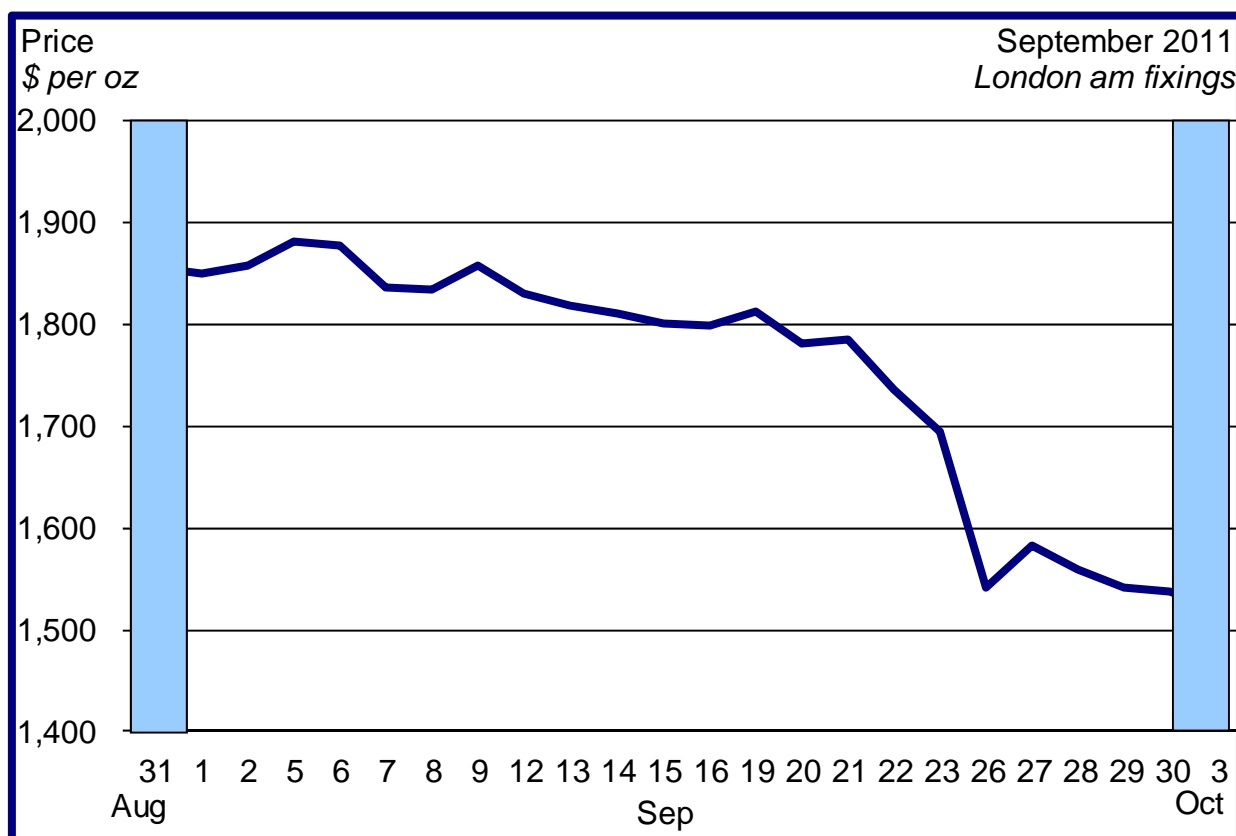


The Platinum Metals Report – September 2011

PGM prices plunged during September as wavering confidence over the state of the world economy led investors to flee from any assets considered risky. Even gold was not immune from the sell-off, shedding many of its recent gains, although its recent parity with platinum was maintained. The US Federal Reserve's announcement of 'Operation Twist', a plan to increase bank lending, led to a strengthening of the dollar and panic selling of equities and commodities in a widespread flight from risk. The selloff saw platinum and palladium prices fall to levels not seen for a year. This was a significant buying opportunity for platinum and palladium by car companies and by customers in Asia. The price correction was mirrored by a major selloff in the ETF and futures markets.

PLATINUM

Platinum gained \$30 in the first three trading days of September on the back of news confirming year-on-year auto sales increases in the US and Europe in August and reports that Japanese vehicle production is returning to normal faster than expected. With generally positive market sentiment, platinum's price increased to a month high of \$1,881 on the 5th. With market turmoil following a move by Switzerland to weaken the Swiss franc, the US dollar strengthened and gold retreated from its record highs as a safe haven. Platinum, continuing to trade at near-parity with gold, also began to slide. Dropping through the \$1,800 level on the 16th, the price continued downwards.



The fall in platinum's price was slowed somewhat by good physical demand from Europe and Asia at the sub-\$1,800 level. Concerns on the South African supply side, as Impala remained in talks with the National Union of Mineworkers over a wage settlement also gave some support to the price. Following the Fed's announcement of Operation Twist, the dollar strengthened considerably and investors fled from any assets considered risky, including pgms. Platinum fell through \$1,700 on the 23rd as strong

buying interest from Asia did little to support the price. However, despite the lower price, the appreciation of the dollar and associated weakening of the rand helped somewhat ease cost pressures for South African producers.

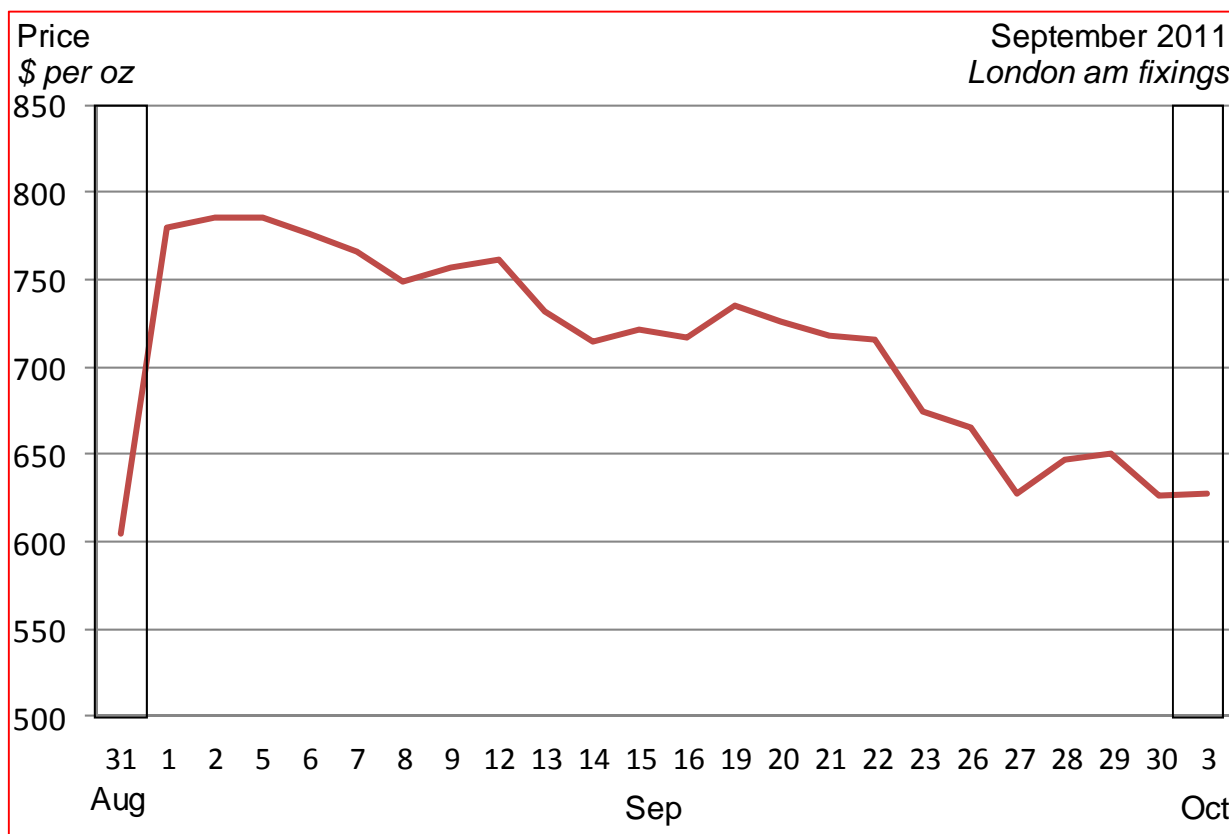
Platinum was helpless in the continuing flight from risk, dropping through \$1,600 on the 26th with spot prices dropping below \$1,500. Although there was a modest recovery as European leaders appeared confident in finding a solution to the eurozone debt crisis, the price fell further with a generally negative economic outlook, dropping to a month low, and a low for the year to date, of \$1,538 on the 30th. Overall, platinum lost \$312, or 17% of its value, during September.

Platinum am Fixing Prices – September 2011			
	High	Low	Average
\$ per oz	1,881.00	1,538.00	1,755.73
£ per oz	1,166.50	983.40	1,111.35
€ per oz	1,346.30	1,129.65	1,273.82

ETF holdings increased sharply in the first half of the month before succumbing to a widespread selloff, perhaps as investors covered their losses in other commodities and equities. There was a substantial sell-off in the futures market and in ETFs as the price fell throughout the month.

PALLADIUM

Palladium fared no better than platinum, tracking downwards for most of the month and losing 20% of its value, or \$154, in the month.



Reaching a high point of \$786 on the 2nd and benefitting from positive automotive news, palladium traded steadily lower thereafter. Although it gained some benefit from being less closely linked with the gold price than platinum, palladium's status as primarily an industrial metal saw it come under heavy selling pressure as the economic outlook appeared increasingly dim and commentators competed to give increasingly gloomy predictions on the inevitability of a new worldwide recession.

Palladium dropped through the \$700 level on the 23rd. Further selling pressure pushed the price down further to a low for 2011 of \$626 on 30th September.

Palladium am Fixing Prices – September 2011			
	<i>High</i>	<i>Low</i>	<i>Average</i>
<i>\$ per oz</i>	786.00	626.00	719.68
<i>£ per oz</i>	485.20	399.25	454.55
<i>€ per oz</i>	551.75	458.60	520.45

After holding up reasonably well, palladium ETF holdings turned sharply downwards in the middle to late part of the month, keeping net ETF investment in the year to date in starkly negative territory. Palladium futures positions on NYMEX declined by over 300,000 oz in the first three weeks of September: liquidations were around a third higher than for platinum.

OTHER PLATINUM GROUP METALS

Rhodium was not immune to the carnage in the rest of the market. Steady selling saw the price fall by \$200 in the month, closing at \$1,675. Rhodium has now lost more than 40% of its value since April. Ruthenium was subject to similar selling pressure, losing \$15 to close at \$160 while iridium was alone seeing steady industrial demand, gaining \$35 to close at \$1,085.

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