking ahead, the main economic data are the latest US initial jobless claims figures (expected at 439K). Once the data's out of the way, the focus switches to the closely watched US Nonfarm payroll figures tomorrow afternoon.

By Leon Westgate

Precious metals

Gold is running into resistance at \$1140—\$1,142. We expect the market to remain cautious ahead of tomorrow's non-farm payroll data and, as a result, profit-taking may emerge ahead of the data. There was good physical selling in gold this morning in Asia. Shanghai arbitrage selling added to the downwards pressure in gold. Support is at \$1,126 and \$1,116.

After a good rally yesterday platinum and palladium are both trading lower. Both metals have seen a rise in speculative interest ahead of the expected launch of the US based ETF's as well as gaining support from positive auto sales numbers. We expect large dips in platinum and palladium to be bought. Platinum support is at \$1,525 and resistance at \$1,575.

US ADP employment numbers registered a decline of 84K jobs in December, slightly below the expected decline of 75K. ADP employment figures and tomorrow's non-farm payroll numbers are highly correlated. However, since March, when markets bottomed, ADP figures have been lower than the NFP numbers every month - by an average of 72K. Should this trend continue in the December figures, we could look at a non-farm payroll number of between 0 and -12K. The market expects zero change in December.

A better-than-expected non-farm payroll number could see equity markets rally. Looking at the recent correlation between equity markets and precious metals, we expect platinum and palladium to benefit most from good employment numbers.

By Walter de Wet

Energy

Despite bearish headline DOE inventory numbers yesterday, WTI crude managed to break above the \$82 resistance level. After the bearish data, which registered a large build in crude and gasoline inventories, and only a small draw of 233K barrels in the middle distillates, it appears many market participants had to cover short positions. For once crude broke above \$82, it rallied quickly towards \$83.50.

We expect some profit-taking in crude oil after a rally which has been driven largely by technical factors. However, we doubt the selling would be enough to push front-month WTI prices below \$80 given the current cold weather conditions in the northern hemisphere.

Front month WTI price support is at \$81.50 and \$79.85, while resistance is at \$83.50 and \$84.20.

Thermal coal prices ignored crude oil's rally yesterday and closed the day lower. However, assisted by higher natural gas prices there are some buying interest in coal this morning which is pushing prices higher. Coal should continue to find support from the cold weather, and strength in the wider energy complex. API2 (CIF ARA) for January 2010 delivery closed 15 cents lower at \$93.40; API4(FOB) for January 2010 delivery closed at \$89.00.

EUA OTC for December delivery closed 30 cents lower at EUR12.45/mtCO₂.

By Walter de Wet

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	4,619,850	4,624,125	700	4,975	-4,275	-9,050	211,400	4.58	173,727
Copper	507,400	505,350	2,100	50	2,050	5,075	3,575	0.70	97,251
Lead	147,850	147,175	675	-	675	1,350	75	0.05	27,040
Nickel	158,388	158,424	18	54	-36	378	918	0.58	23,479
Tin	26,795	26,795	65	65	0	30	580	2.16	6,463
Zinc	489,600	489,100	600	100	500	1,550	3,875	0.79	69,554

Shanghai 3-month forward prices

Metal	Open	Last	1d Change	COMEX active month future prices	Open	Close	Change	Change (%)
Aluminium	17,380	17,790	595	Ali Jan'10	-	-	-	-
Copper	60,410	61,320	1,080	Cu Jan'10	341	347.40	6.05	1.77%
Zinc	21,395	21,590	305					

ZAR metal prices (6 January 2010)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	16,911	55,715	18,960	139,187	128,503	19,224	7.3430
3-month	17,779	57,220	20,027	143,125	133,153	20,318	7.4700

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)	87.29	-0.72	89.36	0.94	90.21	0.85	92.62	0.67	96.74	1.02
Gasoil 0.1% Rdam (\$/mt)	663.25	1.50	670.75	2.25	675.25	0.50	693.50	1.75	727.00	2.50
NWE CIF jet (\$/mt)	725.70	-0.73	735.00	1.92	743.59	3.58	761.01	3.50	797.73	6.73
Singapore Kero (\$/bbl)	91.08	0.37	91.91	0.59	92.66	0.70	94.70	0.58	99.29	0.97
3.5% Rdam barges (\$/mt)	472.50	7.00	474.75	6.50	476.00	6.50	479.00	6.00	485.00	5.75
1% Fuel Oil FOB (\$/mt)	484.50	7.00	489.25	6.50	493.50	6.50	505.25	6.00	524.00	4.75
Sing FO 380 Cargo (\$/mt)	501.75	7.25	500.25	7.00	500.25	6.50	501.50	6.50	502.50	6.50
Sing FO180 Cargo (\$/mt)	508.00	7.00	505.75	7.00	504.50	6.75	506.50	6.75	502.50	6.50

Thermal coal	Q1-10		Q2-10		Q3-10		Cal 11		Cal 12	
API2 (CIF ARA)	93.7	0.15	93.95	0.2	93.35	0.80	103.70	0.15	110.20	-0.55
API4 (FOB RBCT)	89.30	0.35	88.85	0.35	89.95	1.00	95.10	0.15	101.20	-0.55

Precious metals

Forwards (%)	1-month	2-month	3-month	6-month	12-month
Gold	0.29167	0.30333	0.32000	0.38000	0.62667
Silver	0.59667	0.59667	0.60500	0.62167	0.63000
USD Libor	0.23219	0.24219	0.25000	0.42563	0.96031

Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	55.12	1,110.81	1,109.79	1,068.74	998.96	1,116.00	1,142.00
Silver	54.99	17.44	17.35	17.13	15.45	17.85	18.40
Platinum	63.46	1,494.69	1,463.69	1,369.22	1,277.18	1,525.00	1,575.00
Palladium	68.16	406.56	386.34	337.16	290.75	420.00	433.00

Active Month Future	COMEX GLD Feb'10	COMEX SLV Mar'10	NYMEX PAL Mar'10	NYMEX PLAT Apr'10	DGCX GLD Feb'10	TOCOM GLD Dec'10	CBOT GLD Feb'10
Settlement	1,133.90	18.1450	425.95	1,558.40	1,134.00	3,390.00	1,133.90
Open Interest	507,643	125,391	23,379	33,582	1,544	128,631	3,022
Change in Open Interest	-17,877	-1,334	-764	-1,029	-96	5,532	-49

Date: 7 January 2010

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.