

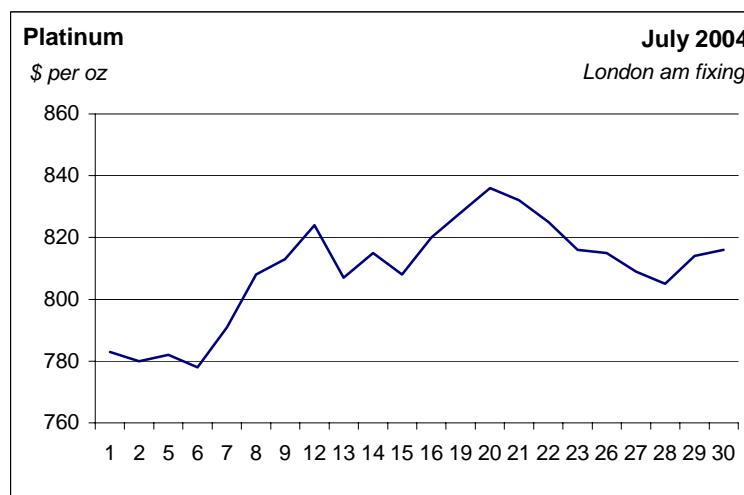
THE PLATINUM METALS REPORT

www.platinum.matthey.com

July 2004

Johnson Matthey

PLATINUM
Price regains
\$800 as
investors turn
bullish on rand
strength



[view Johnson Matthey base price data](#)

[click for other chart options](#)

During July, the price of platinum was re-established above \$800, with the strength of the rand generating renewed concerns over the viability of expansions in South Africa. By mid-month the net speculative short position that had accumulated on NYMEX during late June had been reversed, as the rand reached its highest level against the dollar since October 1999. The platinum price reached the month's high of \$836 on the 20th, before easing back to \$818 at the month end following a few days of steady gains in the dollar against other major currencies.

During the first two days of July, investor sentiment towards platinum remained generally negative, and the price slipped to the month's low of \$776 on the 2nd. Selling on TOCOM was attributed to a strengthening of the yen against the dollar, following the release of positive Japanese economic data.

The price continued to trade either side of \$780 at the beginning of the following week, with sentiment affected by news of poor auto sales in the USA and China, and a continuing absence of significant purchases by consumers in the industrial and jewellery sectors. The bearish tone was reflected in the net speculative short position on NYMEX, which had grown to around 26,000 oz by the 6th July.

From the 7th onwards, however, investors became more bullish. Fund-buying on TOCOM triggered short-covering by the general public, and platinum reached \$791 at the morning fixing in London. Investors continued to add to long positions on TOCOM over

the next three days, driving the price to a London fixing of \$824 on the 12th. The rise was triggered by further weakness in the dollar, the strength of the rand (which had almost reached \$1 = R6.0, its highest level since October 1999), and a rally in gold.

Platinum fixing prices – July 2004

	High	Low	Average
\$ per oz	836.00	776.00	809.33
£ per oz	451.40	422.80	438.98
€ per oz	680.00	633.53	659.53



Profit-taking emerged on the 13th, with platinum slipping to \$807. However, on the 16th, the price embarked on another rally, as the rand made further in-roads against the dollar, adding to concerns over the viability of planned mine expansions in South Africa. Fund buying on NYMEX accelerated, pushing the price up to \$824 as the net short position was reversed.

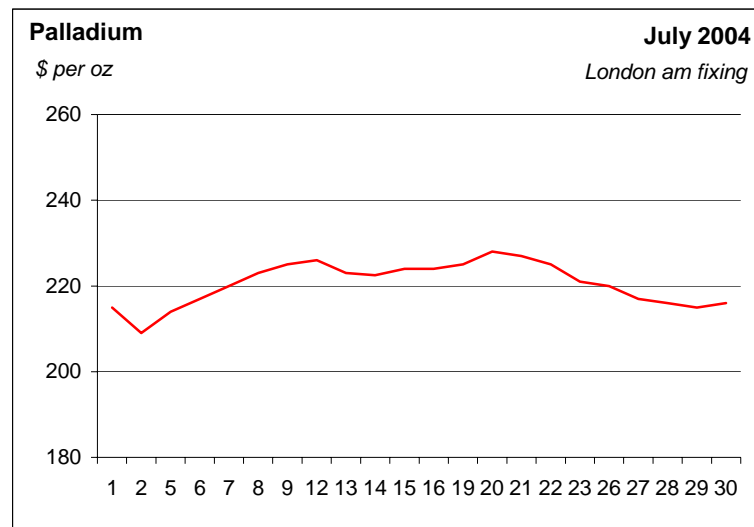
The rally was assisted by strong gains in gold and silver prices combined with continuing upward pressure on the rand, and platinum began the following week at a fixing price of \$828. The following day, Japanese buyers returned to the market after a public holiday on the 19th, with the result that the morning fixing in London reached \$836 - the month's high.

Platinum edged downwards again later that day, following a speech by Alan Greenspan which gave a positive account of the state of the US economy. This led to a strengthening of the US dollar against most major currencies and triggered liquidation in the precious and base metals markets. Platinum, however, held up better than gold, fixing at \$832 the following morning, supported by the ever-present concern about the strength of the South African currency.

As the dollar made further gains against major currencies, platinum drifted back to \$825 at the morning fixing on the 22nd, then fell sharply during trading on TOCOM the following day, fixing at \$816 during the morning session in London. Long liquidation on TOCOM continued over the next three days, with platinum falling to \$801 at the afternoon fixing on the 28th. On NYMEX, however, funds continued to add to their long positions ahead of the announcement of Anglo Platinum's first half results on the 27th. The company reported an increase of 27 per cent in refined platinum production compared with the first half of 2003, but warned that the continuing strength of the rand may result in further delays to its expansion programme.

August's final two days witnessed another recovery in the price as Japanese investors began buying on TOCOM once more, leading the price up to end the month at \$818.

PALLADIUM
Price trades
either side of
\$220 in very
quiet market



[view Johnson Matthey base price data](#)

[click for other chart options](#)

After a weak opening to the month, palladium made minor gains in mid-July, responding to rallies in the platinum and gold prices. However, after reaching a high of \$228 on the 20th, it subsided to \$216 at the month end, in line with a lack of physical demand, good availability and modest selling on NYMEX.

Palladium opened July with a fall to \$215, down from \$220 at the end of June. The price weakened further the following day, recording the month's low of \$209 in London but then began a gradual recovery towards the \$220 level, which it reached on the 7th. Palladium was supported by rises in the platinum and gold prices, while investors remained generally positive to towards the metal: on 6th July, speculators on NYMEX held a net long position of around 480,000 oz.

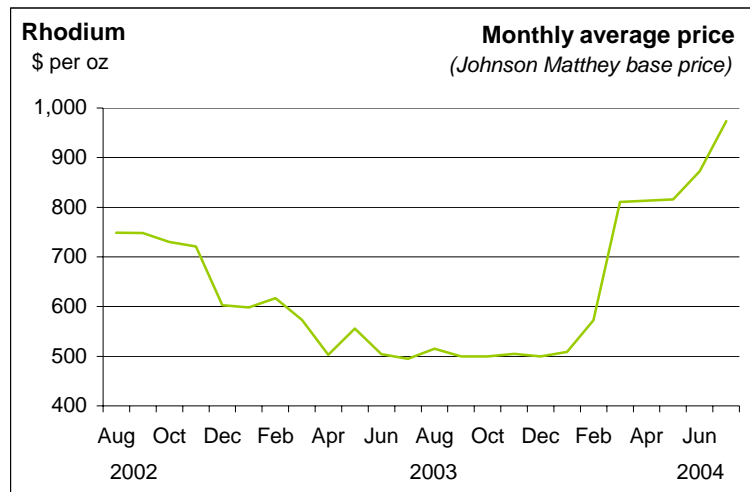
Palladium fixing prices – July 2004			
	High	Low	Average
\$ per oz	228.00	209.00	220.37
£ per oz	123.30	114.75	119.57
€ per oz	184.17	171.80	179.59

With platinum climbing above \$820 on the 12th, palladium reached \$226, before easing slightly to trade just below \$225 over the next five days. On the 20th, it again followed platinum upwards, recording the month's highest fixing of \$228. The speculative long position on NYMEX continued to grow steadily, reaching 517,000 oz by the 20th. Despite this, palladium was unable to hang onto its gains, and the price subsided to \$220 on the 23rd.

During the final week of July, palladium recorded further losses, affected by a lack of physical demand and modest selling by speculators on NYMEX; by 27th July the net long position had fallen to around 495,000 oz. The price weakened to \$212.50 on the 29th before edging up to \$216 at the month end.

OTHER PGM

Tight physical market pushes rhodium price above \$1,000



[view Johnson Matthey base price data](#)

[click for other chart options](#)

The rhodium price recorded further gains during July, moving above \$1,000 during the second half of the month as the physical market became increasingly tight. In contrast, there was little activity of note in the iridium and ruthenium markets; the price of iridium softened from \$210 to \$205, whilst the price of ruthenium was stable at \$60.

As July opened, the Johnson Matthey base price for rhodium stood at \$970; at this level (a gain of \$145 compared with the beginning of June), sellers were tempted into the market, and the price eased slightly to month's low of \$930 on the 12th.

During the second half of the month, a lack of physical availability was increasingly apparent, with lease rates soaring above 15 per cent. As customers sought to buy instead of borrow, it became clear that metal stocks in the market were becoming stretched. As is often the case for the minor pgm, even a modest amount of physical buying was enough to push the price higher. The JM base price was set at \$1,000 on the 21st (the first time since April 2002 that rhodium had traded at this level) and reached \$1,060 by the month end.