



## Precious Metals Weekly

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### Highlights

- **Precious metals very volatile again** - At least gold and silver declare independence from the dollar in light of mounting credit- and banking crisis.
- **Gold reaches a high of \$ 870** – Investors looking for a safe haven don't care any more about the strengthening dollar. New records for most popular ETF. GFMS sees lower production, higher costs and a new all-time high of the price (see link on page 4)
- **Silver establishes itself above \$ 11** - Good demand in form of ETFs. But mines produced more and have even bigger plans for this year.
- **Platinum rise not sustainable** – (Jewelry-)Demand in China continues. In the end fears about collapse of global car sales dominate the price action. Temporary mine closures following new accidents in South Africa fail to keep prices up.
- **Palladium rising** - And then trading in narrow band. Norilsk expects revenues to halve.
- **Rhodium slightly higher** - Some demand out of Asia, but total turnover still very low. Ruthenium in its own Great Depression. Iridium holds out around \$ 400.

## Platinum

All prices for the period from 15 January to 22 January

PT	US\$/oz	€/oz	€/gram
High	969.00	740.00	23.79
Low	910.00	690.00	22.18
Latest	928.00	714.00	22.96

Just before last weekend precious metals recorded good gains and platinum was no exception. Last Friday the sudden weakness of the US-dollar drove precious metals up; within 24 hours the US currency fell versus the euro from 1,3040 to just under 1,3400.

Additionally, after its initial upswing in the first half of January platinum had lost almost 10 per cent last week and this provided one or the other longer-term planning industrial user with the opportunity to buy some metal at attractive levels in the forwards market.

Coupled with dithering (jewellery-)demand from China, this buying interest pushed the price of platinum to almost \$ 970 an ounce before the dismal mood of the automobile industry got the upper hand again and moved prices southwards.

In this connection VW and BMW in Germany announced production-cuts this week and reduced working hours. And the surprising collaboration between Fiat and Chrysler was also seen by some analysts as more a reflection of the current crisis rather than a real value-addition for either company.

With this background, till yesterday platinum had dropped down again to the \$ 910 an ounce mark; however in the past hours it has recovered some losses, assisted amongst others by higher gold prices, and is presently trading at around \$ 930 an ounce.

In the coming days it cannot be ruled out that the white metal will again test the lower end of the most recent trading-range.

For platinum, as in case of other precious metals, dealers are presently looking very closely at technical charts. Therefore it is worthwhile to keep an eye on the chart situation: support is now at \$ 915 an ounce and then again at the low of last week, namely

\$ 900 an ounce. Should this latter be broken, then a setback down to \$ 880 an ounce is conceivable. However a test of the strong support level of \$ 820 an ounce, in our opinion, is not on the cards in the short-term. On the other side of the range, the first resistance is already at \$ 945 an ounce and then at \$ 970 an ounce and \$ 1,000 an ounce.

Unlike gold, private investment in the Western industrial nations in platinum metals hardly plays a role, among others because purchase of platinum and palladium investment bars attracts VAT; whilst physical investment in gold is being VAT exempt. Despite that hurdle, and at a still relatively very low level, in the last weeks demand for platinum metals investment bars could be felt. As the bar manufacturers are running at full-capacity and concentrating on gold and silver, delivery times for platinum-metals bars – if any are offered at all – are considerably long.

In the early weeks of this year the mining industry in South Africa again had to bear with a series of accidents – including some fatal ones again. As is usual in such cases the effected mine has to stop production for a while so that a cause study can be completed but under the present market conditions this had little or no effect on the price of platinum, even when a mine is shut down for almost a week, as was recently the case at Anglo Platinum's Turffontein-mine.

For further notices and information on platinum market news please refer to links on page 4.

## Palladium

PD	US\$/oz	€/oz	€/gram
High	186.50	143.00	4.60
Low	171.00	131.00	4.21
Latest	184.00	141.00	4.53

At the end of last week palladium also went up together with platinum. More than \$ 186.50 an ounce was not on and for the rest of the week the metal oscillated then between \$ 178 and \$ 184 an ounce.

Not much should change in the coming days; prices of \$ 160 an ounce or on the other side of \$ 200 an ounce seem quite unlikely.

The world's largest palladium producer Norilsk Nickel of Russia presently also does not have any good news to wait on. As the company announced earlier in the week, the turnover this year could decrease by at least 50 per cent. For this reason the mining giant wants to cut costs massively. To achieve this, investments in new and existing pro-

jects are to be scaled back – e.g. some mines in Australia and South Africa will be decommissioned. These latter however doesn't seem to include any precious metal mines. Norilsk's share in North America's largest palladium producer Stillwater Mining has however been up for sale since last year, but so far no buyer has come forward.

## Rhodium, Ruthenium, Iridium

The “minors” were largely ignored this week, both by the dealers as well as the industry.

There was some two way business in rhodium, though the quantities traded were relatively small. Despite that, the most expensive precious metal strengthened a bit and was trading today at \$ 1,075 - \$ 1,175 an ounce. The majority of the demand in the recent days, as in the past weeks, has been coming from Asia.

Industrial demand for ruthenium continues to be absent and given the low prices even sellers have lost interest and are staying away. The metal is currently quoted at \$ 30 - \$ 80 an ounce and at the moment chances of any change in the situation is not in sight.

There is not much happening at the iridium end either, however the metal has managed to hold on to the \$ 400 an ounce mark. Unchanged from previous week the metal is trading at \$ 370 - \$ 420 an ounce.

## Gold

On last Thursday the gold price reached its temporary low of \$ 802 an ounce and then as expected stabilised around this level. The first increase in the price of US-light oil from \$ 33,25 a barrel to \$ 37 a barrel and the temporary strengthening of the euro (see platinum section) then saw a massive change in sentiment towards gold as it raced up \$ 40 within a period of 24 hours. Though it then lost some value at the beginning of this week, it was later able to decouple itself from the moves in currencies and despite the weakening euro - but supported by a significantly strengthening oil price - the yellow metal moved to a high of nearly \$ 870 an ounce. The freshly intensified problems in the international banking world and the downgrading of some of the European sovereign nation's risk surely has played a role in keeping investor interest in gold kindled as people sought safety for (at least part of) their assets.

In this context already last Thursday it was reported that stocks at the most popular gold ETF had climbed up further to fresh historic highs. This development continued into this week and yesterday evening physical stocks of gold bound to the “SPDR Gold Trust” were at a record level of 806 tonnes. Yesterday alone purchases of three tonnes were added anew; in the last two weeks a plus of almost 20 tonnes.

GFMS's latest update on its “Gold 2008” study also points to this investor interest. More details on this via links on page 4.

AU	US\$/oz	€/oz	€/gram
<i>High</i>	866.00	669.00	21.51
<i>Low</i>	802.00	612.00	19.67
<i>Latest</i>	847.00	653.00	20.99

## Silver

Silver's current situation is difficult to gauge. Looking only at industrial demand, the price appears to be too high, however the metal is being supported by continuing investor interest. In the last few days this latter has helped the metal recover the losses it had booked in the second half of previous week.

The white metal was supported at first by a weakening US-dollar and later by a massively strengthening oil price till it eventually worked its way well over the \$ 11 an ounce mark; only yesterday it crossed its temporarily high of \$ 11.50 an ounce. ETF stocks of the largest silver ETF “iShares Silver Trust” have in the meantime gone up to a new record of 7,134 tonnes. Compared to early 2008 this is a remarkable increase of 48 per cent.

At the moment the metal is trading in a range between \$ 10.60 and \$ 11.71 an ounce and despite the continual investor demand this should not change in the short-term as simultaneously industrial demand is

cooling more and more off and acting as a counter-balancing factor.

Vary reports came in this week from the mining side: The large producer Hochschild Mining announced that 4th Quarter production was down 3 per cent, though 2008 total production of 26.1 million ounces was still 1.7 per cent more compared to previous year. Despite the closing-down of one small mine the South Americans are projecting this years production at 28 million ounces.

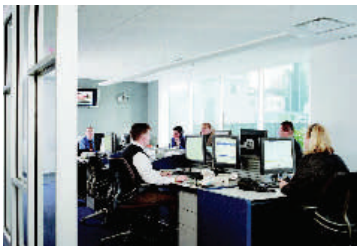
The Russian producer Polymetal reported that 2008 production was up 8 per cent at 17.2 million ounces and that in the current year they estimate to bring out up to 18 million ounces.

AG	US\$/oz	€/oz	€/kilo
<i>High</i>	11.50	8.91	286.50
<i>Low</i>	10.56	7.85	252,40
<i>Latest</i>	11.30	8.70	279,70

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