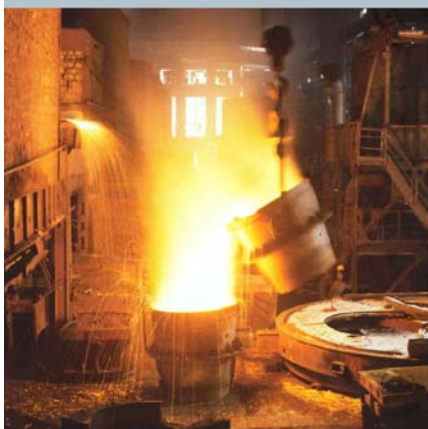


11 January 2010



**Focus: CFTC data favours gold and silver relative to PGM** — In an environment of low interest rates and recovering global growth, we expect precious metals to continue their upward trend this year. The recent decline in speculative positions in gold and silver arguably makes these two metals better poised than platinum and palladium for moves higher in coming days.

- Gold spiked higher at the start of trading in Asia this morning driven largely by a weaker dollar. With the metal above the resistance of \$1,142 the next target is \$1,170.
- Silver has risen sharply this morning and its next target is \$19.00. Base metals are higher, gold is above \$1,150 and the net non-commercial interest in silver favours silver strength.
- The base metals are all much stronger this morning on the back of bullish Chinese data and a weaker dollar. After an initial flurry of activity however, prices are trading sideways heading into the afternoon. Volumes have also dropped off noticeably, with the market appearing to be in wait-and-see mode to see what impact, if any, the index re-weightings may have.
- Crude oil is stronger this morning following the bullish Chinese data and the weaker dollar. Front month WTI ran into resistance around \$83.50/bbl during Asian trade, but has since pushed higher, stalling just short shy of \$84.00/bbl heading into the afternoon.

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**Commodity price data (8 January 2010)****Base metals LME 3-month**

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	2,295	2,284	2,342	2,310	-30	-0.48%	2,261.50	-46	-34.50
Copper	7,471	7,461	7,675	7,555	-70	-0.13%	7,446.00	-148	-27.00
Lead	2,550	2,534	2,620	2,545	-68	-0.63%	2,524.00	-67	-27.25
Nickel	18,130	17,900	18,485	18,100	-530	-1.27%	18,125.00	-625	-68.00
Tin	17,450	17,350	17,769	17,645	-135	-0.57%	17,415.00	-265	-74.00
Zinc	2,543	2,521	2,621	2,560	-86	-0.87%	2,529.00	-106	-31.25

**Energy**

	Open	Close	High	Low	day/day	Change (%)
ICE Brent	81.53	82.13	82.22	81.53	0.76	0.93%
NYMEX WTI	82.88	83.56	83.67	82.88	0.81	0.97%
ICE Gasoil	667.50	666.25	668.50	665.75	10.00	1.50%
API2 Q1'10	96.50	94.35	-	-	2.15	2.22%
EUA Dec10	12.60	12.99	-	-	0.39	0.30%

**Precious metals**

	AM Fix	PM Fix	High bid	Low offer	Closing bid	Change (d/d)	EFPs
Gold	1,121.75	1,126.75	1,139.30	1,120.30	1,138.50	6.00	0/0.4
Silver	-	18.76	18.47	18.09	18.42	0.10	0.5/2.5
Platinum	1,547.00	1,569.00	1,576.00	1,539.00	1,565.00	15.00	3/5
Palladium	424.00	431.00	429.00	425.00	423.00	-3.00	0/2

Sources: Standard Bank; LME; BBG



### Focus: CFTC data favours gold and silver relative to PGM

Since 1 Jan'10, gold is up 5.3%, silver is up 11.4%, platinum is 7.5% higher while palladium rose 5.75%. In an environment of low interest rates and recovering global growth, we expect precious metals to continue their upward trend this year. After large moves in very short time, a look at non-commercial futures trading activity is worthwhile.

According to the latest CFTC data, non-commercial interest in precious metals has increased in the past two weeks. From a speculative length perspective we favour gold and silver to perform better than platinum and palladium in coming weeks.

The net speculative length in COMEX gold now stands at 779 tonnes — 100 tonnes lower than the highs reached at the end of November last year. As a percentage of open interest, the net speculative position is 35%. This is down from 42% at the end of September.

Silver's net speculative position on COMEX stands at 6,228 tonnes — this is 2,046 tonnes less than the highs reached in October last year. This is also 25.9% of total open interest. We view this as positive for silver because this percentage has come down from 31% at the end of September and indicate potential for speculative interest to rise.

Net speculative positions in NYMEX platinum futures reached 1,018,900oz last week — 55,950oz up from a week earlier. The increase in net speculative positions has put the net longs as a percentage of open interest at 61%. Platinum has now reached our initial target of ZAR11,200 (currently trading at ZAR11, 600).

## Base metals

The base metals are all much stronger this morning on the back of bullish Chinese data and a weaker dollar. After an initial flurry of activity however, prices are trading sideways heading into the afternoon. Volumes have also dropped off noticeably, with the market appearing to be in wait-and-see mode to see what impact, if any, the index re-weightings may have on the metals this afternoon.

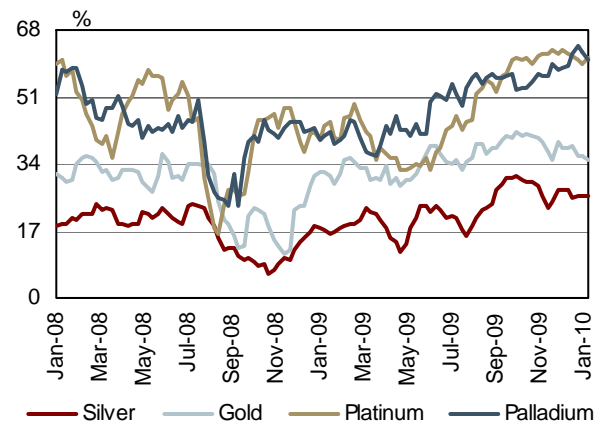
The preliminary Chinese customs figures for December show a 27% m-o-m increase in copper and copper fabricated products to 369,368 mt, indicating continued strong demand and the re-opening of the arbitrage window. Copper scrap imports also jumped - up 47% m-o-m - as higher refined prices made scrap more attractive, but also as higher prices increased availability. Although Aluminium imports fell slightly they were still pretty solid at 117,016 mt, though a 70% m-o-m jump in exports to 64,720 mt did temper the figures somewhat.

The Chinese auto data was also pretty bullish, with passenger car sales rising 52.9% to 10.3 million units in 2009 after a very strong December which saw sales jump 88.7% to 1.1 million units. Total vehicle sales rose 46.2% to 13.6 million units, eclipsing the 10.4 million units sold in the US.

After a strong start, copper is trading sideways heading into the afternoon, with the market waiting to see what impact the index re-weighting might have on the Comex contract. Zinc is tracking copper, though volumes have dropped off significantly compared to Friday, where over 7,300 lots traded on LME Select - just over the amount of volume traded in Aluminium. The other base metals are following a similar trend this morning, hanging onto their initial gains, but trading sideways on the back of thin volumes.

Elsewhere, the LME inventory data showed a 39,950 mt fall in on-warrant aluminium stocks, due primarily to a 24,700 jump in cancelled warrants in Baltimore, and a 10,200 mt jump in cancelled warrants in Chicago.

### Net non-commercial position as % of open interest



Sources: CFTC, Global markets Research

As a result production cost pressure for PGM producers should be minimal. We now look towards demand for direction in PGM prices rather than cost (refer to Commodities daily 8 December 2009).

As far as palladium is concerned, CFTC data shows the net long speculative positions on NYMEX reached 1,411,800oz last week. Like platinum, the increase in net speculative positions has put the net longs as a percentage of open interest at a very high 60%.

The recent decline in speculative positions in gold and silver arguably makes these two metals better poised than platinum and palladium for moves higher in coming days.

By Walter de Wet

By Leon Westgate

## Precious metals

The VIX index broke below 20% at the start of last week and is heading lower. The index is currently at 18.3% and is consistent with a weaker trade-weighted dollar. The increased risk appetite, as measured by the VIX index, is also providing good support to precious metals.

Gold spiked higher at the start of trading in Asia this morning driven largely by a weaker dollar. With the metal above the resistance of \$1,142 the next target is \$1,170. On the down-side resistance for gold is seen at \$1130.

There was some good selling in platinum which capped upside this morning. After bullish auto sales numbers out of China and the US last week, we look at the Euro-zone new car registration due for release tomorrow. New car registrations have risen sharply in the Euro-zone in recent months and we expect this trend to continue. Platinum support is at While both platinum and palladium are finding good support on the dips, we favour gold and silver to outperform the PGM in coming days (refer to Focus).

Silver has risen sharply this morning and its next target is \$19.00. Base metals are higher, gold is above \$1,150 and the net non-commercial interest in silver favours silver strength. Silver support is at \$18.06 and \$17.64. Resistance is at \$18.90—\$19.00 and \$19.30.

**By Walter de Wet**

## Energy

After a dull start, Friday saw crude oil prices spark to life in the wake of the US Nonfarm payrolls. The non-farm data was worse than anticipated, but not fatal either. The markets didn't really know what to do so, in the immediate aftermath of the data, crude oil followed the FX markets and rallied on the back of the weaker dollar. Normal service resumed during US trade however, with prices coming back under pressure ahead of the weekend.

Crude oil is stronger this morning following the bullish Chinese data and the weaker dollar. Front month WTI ran into resistance around \$83.50/bbl during Asian trade, but has since pushed higher, stalling just short shy of \$84.00/bbl heading into the afternoon. The stronger crude oil price has helped drag the rest of the energy complex higher. Technically speaking, WTI continues to look strong.

After a strong week, coal came under pressure on Friday, with both API2 (CIF ARA) and API4 (FOB RBCT) for Jan-10 dropping \$2.15 apiece to close at \$94.35 and \$90.85 respectively. Prices have since firmed up this morning on the back of stronger crude oil prices, and with the cold weather in Europe expected to last throughout this week, prices should continue to remain well supported.

**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	4,607,900	4,613,400	1,200	6,700	-5,500	-21,000	246,650	5.35	169,230
Copper	515,200	510,625	5,425	850	4,575	12,875	7,875	1.53	112,288
Lead	150,100	149,375	725	-	725	3,600	75	0.05	23,627
Nickel	159,792	158,982	858	48	810	1,782	912	0.57	23,744
Tin	26,850	26,910	50	110	-60	85	435	1.62	5,792
Zinc	491,325	490,750	575	-	575	3,275	6,825	1.39	76,178

### Shanghai 3-month forward prices

Metal	Open	Last	1d Change
Aluminium	17,390	17,800	420
Copper	61,800	61,970	1,460
Zinc	21,300	21,410	355

### COMEX active month future prices

	Open	Close	Change	Change (%)
Ali Jan'10	-	-	-	-
Cu Jan'10	340	348.05	8.00	2.35%

### ZAR metal prices (9 January 2010)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	16,837	55,435	18,791	134,941	129,655	18,828	7.4450
3-month	17,292	56,486	19,184	135,517	131,353	19,086	7.5708

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### 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)	87.93	-0.28	88.96	-0.50	89.64	-0.53	92.09	-0.63	95.97	-0.77
Gasoil 0.1% Rdam (\$/mt)	666.25	10.00	673.50	10.00	679.50	9.75	697.25	10.25	729.25	10.25
NWE CIF jet (\$/mt)	720.83	-3.37	729.50	-4.25	737.22	-4.41	756.84	-4.67	791.30	-5.43
Singapore Kero (\$/bbl)	89.90	-0.64	91.01	-0.45	91.59	-0.48	93.87	-0.57	98.37	-0.82
3.5% Rdam barges (\$/mt)	473.50	-2.00	475.25	-2.25	476.25	-2.25	479.25	-2.25	485.25	-2.25
1% Fuel Oil FOB (\$/mt)	487.00	-2.25	492.00	-2.25	495.00	-2.25	507.75	-2.00	524.25	-2.00
Sing FO 380 Cargo (\$/mt)	501.00	-3.00	500.00	-2.50	500.00	-2.50	501.75	-2.25	505.00	2.50
Sing FO180 Cargo (\$/mt)	507.50	-3.00	505.25	-3.00	504.50	-2.50	506.75	-2.25	505.00	2.50

### Thermal coal

	Q1-10	Q2-10	Q3-10	Cal 11	Cal 12
API2 (CIF ARA)	94.35	-2.15	94.85	-1.90	95.75
API4 (FOB RBCT)	90.70	-2.30	90.35	-2.00	90.25

## Precious metals

Forwards (%)	1-month	2-month	3-month	6-month	12-month
Gold	0.28400	0.29400	0.31200	0.37000	0.61600
Silver	0.62000	0.59600	0.60600	0.62600	0.63600
USD Libor	0.23313	0.24250	0.25125	0.42000	0.95688

Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	58.26	1,118.75	1,112.29	1,072.70	1,001.61	1,130.00	1,160.00
Silver	58.87	17.67	17.49	17.22	15.51	18.50	19.40
Platinum	65.59	1,516.36	1,477.82	1,375.88	1,281.46	1,525.00	1,600.00
Palladium	70.01	414.95	392.86	340.12	292.83	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	1,156.30	18,7700	431.00	1,570.60	1,157.30	3,394.00	1,157.30
Open Interest	519,570	127,096	23,230	33,749	1,497	123,705	2,834
Change in Open Interest	-5,540	-1,913	-7	-18	112	4,636	6

Date: 11 January 2010

Sources: Standard Bank; LME; Bloomberg

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