

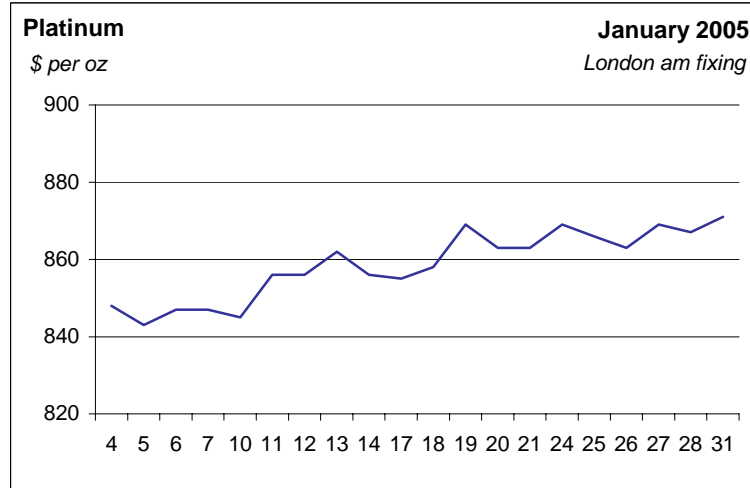
THE PLATINUM METALS REPORT

www.platinum.matthey.com

January 2005

Johnson Matthey

PLATINUM
Chinese demand
and fund buying
produce steady
climb to \$871



[view Johnson Matthey base price data](#)

[click for other chart options](#)

After ending 2004 at around \$860, the platinum price came under pressure in early January 2005 and dropped to a low of \$843 on the 5th. However, from that point onwards a combination of good demand from the Chinese jewellery sector and renewed fund buying pushed the price steadily upwards, platinum ending the month trading either side of \$870.

Asian and European pgm markets were closed on the 3rd of January, and trading in North America was light. Consequently, moderate offers of metal were sufficient to push the platinum price to \$853 bid by the close in New York, down from around \$860 at the end of December.

TOCOM traders joined the selling on the morning of the 4th, the December 2005 contract sliding by almost ¥50 per gram on the day to close just above ¥2,700. In Europe, the morning fixing reflected the Asian selling, platinum dropping to \$843. However, that marked the low point for the month and an upturn in orders for metal from Chinese jewellery manufacturers then provided support to the price. In addition, despite a sharp recovery in the value of the dollar and drop in the South African rand (from \$1=R5.67 to almost R6.14) there was little long liquidation by investors on NYMEX. As a result, platinum traded steadily around \$845 through to the 10th.

On the 11th the platinum price jumped higher, fixing at \$856 then \$858 in London in fairly thin trade. A turn lower in the dollar helped to spur speculative buying on TOCOM but there was no fundamental news of note. Further speculative buying in Asia and a return of fund buying on NYMEX saw platinum move above \$860 on the 13th before profit taking and a lack of bids for metal in the spot market the following day led the price back down to \$853.

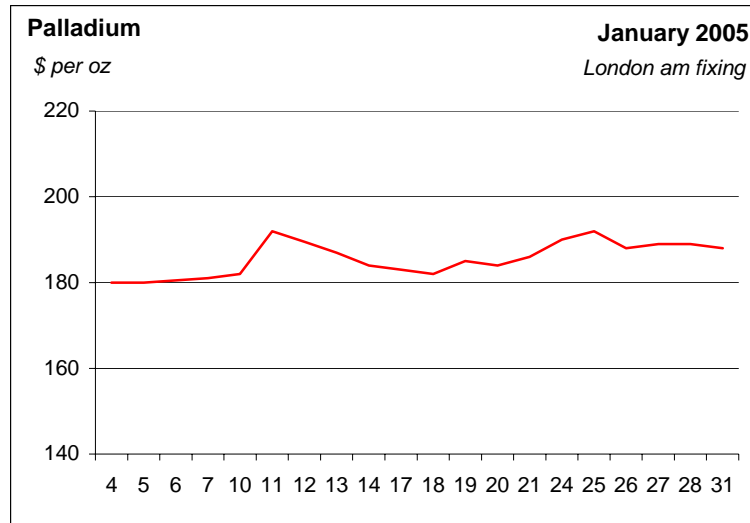
Platinum fixing prices – January 2005

	High	Low	Average
\$ per oz	871.00	843.00	858.51
£ per oz	463.45	445.75	457.38
€ per oz	668.32	626.75	655.02



Fund buying and short covering accelerated from the 17th onwards as the dollar continued to weaken and the rand moved back under \$1=R6.00. With Chinese jewellery manufacturers also increasingly buying metal ahead of the Chinese New Year holiday the platinum price rallied to \$869.50 on the 19th and \$871 on the 24th. After dipping briefly back to \$863 on the 26th (once again influenced by fluctuations in the foreign exchange markets) platinum climbed steadily to end January firmly at \$869.

PALLADIUM
Further fund
buying keeps
price above \$180
but market
remains weak



[view Johnson Matthey base price data](#)

[click for other chart options](#)

After having closed out a significant volume of long positions on NYMEX during December, funds turned net buyers of palladium futures again during January. As a result, the palladium price held above \$180 and even managed a modest rally to \$192. Overall, however, the tone of the market remained weak and palladium ended the month at \$189.

The palladium price entered January 2005 as it left December 2004, becalmed around \$180. There was very little movement in the market throughout the first week of the year but by the 10th it was evident that investors had begun increasing their net long positions in the metal once more. The palladium price climbed to \$187 at that afternoon's fixing and moved up to \$192 on the morning of the 11th, in line with the rally in platinum. The net long position on NYMEX jumped to almost 669,000 oz, up from 617,000 oz a week earlier, as funds opened new long positions and closed out shorts.

However, the price then began to subside even though the fund buying continued on NYMEX (and possibly via over-the-counter trades). Few, if any, major industrial buyers were in the market for spot metal; in fact several fixings throughout the month passed with no buying interest at all. At the same time, supplies of palladium were more than sufficient to offset continuing demand from the Chinese jewellery sector. The weight of supply resulted in the price slipping to \$182 by the 18th, regardless of the fact that the net long position on NYMEX had risen to exceed 700,000 oz.

Palladium fixing prices – January 2005			
	High	Low	Average
\$ per oz	192.00	180.00	185.81
£ per oz	102.20	94.85	98.96
€ per oz	147.03	133.67	141.73

The price then staged another rather disappointing rally, which again petered out at \$192 on the 25th, and palladium ended January with a fixing of \$189.

OTHER PGM

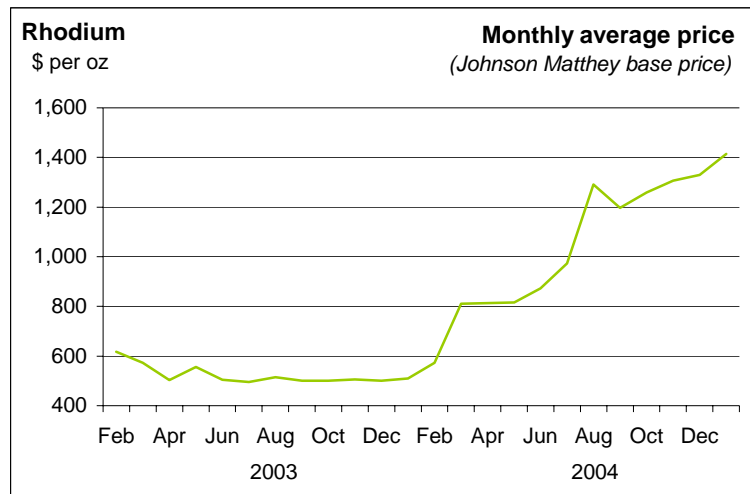
Rhodium

reaches \$1,525 as

lease rates climb

to over

20 per cent



[view Johnson Matthey base price data](#)

[click for other chart options](#)

The Johnson Matthey rhodium base price was propelled upwards throughout much of January 2005, reaching \$1,525 as short-term lease rates climbed over 20 per cent. In contrast, the ruthenium and iridium markets both continued to drift lower as supply was more than sufficient to meet steady demand from end users.

The rhodium price continued its upward run during January 2005, with the momentum due largely to tightness in the lending market. The lack of availability of metal for borrowing pushed three-month lease rates up from the mid-teens to over 20 per cent over the course of the month. This in turn, encouraged more industrial users to seek to buy metal instead of borrowing it. With the availability of rhodium for spot delivery also fairly tight, the Johnson Matthey base price climbed steadily from the second week of January onwards, rising from \$1,330 on the 10th to hit \$1,525 on the 31st.

In contrast, the prices of ruthenium and iridium continued to soften, both markets being well supplied and demand stable. The JM base price for ruthenium eased from \$68 to \$62, while iridium slid from \$170 to \$162.