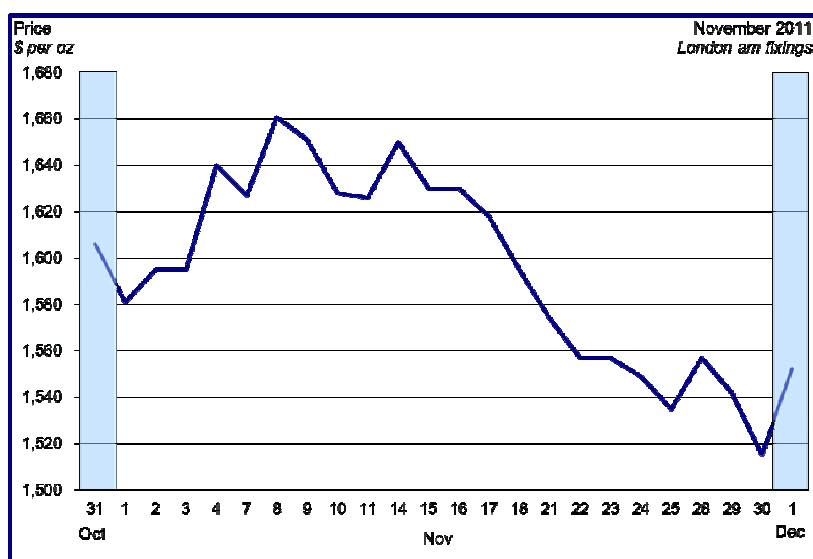


## The Platinum Metals Report – November 2011

Platinum and palladium prices weakened in November as wider economic concerns centering on the eurozone lent a generally negative outlook to industrial commodities, and gave some strength to the US dollar, further depressing prices. Platinum and palladium fell early in the month as markets gave their response to a decision by Greece to hold a referendum on their latest EU bail-out package. This decision was subsequently reversed, prompting a change of government in Greece and, together with a European Central Bank (ECB) interest rate cut, drove a small relief rally. As attention turned to Italy's economic woes, pgms benefitted from the rising gold price, driven by safe-haven buying. Prices slid mid-month as an avalanche of gloomy economic data, including rating downgrades for US and European banks, weighed on investor confidence. Prices picked up again at the very end of the month as a surprise loosening of monetary policy in China and announcement of coordinated action by central banks to increase liquidity caused the dollar to retreat and commodities to rally.

### PLATINUM

Platinum opened November at \$1,581, having corrected sharply downwards in response to the ongoing turmoil in the eurozone. The apparently diminishing risk of a disorderly debt default by Greece, together with lower ECB interest rates, saw commodities rally and platinum regained the \$1,600 level.



Attention turned to Italy the following week, which saw its borrowing rates surge to over 7% amid concerns over high levels of sovereign debt. With safe-haven buying of gold in full flow, platinum initially benefitted from the rising gold price and fixed at a month high of \$1,661 on the 8<sup>th</sup>. As the European Commission cut its growth forecast for 2012 from 1.8% to 0.5%, equities slumped causing some investors to liquidate precious metal positions to cover their losses elsewhere. News of disappointing export growth in China and a slowdown in car sales in India added to the negative sentiment for platinum as the price slid.

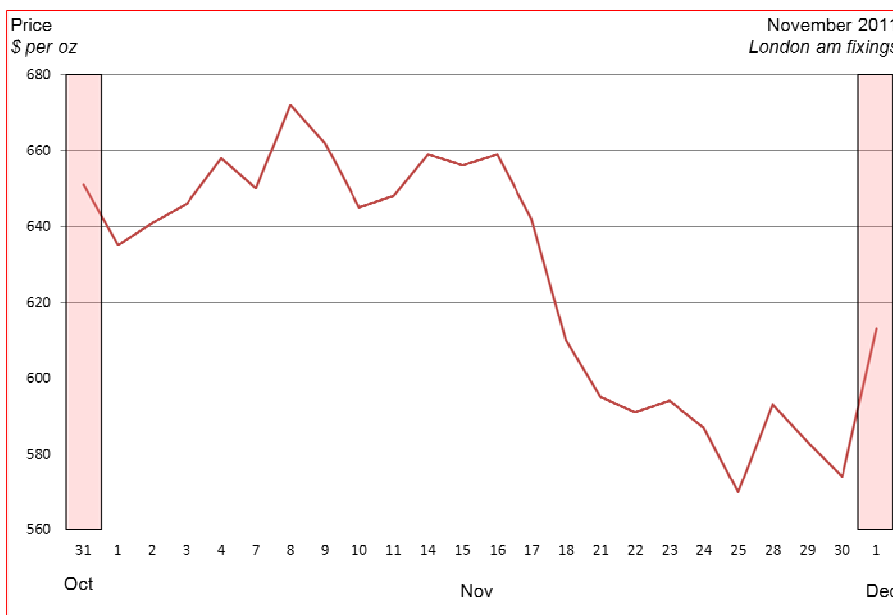
Platinum am Fixing Prices – November 2011			
	High	Low	Average
\$ per oz	1,661.00	1,515.00	1,596.05
£ per oz	1,035.15	975.55	1,010.04
€ per oz	1,205.35	1,139.95	1,176.42

A change of government in Italy gave investors some optimism regarding the prospects for the eurozone, but this was short lived. News of above-target inflation in the eurozone and the downgrade of twelve German banks by Moody's over fears of their exposure to European debt added to investor woes and industrial commodity prices once again fell. Johnson Matthey's Platinum 2011 Interim Review, released on 15<sup>th</sup> November, forecast the platinum market would be in a small surplus in 2011 with strong demand in the auto and industrial sectors.

There was little let-up to the gloom in the second half of November: in signs that the eurozone crisis may be spreading beyond the periphery, a German bond auction was heavily undersubscribed – around 35% of the 10-year bonds offered to the market remained unsold. Data from China showed factory activity levels dropping to their lowest in 32 months, also putting pressure on commodities and adding to the generally negative outlook. Platinum, which had fallen beneath \$1,600 on the 18<sup>th</sup>, continued to weaken despite some upward pressure on the supply side in the form of a wage dispute at Lonmin. Platinum fixed at a month low of \$1,515 on the morning of 30<sup>th</sup> November, having lost \$91 since the end of October. Later that day, the world's largest central banks announced coordinated plans to inject liquidity into the global financial system. China also announced of an easing of bank reserve requirements for the first time since 2008 in an attempt to boost liquidity. This brought a return of investor risk appetite and platinum rallied as November gave way to December.

## PALLADIUM

Palladium largely followed the platinum price in November, losing ground amid the eurozone turmoil before rallying to a month high of \$672 on the 8<sup>th</sup> as it benefitted from a rising gold price. As with platinum, the rally could not be sustained and the price underwent a prolonged fall from the middle of the month onwards, fixing at a low for the month of \$570 on the 25<sup>th</sup>.



Palladium rebounded briefly on the 28<sup>th</sup> in anticipation of higher US car sales figures for November, which turned out to have jumped by 14% year-on-year. The price slid again later in the week, but rallied after the morning fix on the 30<sup>th</sup> as investors gained confidence following the announcement of coordinated central bank action to increase liquidity. Overall, palladium lost \$77 compared with the end of October.

Johnson Matthey's Platinum 2011 Interim Review, released on the 15<sup>th</sup>, forecast the palladium market would be in fundamental surplus this year, but only due to shipments of Russian state stocks and net negative physical investment demand. The trend towards negative net physical investment this year

continued this month, with a further 36,000 oz of palladium ETF disinvestment in the period 1<sup>st</sup> – 24<sup>th</sup> November.

<b>Palladium am Fixing Prices – November 2011</b>			
	<i>High</i>	<i>Low</i>	<i>Average</i>
<i>\$ per oz</i>	672.00	418.05	487.65
<i>£ per oz</i>	570.00	368.20	429.40
<i>€ per oz</i>	625.91	395.98	461.21

## **OTHER PLATINUM GROUP METALS**

Rhodium, seemingly unaffected by the wider market movements, gained \$25 to reach \$1,675 on the 4<sup>th</sup>. Thereafter, sustained selling pushed the price down to \$1,625 by the end of the month. Ruthenium continued to come under selling pressure, giving up a further \$10 to close at \$120. Iridium was unchanged at \$1,085.

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