

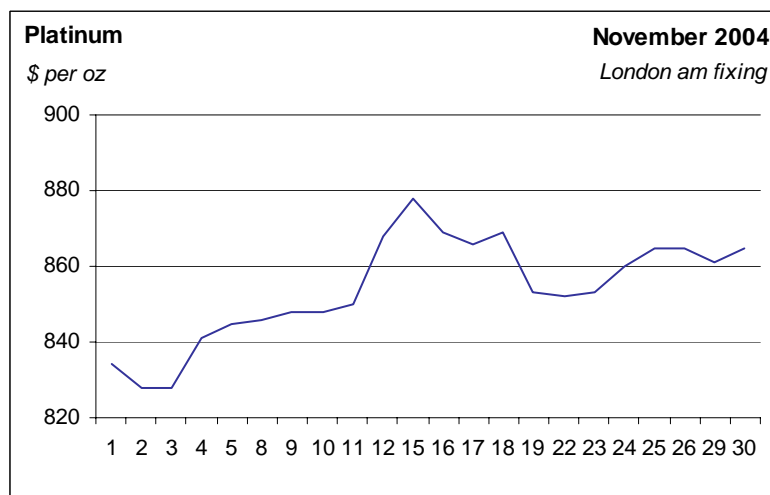
# THE PLATINUM METALS REPORT

www.platinum.matthey.com

November 2004

Johnson Matthey

**PLATINUM**  
**Sinking dollar**  
**encourages**  
**renewed fund**  
**buying; price**  
**peaks at \$878**



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**S**peculative activity continued to drive the platinum price in November. The late-October long-liquidation of platinum futures on NYMEX continued into early November, dragging the price down to \$826 on the 2nd. However, increasing US dollar weakness then spurred investors in both the USA and Japan to rebuild long positions across many of the precious and base metals markets. The platinum price rallied strongly as a result, peaking at \$878 on the 15th. The price subsequently eased during several days of profit-taking before further fund buying carried the price back up to \$867 by the end of the month.

In late October an unexpected rise in Chinese interest rates triggered a round of speculative selling across many commodity markets, including platinum. The profit-taking continued into the first two days of November, platinum falling to a fixing of \$826 on the afternoon of the 2nd. At that time, the net long position in platinum futures held by funds on NYMEX had fallen to just 80,000 oz, down from 158,000 oz a week earlier.

From the 3rd of November onwards, however, the platinum market regained a much more positive tone as funds and other investors in both the USA and Japan began rebuilding long positions. By the afternoon of the 4th, the platinum price had rebounded to \$851 as a fall in the dollar versus the euro and yen encouraged speculative buying of commodities on NYMEX and TOCOM. After dipping to \$843 the following day the price started climbing steadily again, mirroring a rally in the price of gold, and platinum regained \$850 on the 11th.

The rise in the platinum price gathered momentum on the 12th and the afternoon fixing was settled at \$871. Turnover of the far-dated platinum contract on TOCOM was heavy, contracts equivalent to almost 900,000 oz being traded. There were suggestions that Japanese investors were buying in anticipation that Johnson Matthey's Interim Review (launched on the 16th) would be bullish for platinum, although the increasingly bearish outlook for the dollar (versus the yen and South African rand in particular) may well have had a greater influence. At the same time, US-based funds continued to add new long futures positions and close out shorts on NYMEX.



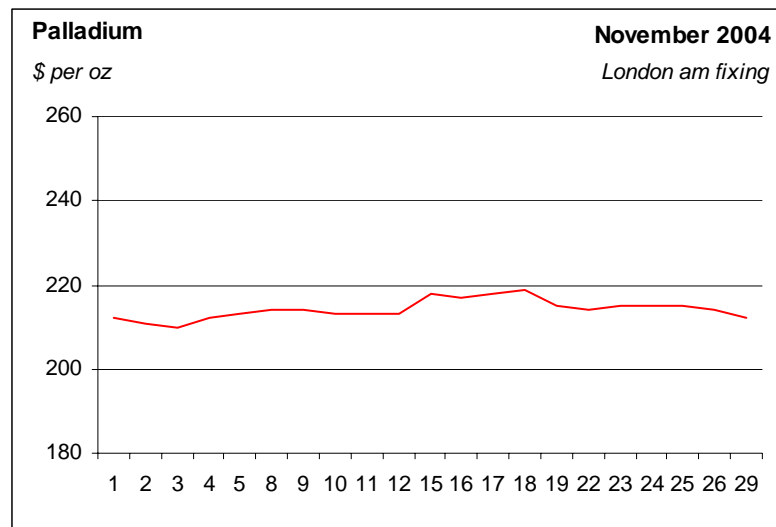
In marked contrast to the futures activity, demand for metal from the Chinese jewellery sector became very subdued as the platinum price climbed, a mere 105 kg being traded on the Shanghai Gold exchange in the week to the 12th of November.

Platinum fixing prices – November 2004			
	High	Low	Average
\$ per oz	878.00	826.00	854.30
£ per oz	473.20	449.20	459.60
€ per oz	676.15	647.67	658.20

The platinum price reached its peak fixing for the month of \$878 on the morning of the 15th, at which point the rally ran out of steam. The October 2005 contract on TOCOM moved above ¥2,900 per gram and this, combined with the JM Interim Review's mildly bearish forecast for the platinum price, triggered a round of profit-taking. Selling by investors in Japan outweighed further steady accumulation of long positions by funds in the USA and by the 22nd the price had slipped back to \$852, despite further weakening of the US dollar against major currencies.

By the 24th, however, the long liquidation on TOCOM had dried up and the platinum market regained its bullish mood, the metal fixing at \$860. By the end of the month platinum had moved up to \$867, the net speculative position on NYMEX passing 250,000 oz for the first time since March.

**PALLADIUM**  
**Investors still**  
**bullish but**  
**price refuses to**  
**move above**  
**\$220**



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**The palladium market was fairly lifeless in November, despite further substantial investment by funds and rallies in other precious and base metal markets. The price was anchored between \$210 and \$220 for almost the entire month as the fundamental imbalance between supply and demand countered an increase in the net speculative position on NYMEX of over 150,000 oz.**

The palladium price traded in a tight range during November: after edging down to an afternoon fixing of \$209 on the 1st, palladium struggled up to \$220 on the 17th, then softened again to end the month weakly at \$210.

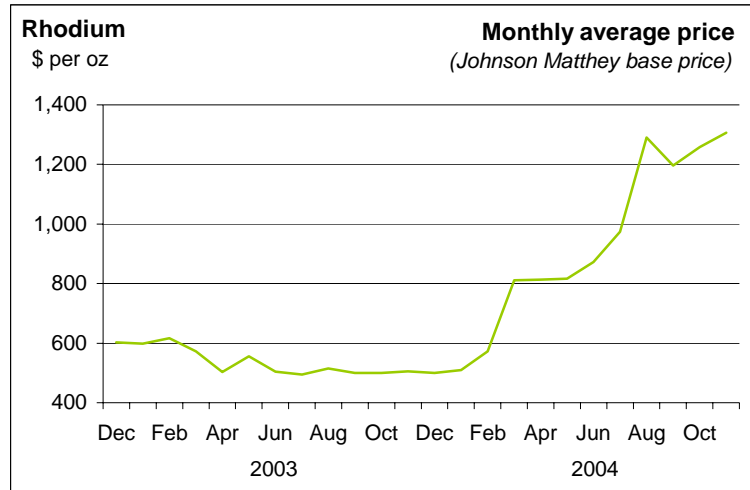
The market barely reacted to fund buying that pushed the net speculative long position on NYMEX from 660,000 oz on the 2nd to 812,000 on the 23rd, and rallies in the platinum, gold, silver,

Palladium fixing prices – November 2004			
	High	Low	Average
\$ per oz	220.00	209.00	213.83
£ per oz	118.45	110.90	115.05
€ per oz	169.80	158.26	164.76



copper and nickel markets also had a negligible impact. With the supply of palladium continuing to outweigh demand by a considerable margin there was plenty of metal available to offset the speculative buying and to satisfy end user requirements.

**OTHER PGM**  
**Rhodium price**  
**climbs to \$1,330**  
**as market**  
**remains finely**  
**balanced**



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**T**he Johnson Matthey rhodium base price climbed from \$1,235 at the end of October to reach \$1,330 on the 8th of November as the availability of metal remained tight. However, as bids from end users evaporated the price eased back during the second half of the month to settle at \$1,300. The ruthenium and iridium markets both softened slightly during November, ruthenium easing from \$82 to \$78 and iridium slipping from \$195 to \$190.