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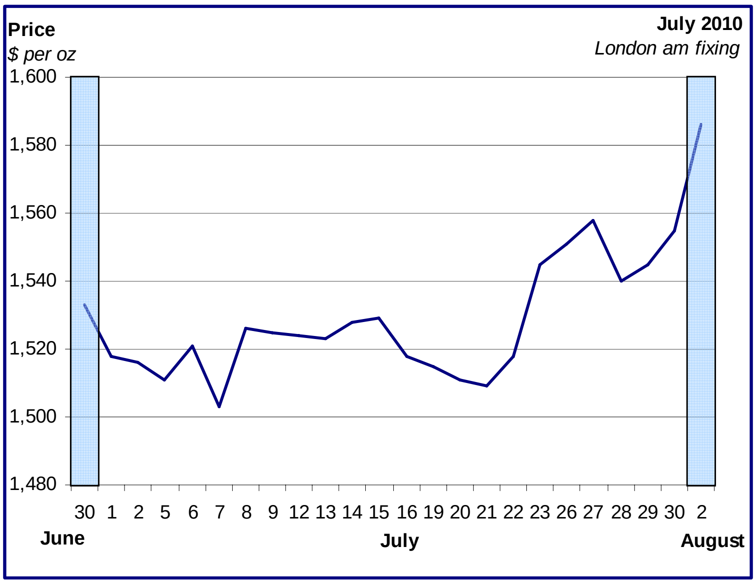
# The Platinum Metals Report – July 2010

A relatively slow trading month, typical of the northern hemisphere summer, saw the PGM complex fall as short speculative positions were liquidated, and a recovery towards the end of July on the back of more positive automotive demand and continuing supply uncertainties. Investor confidence appeared to return towards the end of the month as Platinum and Palladium rallied.

## PLATINUM




Platinum continued to fall in early July, following its decline during the last week of June and the liquidation of speculative futures positions. Chinese economic data and US manufacturing data revealed slower than expected growth, which helped weaken global commodity and equity prices. This was compounded by South African electricity supply concerns, mainly from the proposed (but later averted) strike by the National Union of Mineworkers (NUM).

The slide continued until 7th June when a limited recovery began, fixing at $1,534oz on the 16th, above its price for the start of the month. This recovery was sustained by physical demand for metal, particularly in Asia. Following fatal accidents at Northam's and Lonmin's facilities, focus was again on mine safety.

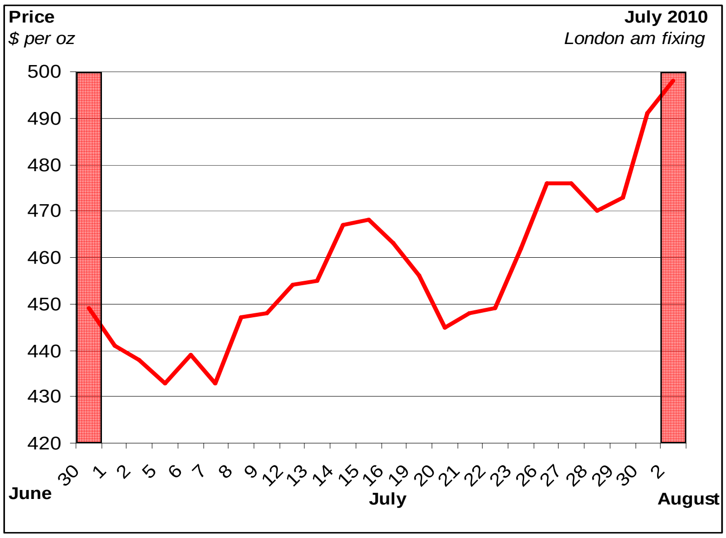
The Platinum price continued to drift despite a blanket safety directive from the South African government that would have severely impacted mine productivity. This directive was subsequently amended to allow the safest and most appropriate mining practices for individual mines. After a low point for the month of $1,499oz in the fix of the 19th, the rest of July saw Platinum rally with more positive news of automotive output and a still uncertain production and labour situation. Lonmin reported a drop in PGM production during Q3 due to the closure and repair of its main furnace, while Anglo Platinum tempered its full-year output plan. Platinum fixed at a month high of $1,560oz on the 27th before closing July's relatively subdued trading at $1,555oz.

**Platinum Fixing Prices – July 2010**

| | *High* | *Low* | *Average* |
|---|---|---|---|
| *$ per oz* | 1,558.00 | 1,503.00 | 1,526.77 |
| *£ per oz* | 1,018.40 | 984.45 | 999.35 |
| *€ per oz* | 1,235.15 | 1,164.10 | 1,195.30 |

## PALLADIUM

Palladium started July at $441oz and slid to a month low of $432oz following speculative liquidation that mirrored Platinum. The Palladium price recovered in the second week of July on the back of positive announcements of increasing car production in China and South America.




It was reported that total ETF holdings of Palladium have fallen to a two-month low, however solid investor confidence appeared to re-emerge as palladium out performed other PGMs, perhaps on the back of more positive Chinese auto industry data. A month high price of $491oz was reached on the 30th and closed at $487oz, up $41oz during July.

| Palladium Fixing Prices - July 2010 | | | |
|---|---|---|---|
| | *High* | *Low* | *Average* |
| *$ per oz* | 491.00 | 433.00 | 456.00 |
| *£ per oz* | 314.25 | 285.70 | 298.35 |
| *€ per oz* | 376.40 | 342.85 | 356.89 |

## OTHER PLATINUM GROUP METALS

An interesting month for Rhodium saw the price fall for the first three weeks of July, with downward pressure as seen with Platinum and Palladium. Sustained selling and a distinct lack of buying interest drove the price down further to a month low of $2,150oz on the 20th. The fall in the Rhodium market finally appeared to prise out some physical demand which drove the price up to recovering to $2,300oz on the 26th. This recovery was not sustained and the price fell back to close at $2,225oz, down $275oz. In this relatively quiet trading period, Ruthenium fell by $30 to $200 as demand softened, while Iridium gained $5 to reach $720oz.