

The Platinum Metals Report

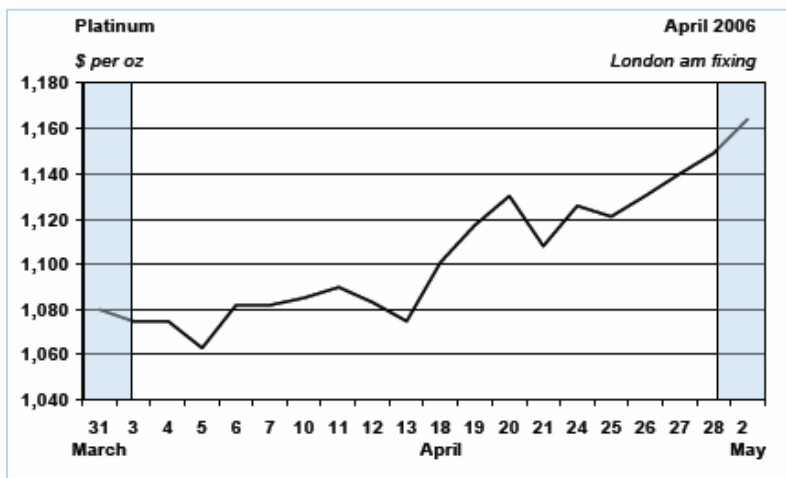
www.platinum.matthey.com

April 2006

Johnson Matthey

PLATINUM

The platinum price rose steadily throughout April. It started the month at \$1,075 and posted a number of all-time high prices before finishing at \$1,149. Much of the increase can be attributed to the continuing bull run in other commodities, including crude oil and gold.



The precious metals markets started April with a bout of profit-taking from the high prices seen at the end of March. During light trading, the platinum price then settled into a range of \$1,060-\$1,080. Some support was seen from physical buying at the lower points, keeping the price above \$1,060. The month's low was seen on the morning fix of the 5th, at \$1,063.

At this point, a weaker US\$ and fund buying in commodities drove the gold price upwards to \$595.50, its highest point for more than twenty years, taking platinum out of its range and up to \$1,082 twenty-four hours later. This was followed by a surge of buying on Tocom and, surprisingly at these record prices, significant volumes of metal changing hands on the Shanghai Gold Exchange.

Gold and oil prices remained strong after the weekend and outweighed any desire for profit-taking. On the 10th, Lonmin caused some market interest when it announced the temporary closure of a smelter at its Marikana property. Commodity prices were also given fresh upwards impetus on the 10th by Iran's latest announcement on the progress of its nuclear programme. These, in turn, lent some temporary support to the platinum price which nonetheless fixed slightly down at \$1,075, heading into the long Easter weekend.

As the market returned from the Easter holidays, platinum moved above \$1,100 for the first time ever, fixing at \$1,101 on the morning of the 18th. With this psychological price point breached, platinum hit new record highs on the 19th and 20th (\$1,117 and \$1,130 respectively) as a number of other commodities also moved into unexplored territory. An announcement from Lonmin, on the 19th, that it had restarted its Marikana smelter did little to calm the market.

However, a wave of profit-taking and heavy selling from funds hit all commodities on the 20th, sending platinum tumbling to fix at \$1,108 on the 21st. At this level, bargain-hunters emerged and the

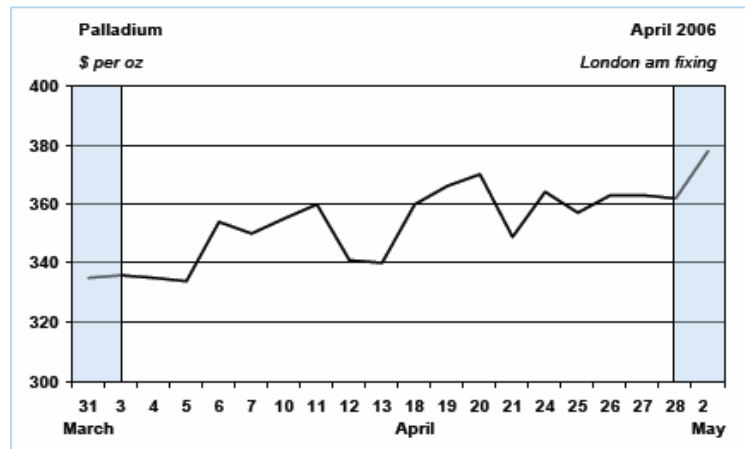
Platinum fixing prices – April 2006			
	<i>High</i>	<i>Low</i>	<i>Average</i>
\$ per oz	1,149.00	1,063.00	1,101.60
£ per oz	639.00	606.05	623.45
€per oz	916.40	866.00	897.55

price recovered quickly with some large volumes traded on the fix, passing through the previous highs to reach a new record of \$1,149 on the 28th.

Market players seemed to take a fairly relaxed view of developments throughout the month and lease rates remained static despite the raft of high prices and record fixes. Long interest on Nymex increased over the month with net speculative long positions moving from 216,000 ounces on March 28th to 301,000 ounces on April 25th.

PALLADIUM

Palladium prices followed a general upward trend in April, moving from \$336 at the start of the month to fix at a more impressive \$370 on the 20th. The rising gold and platinum prices encouraged palladium to push higher. Healthy levels of trading persisted throughout the month, and palladium found a new range of \$350-\$370 for the last week, ending April at \$362.



At the start of the month, despite some profit-taking in gold and platinum, palladium proved remarkably resilient and dropped only \$2 to the month's low of \$334 on the 5th. From this point, it followed the movements in the gold and platinum price, which were largely positive for the rest of the month. To start with, as gold moved sharply up to twenty-year highs, palladium gained a remarkable \$20 between fixes on the 5th and 6th of the month. Trading on the fix was particularly heavy on both days and fund interest was strong.

Palladium traded higher, along with platinum, for the following few days before moving sharply lower on the 11th and 12th, with a degree of profit-taking. Norilsk Nickel announced its first quarter production figures, showing an increase of 8.4 per cent year-

on-year to 775,000 ounces of palladium which also caused the market to soften somewhat. The price moved sideways from here, fixing at \$340 on the 13th. Long interest on Nymex increased by roughly 50,000 ounces by the middle of the month.

After Easter, the sudden jump in commodity prices took palladium almost \$20 higher. This trend continued into the 20th, when palladium hit its monthly peak of \$370

Palladium fixing prices – April 2006			
	<i>High</i>	<i>Low</i>	<i>Average</i>
\$ per oz	370.00	334.00	353.10
£ per oz	207.50	190.40	199.85
€per oz	300.25	272.10	287.65

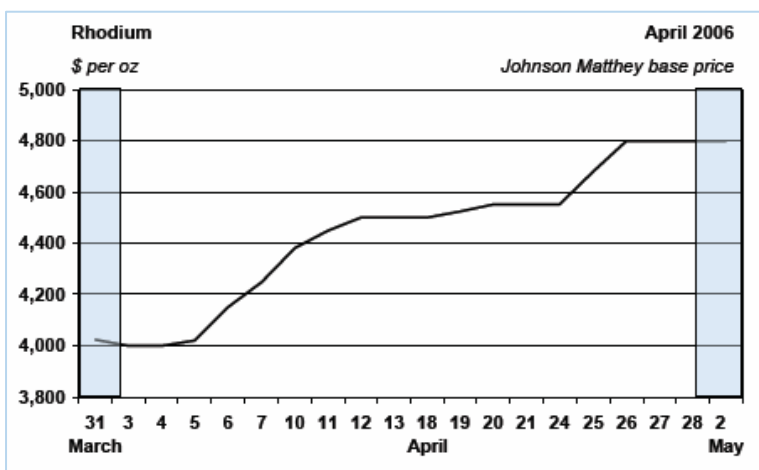
before being driven lower (to \$349 on the 21st) by profit-taking and selling of a wider range of commodities by fund investors.

However, continued healthy demand helped recoup some of this loss and sent the price somewhat higher on the 24th. The price then remained flat, in a new range of \$350-370 and with a final fix for the month of \$362. The increases in Nymex long positions seen in the middle of the month also began to unwind, back to near their level at the start of the month, indicating the market's more neutral sentiment on price prospects.

OTHER PLATINUM GROUP METALS

After a turbulent March, the rhodium price resumed its longer-term rise during April. Starting at \$4,000, it rose by a hefty \$800 and ended at \$4,800, its highest point for fifteen years.

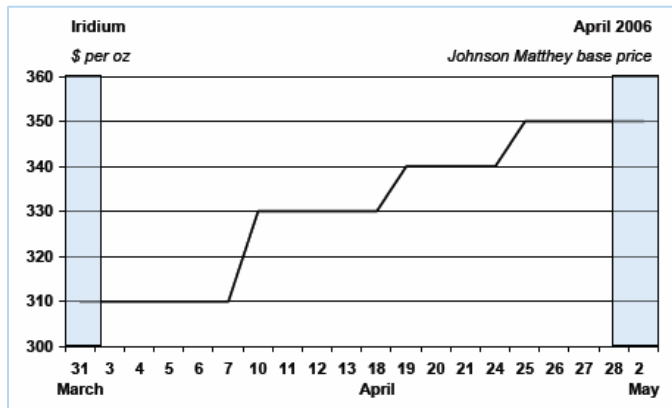
After dropping from above \$4,300 to \$3,900 in the second half of March, physical buying returned to the rhodium market. This



bargain-hunting started to turn the price around, and the trend was accelerated by strong Asian interest on the 5th, pushing rhodium up to \$4,225. At this point, offers disappeared once more.

Dealer interest continued throughout the rest of the month, despite the rising price. Steady bidding from industrial consumers and a decreasing number of offers pushed the price onwards to end the month at \$4,800.

As with rhodium, movements in the ruthenium and iridium price were driven more by fundamentals than by general commodity market sentiment. Ruthenium saw reasonable levels of trading and firmed from \$165 at the start of the month to end at \$170.



Meanwhile, the iridium price was driven higher in a number of steps by sustained industrial buying. In this robust environment, the price moved from \$310 to close the month at \$350 with physical interest largely undiminished.

© Johnson Matthey Plc, 2006.

Prices in charts and tables are London fixings or their equivalents in other currencies, unless otherwise stated. The information, text, graphics and links contained in these pages are provided for information purposes only. Johnson Matthey Plc does not warrant the accuracy or completeness of the information, text, links and other items contained in these pages and accepts no responsibility for any loss which may arise from reliance on information contained herein. To read our full disclaimer, please visit: www.platinum.matthey.com/info/disclaimer.html