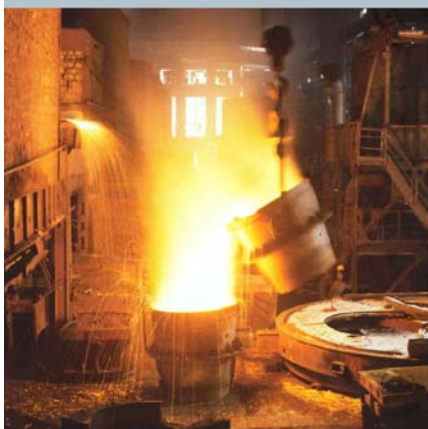


13 November 2009



Focus: The dollar is a gold driver but it's not the only one. Real demand for gold is rising. This is apparent from the adjacent figures. We expect this support to continue well into 2010 as liquidity remains ample. However, we also see downside potential for gold as we head into Q1:10 and seasonal jewellery demand declines.

- Copper tracked the dollar again on Thursday, coming under pressure throughout the morning and into the early afternoon. Dip buying emerged around \$6,500 however, with the metal stabilizing late on in spite of continued dollar strength. Volumes built up as a result with over 8,800 lots trading on Select.
- On dollar strength, gold has fallen from yesterday's highs. With gold below \$1,110, we again view this level as resistance. But there's also been good buying around \$1,101-\$1,104. While this range seems to provide support, conditions might favour more downside for gold. A break below \$1,100 could see gold test \$1,090. Overall we remain bullish on gold, and dips should be bought.
- Crude oil prices fell sharply in the wake of bearish US Department of Energy (DOE) inventory figures. WTI had been under pressure from a stronger dollar anyway, however the data saw front month WTI tumble a further \$2, before prices stabilized to close at \$76.94/bbl.

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

Commodity price data (12 November 2009)**Base metals LME 3-month**

	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash – 3m
Aluminium	1,957	1,948	1,958	1,935	-19	-0.97	1,918.00	-21	-33.00
Copper	6,520	6,512	6,560	6,490	8	0.12	6,475.00	-121	-17.00
Lead	2,278	2,275	2,290	2,250	18	0.80	2,251.00	-62	-24.50
Nickel	16,160	16,175	16,370	16,100	-30	-0.19	16,330.00	-720	-60.00
Tin	14,700	14,775	14,850	14,725	-25	-0.17	14,775.00	-170	70.00
Zinc	2,177	2,177	2,188	2,150	27	1.26	2,131.00	-25	-27.00

Energy

	Open	Close	High	Low	day/day	Change (%)
ICE Brent	75.73	76.28	76.92	75.58	0.26	0.34%
NYMEX WTI	76.78	76.93	77.67	76.00	-0.01	-0.01%
ICE Gasoil	614.50	617.50	622.25	611.75	2.25	0.36%
API2 Q1'10	-	79.10	-	-	-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	1,116.00	1,114.75	1,122.75	1,103.60	1,106.50	-7.30	-1.0/0.3
Silver	-	17.25	17.73	17.20	17.27	-0.25	-1.0/1.0
Platinum	1,367.00	1,365.00	1,378.00	1,358.00	1,355.00	-10.00	3/5
Palladium	351.00	354.50	355.00	345.00	348.00	26.00	0/2

Sources: Standard Bank; LME; BBG



Focus: The dollar is a gold driver but it's not the only one

USD weakness remains a key driver of the gold price (in US dollar terms). However, when gold is denominated in other currencies, two things become apparent:

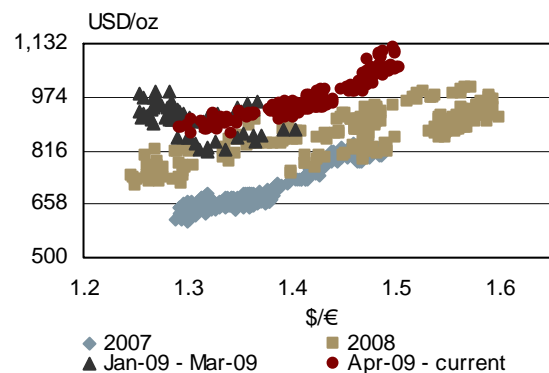
Firstly, gold is not at all-time highs in many other currencies, including gold denominated in AUD, CAD, GBP and EUR (to mention only a few). In many currencies, price highs were reached in February this year. *Secondly*, while gold is not at all-time highs in some currencies, gold demand is rising steadily, as demonstrated by viewing gold against currencies for different periods.

While there is a clear positive correlation between dollar weakness and the gold price in dollar (*Figure 1*), as expected, there is no correlation between the gold price and many other currencies. Gold has been trading at the same levels for many different values of the CAD (*Figure 2*). However, what is clear from both figures, is **a clear step-change in the gold price irrespective of which currency is used**. Gold is trading currently at higher levels in CAD than it did in 2007, even though the CAD/USD exchange rate is now at similar levels than it was in 2007.

Real demand for gold is rising. This is apparent from the adjacent figures. We expect this support to continue well into 2010 as liquidity remains ample. However, we also see **downside potential for gold** as we head into Q1:10 and seasonal jewellery demand declines.

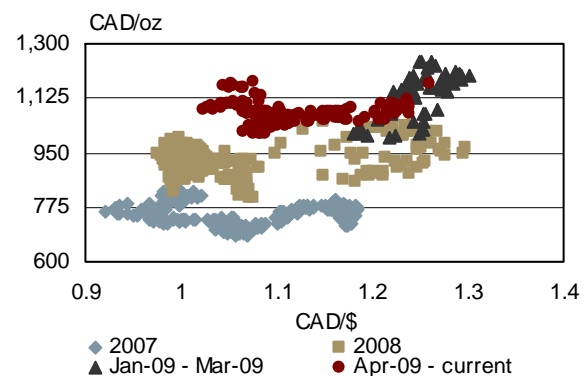
By Walter de Wet

Figure 1: Gold vs. US\$/€



Source: Standard Bank

Figure 2: Gold vs. CAD/USD



Source: Standard Bank

Base metals

Thursday was another largely dollar-dominated day as far as the base metals were concerned, with a stronger dollar putting the complex under pressure. Decent volumes emerged in copper and nickel - as dip buying interest emerged, though elsewhere, volumes were rather disappointing once again. A stable dollar has seen the base metals pick up slightly this morning, however thin volumes are again a feature across the complex.

This afternoon sees the release of the US trade balance for September (expected at -\$31.8 billion from -\$30.7 billion previously), and the preliminary U. of Michigan confidence index for November, (expected at 71.0).

Copper tracked the dollar again on Thursday, coming under pressure throughout the morning and into the early afternoon. Dip buying emerged around \$6,500 however, with the metal stabilizing late on in spite of continued dollar strength. Volumes built up as a result with over 8,800 lots trading on Select. This morning has seen the red metal pick up on the back of a slightly weaker dollar, though volumes have dropped off markedly. Meanwhile, workers at Vedanta's Konkola Copper Mines operation have returned to work after a three-day strike.

Inventory-wise, Shanghai copper stocks picked up again, albeit by only 664 mt, while on-warrant LME stocks climbed 1,675 mt, the main location for the increase being Busan, up 1,200 mt.

Nickel was by far the worst performer on Thursday, with the metal coming under heavy selling pressure for much of the day. Very good volumes were seen however, indicating good 2-way interest as the weakness appeared to spark buying activity on the dips. This morning has seen nickel trade sideways, while volumes have dropped off significantly after yesterday's activity.

Zinc has been the strongest performer so far this morning, with the metal recovering most of its losses yesterday. A net 1,150 mt increase in on-warrant stocks had little impact on prices, mainly due to the main location for the inflow - +1,500 mt into Los Angeles - arguably considered to be rather out of the way.

By Leon Westgate

Precious metals

Data has been quiet today, and risk appetite has declined. This afternoon will see the release of the preliminary University of Michigan Confidence Index for November. The figure could undershoot expectations (consensus: 71) because employment figures have disappointed. Stock market prices tend to have some correlation with consumer confidence and, should the data come out below expectations, equities could face a battle. Combined with DOE inventory data which saw a rise in crude oil inventory, gasoline inventory and distillate inventory, as well as another decline in US crude oil implied demand (third week in a row), commodities appetite could be sluggish today.

On dollar strength, gold has fallen from yesterday's highs. With gold below \$1,110, we again view this level as resistance. But there's also been good buying around \$1,101-\$1,104. While this range seems to provide support, conditions might favour more downside for gold. A break below \$1,100 could see gold test \$1,090. Overall we remain bullish on gold, and dips should be bought.

Silver continues to struggle; sell into a move towards \$18.00. We see limited upside for base metals and, while gold is also expected to find resistance, silver will struggle. Silver support is at \$17.00 and \$16.82, while resistance is at \$17.60 and \$18.00.

Platinum once again failed to break above \$1,370 yesterday. We expect this level to hold. Palladium is finding resistance at \$355.

By Walter de Wet

Energy

\$80/bbl resistance remains in place, and we expect this to hold. Crude oil prices fell sharply in the wake of bearish US Department of Energy (DOE) inventory figures. WTI had been under pressure from a stronger dollar anyway, however the data saw front month WTI tumble a further \$2, before prices stabilized to close at \$76.94/bbl. Front month Brent followed a near identical pattern, closing at \$76.02/bbl.

Friday has seen prices trade sideways. Front month WTI is still technically rangebound, albeit brushing against the lower end of its recent range.

The DOE crude oil inventory numbers posted a 1.762 million bbl increase, compared to expectations of a 1 million bbl gain. Much higher than expected gasoline inventories, up 2.560 million compared to expectations of a 350k decline also weighed on sentiment, as did an unexpected 349k increase in distillate stocks vs. consensus expectations of a 700k fall.

API2 coal prices for delivery in Q1:10 closed at \$79.30 yesterday, 40¢ weaker on the back of weaker crude oil prices. API4 for delivery in Q1:10 also closed 40¢ lower at \$71.70. Friday has been very quiet so far, with coal likely to take direction from the crude oil markets once again.

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	4,537,200	4,539,925	-	2,725	-2,725	2,208,300	125,650	2.77	157,055
Copper	403,625	402,125	1,700	200	1,500	63,850	1,725	0.43	102,983
Lead	132,250	132,075	175	-	175	87,100	800	0.60	19,863
Nickel	131,748	131,730	174	156	18	53,358	1,248	0.95	24,437
Tin	26,850	26,850	-	-	0	19,060	190	0.71	34,738
Zinc	425,200	424,250	1,500	550	950	171,700	10,275	2.42	69,824

Shanghai 3-month forward prices

Metal	Open	Last	1d Change	COMEX active month future prices	Open	Close	Change	Change (%)
Aluminium	15,100	15,130	5	Ali Nov'09	-	-	-	-
Copper	50,410	50,810	-170	Cu Nov'09	297	298.45	1.15	0.39%
Zinc	16,795	16,970	130					

ZAR metal prices (12 November 2009)

	Aluminium	Copper	Lead	Nickel	Tin	Zinc	ZAR/USD fix
Cash	14,322	48,349	16,808	121,936	110,325	15,912	7.4670
3-month	14,792	49,447	17,275	122,820	112,190	16,530	7.5932

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)	84.41	-1.06	82.90	-2.56	83.63	-2.50	86.18	-2.38		
Gasoil 0.1% Rdam (\$/mt)	617.50	2.25	628.50	1.75	637.00	2.00	657.75	3.50	689.00	-17.25
NWE CIF jet (\$/mt)	668.55	-12.38	671.59	-19.32	685.03	-18.65	711.54	-17.75	749.67	-17.33
Singapore Kero (\$/bbl)	85.07	-1.29	84.45	-2.61	85.38	-2.55	87.85	-3.63	93.06	-2.89
3.5% Rdam barges (\$/mt)	440.22	-11.30	441.28	-10.24	444.40	-9.38	448.79	-8.41	455.99	-6.63
1% Fuel Oil FOB (\$/mt)	460.97	-10.55	462.28	-10.49	473.40	-8.88	483.54	-8.16	503.24	-6.38
Sing FO 380 Cargo (\$/mt)	463.53	-9.49	464.65	-9.63	465.80	-9.16	468.88	-7.36		
Sing FO180 Cargo (\$/mt)	464.72	-9.30	466.78	-9.74	468.65	-9.38	472.54	-8.66		

Thermal coal	Q1-10	Q2-10	Q3-1	Cal 11	Cal 12					
API2 (CIF ARA)	79.80	82.70	86.10	98.60	105.72					
API4 (FOB RBCT)	72.20	74.20	77.10	88.73	98.62					
Carbon	Spot	Dec-09	Dec-10	Dec-11	Dec-12					
ICE - ECX EUA (€/mt)	14.43	0.05	14.43	0.04	15.35	0.04	16.16	0.06		
ICE - ECX CER (€/mt)	13.60	0.00	13.44	-0.01	13.28	0.03	13.30	0.05	13.62	0.00

Precious metals

Forwards (%)	1-month	2-month	3-month	6-month	12-month		
Gold	0.25250	0.28750	0.31500	0.40500	0.59250		
Silver	0.60000	0.60000	0.60000	0.60500	0.60750		
USD Libor	0.23750	0.25031	0.27250	0.52063	1.09063		
Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance
Gold	65.55	1,095.87	1,072.58	992.19	959.91	1,101	1,110
Silver	54.29	17.29	17.21	15.53	14.57	17.00	17.50
Platinum	55.70	1,355.08	1,348.29	1,267.43	1,203.18	1,350	1,370
Palladium	67.89	335.50	332.99	290.10	257.19	345	355
Active Month Future	COMEX GLD	COMEX SLV	NYMEX PAL	NYMEX PLAT	DGCX GLD	TOCOM GLD	CBOT GLD
	Dec'09	Sep'09	Oct'09	Oct'09	Aug'09	Jun'10	Aug'09
Settlement	1,107.50	17.2750	354.05	1,363.20	1,108.80	3,207.00	1,108.40
Open Interest	515,330	134,334	22,182	33,329	1,830	107,097	4,533
Change in Open Interest	10,846	1,975	262	-361	50	-2,241	45

Date: 12 November 2009

Sources: Standard Bank; LME; Bloomberg

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