Focus: Speculative buying interest in all precious metals remains high. We find it very difficult to take a bearish view on all precious metals but greater caution is called for, especially towards PGM.

- Gold rallied in Asia this morning. The metal has been drawn towards the $1,200 level at which there are a sizable amount of calls expiring today. On Friday morning gold looked unlikely to reach $1,200 but it looks possible today.

- We believe crude oil prices are being supported by a weaker US dollar and signs of increasing Chinese crude oil demand.

- The whole base metals complex is trading higher this morning. However, volumes remain low. Copper has taken the lead touching $7,000 as some arbitrage related buying came through earlier today.

Commodity price data (20 November 2009)

<table>
<thead>
<tr>
<th>Base metals LME 3-month</th>
<th>Open</th>
<th>Close</th>
<th>High</th>
<th>Low</th>
<th>Daily change</th>
<th>Change (%)</th>
<th>Cash Settle</th>
<th>Change in cash settle</th>
<th>Cash – 3m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminium</td>
<td>2,015</td>
<td>2,060</td>
<td>2,062</td>
<td>2,005</td>
<td>29</td>
<td>1.43</td>
<td>1,978.00</td>
<td>-25</td>
<td>-33.25</td>
</tr>
<tr>
<td>Copper</td>
<td>6,750</td>
<td>6,850</td>
<td>6,870</td>
<td>6,729</td>
<td>15</td>
<td>0.22</td>
<td>6,731.00</td>
<td>-30</td>
<td>-25.25</td>
</tr>
<tr>
<td>Lead</td>
<td>2,312</td>
<td>2,346</td>
<td>2,373</td>
<td>2,301</td>
<td>14</td>
<td>0.60</td>
<td>2,309.00</td>
<td>-26</td>
<td>-25.00</td>
</tr>
<tr>
<td>Nickel</td>
<td>16,675</td>
<td>16,650</td>
<td>17,225</td>
<td>16,600</td>
<td>-375</td>
<td>-2.21</td>
<td>16,660.00</td>
<td>-280</td>
<td>-57.00</td>
</tr>
<tr>
<td>Tin</td>
<td>14,900</td>
<td>15,000</td>
<td>15,000</td>
<td>14,800</td>
<td>95</td>
<td>0.64</td>
<td>15,000.00</td>
<td>-100</td>
<td>22.00</td>
</tr>
<tr>
<td>Zinc</td>
<td>2,215</td>
<td>2,256</td>
<td>2,274</td>
<td>2,207</td>
<td>40</td>
<td>1.81</td>
<td>2,196.50</td>
<td>-9</td>
<td>-29.25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy</th>
<th>Open</th>
<th>Close</th>
<th>High</th>
<th>Low</th>
<th>day/day</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE Brent</td>
<td>77.55</td>
<td>78.20</td>
<td>78.28</td>
<td>77.55</td>
<td>1.00</td>
<td>1.28%</td>
</tr>
<tr>
<td>NYMEX WTI</td>
<td>77.80</td>
<td>78.45</td>
<td>78.48</td>
<td>77.71</td>
<td>0.98</td>
<td>1.25%</td>
</tr>
<tr>
<td>ICE Gasoil</td>
<td>611.50</td>
<td>619.25</td>
<td>619.25</td>
<td>611.50</td>
<td>10.00</td>
<td>1.61%</td>
</tr>
<tr>
<td>API2 Q1’10</td>
<td>76.10</td>
<td>76.25</td>
<td>-</td>
<td>-</td>
<td>0.15</td>
<td>0.20%</td>
</tr>
<tr>
<td>ICE EUA Dec09</td>
<td>14.38</td>
<td>14.43</td>
<td>-</td>
<td>-</td>
<td>0.05</td>
<td>0.35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Precious metals</th>
<th>AM Fix</th>
<th>PM Fix</th>
<th>High bid</th>
<th>Low offer</th>
<th>Closing bid</th>
<th>Change (d/d)</th>
<th>EFPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>1,142.50</td>
<td>1,140.00</td>
<td>1,151.00</td>
<td>1,137.30</td>
<td>1,146.50</td>
<td>4.50</td>
<td>-0.2/0.2</td>
</tr>
<tr>
<td>Silver</td>
<td>-</td>
<td>18.75</td>
<td>18.53</td>
<td>18.14</td>
<td>18.43</td>
<td>-0.02</td>
<td>-1.0/1.0</td>
</tr>
<tr>
<td>Platinum</td>
<td>1,430.00</td>
<td>1,435.00</td>
<td>1,440.00</td>
<td>1,430.00</td>
<td>1,435.00</td>
<td>-5.00</td>
<td>3/5</td>
</tr>
<tr>
<td>Palladium</td>
<td>361.00</td>
<td>360.00</td>
<td>368.00</td>
<td>357.00</td>
<td>362.00</td>
<td>-5.00</td>
<td>0/2</td>
</tr>
</tbody>
</table>

Sources: Standard Bank; LME; BBG
Focus: Platinum speculative length continues to rise

Speculative buying interest in all precious metals remains high. We find it very difficult to be bearish in all precious metals but greater caution is called for, especially towards PGM.

According to the latest CFTC data, net speculative positions in platinum futures reached 1,092,250oz last week — 76,500oz from a week earlier. The increase in net speculative positions has put the net longs as a percentage of open interest at a very high 63%. Platinum has almost reached our initial target of ZAR11,200 (currently trading at ZAR11,000). While we believe there could be more upside, we also believe the risk of adding new long positions has increased substantially.

As far as palladium is concerned, CFTC data shows the net long speculative positions reached 1,336,700oz last week — up 68,300z from a week earlier. Like platinum, the increase in net speculative positions has put the net longs as a percentage of open interest at a very high 59%.

While speculative length in gold and silver remain high compared with historical standards, both metals have seen a consolidation in their speculative positions, which arguably makes gold and silver better poised for further moves higher.

The net speculative length in gold now stands at 871 tonnes—32 tonnes lower than the highs reached a month ago. As a percentage of open interest, the net speculative position is 35%. Silver’s net speculative position stands at 7,279 tonnes. This is 24% of total open interest. We view this as positive for silver because this percentage has come down from 31% at the end of September.

We still see more dollar weakness in 2010. As a result, we also see good support for precious metals. For PGM, it is very risky to add new longs at current price levels; a decline in speculative positions, or a price correction towards $1,400 for platinum, is necessary before we would advise adding additional new longs.

However, both gold and silver remain well supported and speculative length is not excessive. Combined with our dollar view we still advise buying the dips.

By Walter de Wet

Base metals

The whole base metals complex is trading higher this morning. However, volumes remain low. Copper has taken the lead touching $7,000 as some arbitrage related buying came through earlier today. While we expect the $7,000 level to provide resistance, with gold aiming for $1,200 (on the back of option expiry today), base metals may be dragged higher by the yellow metal.

Correlation within the base metals complex remains very high which indicates that the complex are driven by the same external factors. These factors are not underlying fundamental factors but rather financial market related. Looking at the range of variables we track, at the moment base metals have the highest correlation with US equities (according to 10-day rolling correlation). Therefore, for general direction we look at equity markets.

That said, it would be unwise to ignore the currency market even though it has been playing a less important role in recent days. Should the dollar manage to depreciate beyond $1.5000 against the euro, it may spur additional buying of commodities, including base metals. The euro looked very weak on Friday and the dollar almost broke below $1.4800. However, since early this morning the dollar depreciated substantially and is currently trading around $1.4980.

Additional buying support for base metals is on the back of speculation that the RMB might appreciate faster against the dollar. Should the RMB appreciate, it would make dollar-denominated commodities cheaper for China.

Aluminium is the laggard this morning. After rallying higher on the back of copper earlier today, the metal is once again heading towards the $2,000—$2,050 range. On the back of copper and the fact that crude oil is finding good support above $75 should see aluminium also well protected on the downside.

By Walter de Wet
Precious metals

Precious metals are trading higher. The market looked to break lower on Friday but it did not and, like a week earlier, short-covering pushed metals higher in late afternoon trade in New York. Overall, our strategy for precious metals remains to buy dips in prices.

This morning equities in Asia and Europe are higher and according to the futures market, US equities will also open higher. Stronger equities should support precious metal prices. However, whether the euro can break above $1.5000 level will be key to more upside for the metals today. Correlation between commodities and the dollar has fallen sharply because the dollar has been very range-bound lately. But with the market in bullish mode, a break-out of the euro above $1.5000 could be a catalyst for a move higher.

Gold rallied in Asia this morning. The metal is drawn towards the $1,200 level where there are a sizable amount of calls expiring today. While gold at $1,200 looked unlikely on Friday morning, it looks possible today. We see the next resistance at $1,175 and the $1,200. Support comes in at $1,150. If gold pushes much higher, it may spur interest in other commodities as well.

Platinum and palladium are trading higher along with gold. Our target for platinum at ZAR11,200 has almost been achieved (currently trading around $11,000). While we do not rule out further upside in platinum, we see the risk of adding longs at current levels as high. We would wait for better entry points to add new longs.

Base metals are higher on the back of copper (which is touching the $7,000 level). Silver is finding additional benefit from support towards copper. We see support for silver at $18.40 and $18.00, while resistance is at $18.95—$19.00 and $19.60. Should gold make an attempt to break through $1,200 today, we may see silver well above $19.00.

Energy

Crude oil prices are higher this morning, supported by a weaker US dollar and signs of increasing Chinese crude oil demand. The greenback has slipped from $1.4833 to 1.4972 against the euro this morning, supporting the energy complex. Of note, the rolling correlation (on a 5-day basis) between the trade-weighted dollar and front-month WTI crude oil has climbed from 60%, on Friday, to 70% this morning. Front-month WTI crude has subsequently climbed from $77.70/bbl to $78.50/bbl this morning. Support and resistance are at $76.90/bbl and $79.30/bbl respectively for front-month WTI crude oil today.

On the demand side, Chinese Customs data showed a 31% m/m contraction in net gasoline exports to 344,885 in October which may indicate growing domestic Chinese gasoline demand. The data also showed China’s oil processing climbed to a record high in October at 33.3 million tonnes. This comes as the country’s economic recovery rekindled crude and refined product demand.

Front-month ICE Brent crude oil also garnered support in Asia this morning, climbing from $77.80/bbl to $78.32/bbl ahead of Euro-zone and German PMI Manufacturing data. Both indicators were in-line with expectations signalling continued expansion (from a very low base) in Euro-zone manufacturing. The data added to support for ICE Brent Crude futures.

Weaker crude oil prices on Friday and signs of weaker Chinese coal import demand weighed on thermal coal contract prices. API2(CIF ARA) for December delivery shed $0.95/mt to $77.90/mt. API4(FOB) for December delivery shed $0.95/mt to $68/mt. Due to small coal mines resuming operations in China, the country’s net coal imports contracted 13.7% m/m in October to 9.09 million tonnes. Concerns over rising Chinese domestic supplies may see coal prices lag any rally in crude oil.

Carbon contract prices also came under pressure on Friday amid weaker crude and German base load power prices. ICE EUA for December 2009 delivery was EUR0.34/mtCO2 lower at EUR13.06/mtCO2. UN-backed CER for December 2009 delivery shed EUR0.06/tmtCO2 to EUR 12.19/mtCO2.

By Walter de Wet

By Manqoba Madinane
**Base metals**

### Daily LME stock movement (mt)

<table>
<thead>
<tr>
<th>Metal</th>
<th>Today</th>
<th>Yesterday</th>
<th>In</th>
<th>Out</th>
<th>One day change</th>
<th>YTD change (mt)</th>
<th>Cancelled warrants (mt)</th>
<th>Cancelled warrants (%)</th>
<th>Contract turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminium</td>
<td>4,592,850</td>
<td>4,595,250</td>
<td>1,425</td>
<td>3,825</td>
<td>-2,400</td>
<td>2,263,950</td>
<td>123,200</td>
<td>2.68</td>
<td>222,265</td>
</tr>
<tr>
<td>Copper</td>
<td>421,875</td>
<td>420,550</td>
<td>1,525</td>
<td>200</td>
<td>1,325</td>
<td>82,100</td>
<td>1,875</td>
<td>0.44</td>
<td>148,476</td>
</tr>
<tr>
<td>Lead</td>
<td>135,125</td>
<td>134,800</td>
<td>350</td>
<td>25</td>
<td>325</td>
<td>89,975</td>
<td>275</td>
<td>0.20</td>
<td>24,190</td>
</tr>
<tr>
<td>Nickel</td>
<td>132,828</td>
<td>132,912</td>
<td>-</td>
<td>84</td>
<td>-84</td>
<td>54,438</td>
<td>2,016</td>
<td>1.52</td>
<td>29,683</td>
</tr>
<tr>
<td>Tin</td>
<td>26,940</td>
<td>26,950</td>
<td>-</td>
<td>10</td>
<td>-10</td>
<td>19,150</td>
<td>265</td>
<td>0.98</td>
<td>35,939</td>
</tr>
<tr>
<td>Zinc</td>
<td>450,375</td>
<td>448,650</td>
<td>2,475</td>
<td>750</td>
<td>1,725</td>
<td>196,875</td>
<td>7,325</td>
<td>1.63</td>
<td>71,302</td>
</tr>
</tbody>
</table>

**Shanghai 3-month forward prices**

### COMEX active month future prices

<table>
<thead>
<tr>
<th>Metal</th>
<th>Open</th>
<th>Last</th>
<th>1d Change</th>
<th>COMEX active month future prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminium</td>
<td>15,710</td>
<td>15,790</td>
<td>140</td>
<td>Ali Nov'09</td>
</tr>
<tr>
<td>Copper</td>
<td>54,230</td>
<td>54,760</td>
<td>1,110</td>
<td>Cu Nov'09</td>
</tr>
<tr>
<td>Zinc</td>
<td>18,180</td>
<td>18,330</td>
<td>330</td>
<td></td>
</tr>
</tbody>
</table>

**ZAR metal prices (20 November 2009)**

<table>
<thead>
<tr>
<th>Metal</th>
<th>Cash</th>
<th>Copper</th>
<th>Lead</th>
<th>Nickel</th>
<th>Tin</th>
<th>Zinc</th>
<th>ZAR/USD fix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminium</td>
<td>14,990</td>
<td>51,011</td>
<td>17,499</td>
<td>113,678</td>
<td>115,631</td>
<td>17,391</td>
<td>7.5785</td>
</tr>
<tr>
<td>Copper</td>
<td>15,880</td>
<td>52,805</td>
<td>18,085</td>
<td>128,350</td>
<td>128,350</td>
<td>17,391</td>
<td>7.7087</td>
</tr>
</tbody>
</table>

**Energy**

### Energy futures pricing

<table>
<thead>
<tr>
<th>Metal</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sing Gasoil ($/bbl)</td>
<td>84.11</td>
</tr>
<tr>
<td>Gasoil 0.1% Rdam ($/mt)</td>
<td>619.25</td>
</tr>
<tr>
<td>NWE CIF jet ($/mt)</td>
<td>673.40</td>
</tr>
<tr>
<td>Singapore Kero ($/bbl)</td>
<td>85.18</td>
</tr>
<tr>
<td>3.5% Rdam barges ($/mt)</td>
<td>445.92</td>
</tr>
<tr>
<td>1% Fuel Oil FOB ($/mt)</td>
<td>471.30</td>
</tr>
<tr>
<td>Sing FO 380 Cargo ($/mt)</td>
<td>465.49</td>
</tr>
<tr>
<td>Sing FO180 Cargo ($/mt)</td>
<td>469.49</td>
</tr>
</tbody>
</table>

### Thermal coal

<table>
<thead>
<tr>
<th>Metal</th>
<th>Q1-10</th>
<th>Q2-10</th>
<th>Q3-1</th>
<th>Cal 11</th>
<th>Cal 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>API2 (CIF ARA)</td>
<td>77.90</td>
<td>-0.95</td>
<td>89.55</td>
<td>-0.45</td>
<td>33.05</td>
</tr>
<tr>
<td>API4 (FOB RBCT)</td>
<td>68.00</td>
<td>-0.95</td>
<td>80.55</td>
<td>-0.45</td>
<td>34.50</td>
</tr>
</tbody>
</table>

**Carbon**

<table>
<thead>
<tr>
<th>Metal</th>
<th>Spot</th>
<th>Dec-09</th>
<th>Dec-10</th>
<th>Dec-11</th>
<th>Dec-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE - ECX EUA ($/mt)</td>
<td>13.06</td>
<td>-0.34</td>
<td>13.06</td>
<td>-0.34</td>
<td>13.23</td>
</tr>
<tr>
<td>ICE - ECX CER ($/mt)</td>
<td>12.30</td>
<td>-0.15</td>
<td>12.19</td>
<td>-0.06</td>
<td>11.84</td>
</tr>
</tbody>
</table>

**Precious metals**

### Forwards (%)

<table>
<thead>
<tr>
<th>Metal</th>
<th>1-month</th>
<th>2-month</th>
<th>3-month</th>
<th>6-month</th>
<th>12-month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>0.29400</td>
<td>0.31600</td>
<td>0.33200</td>
<td>0.42000</td>
<td>0.57400</td>
</tr>
<tr>
<td>Silver</td>
<td>0.54600</td>
<td>0.54600</td>
<td>0.54600</td>
<td>0.54600</td>
<td>0.55600</td>
</tr>
<tr>
<td>USD Libor</td>
<td>0.23594</td>
<td>0.24688</td>
<td>0.26219</td>
<td>0.48938</td>
<td>1.02125</td>
</tr>
</tbody>
</table>

### Technical Indicators

<table>
<thead>
<tr>
<th>Metal</th>
<th>30-day RSI</th>
<th>10-day MA</th>
<th>20-day MA</th>
<th>100-day MA</th>
<th>200-day MA</th>
<th>Support</th>
<th>Resistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>72.86</td>
<td>1,130.41</td>
<td>1,098.92</td>
<td>1,005.18</td>
<td>966.55</td>
<td>1,142.00</td>
<td>1,175.00</td>
</tr>
<tr>
<td>Silver</td>
<td>62.42</td>
<td>18.01</td>
<td>17.46</td>
<td>15.82</td>
<td>14.72</td>
<td>18.24</td>
<td>19.00</td>
</tr>
<tr>
<td>Platinum</td>
<td>64.58</td>
<td>1,415.57</td>
<td>1,377.52</td>
<td>1,283.62</td>
<td>1,215.19</td>
<td>1,435.00</td>
<td>1,481.00</td>
</tr>
<tr>
<td>Palladium</td>
<td>67.81</td>
<td>360.33</td>
<td>343.54</td>
<td>297.68</td>
<td>262.05</td>
<td>357.00</td>
<td>375.00</td>
</tr>
</tbody>
</table>

### Active Month Future

<table>
<thead>
<tr>
<th>Metal</th>
<th>COMEX GLD</th>
<th>COMEX SLV</th>
<th>NYMEX PAL</th>
<th>NYMEX PLAT</th>
<th>DGX GLD</th>
<th>TOCOM GLD</th>
<th>CBOT GLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement</td>
<td>Dec'09</td>
<td>Sep'09</td>
<td>Oct'09</td>
<td>Oct'09</td>
<td>Oct'09</td>
<td>Dec'09</td>
<td>Oct'09</td>
</tr>
<tr>
<td>1,162.80</td>
<td>1,183.50</td>
<td>1,141.90</td>
<td>1,162.80</td>
<td>1,162.80</td>
<td>1,162.80</td>
<td>1,162.80</td>
<td>1,162.80</td>
</tr>
<tr>
<td>Open Interest</td>
<td>538,709</td>
<td>141,208</td>
<td>22,170</td>
<td>34,582</td>
<td>2,174</td>
<td>106,389</td>
<td>7.5785</td>
</tr>
<tr>
<td>Change in Open Interest</td>
<td>26,785</td>
<td>5,664</td>
<td>-71</td>
<td>2,095</td>
<td>241</td>
<td>5,196</td>
<td>-100</td>
</tr>
</tbody>
</table>

**Date:** 20 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.