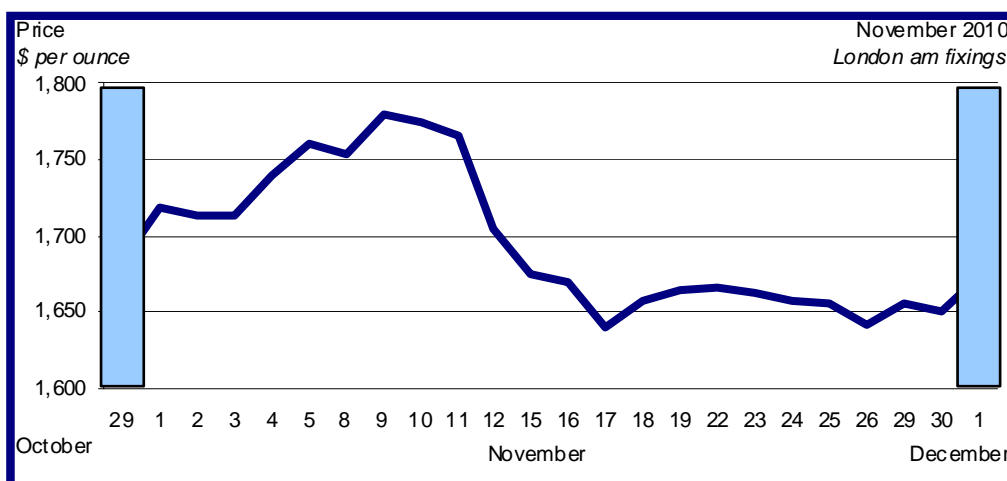


The Platinum Metals Report – November 2010

Platinum and palladium had a mixed November, starting the month strongly before succumbing to negative sentiment over European sovereign debt and Chinese anti-inflationary proposals mid-month. The second round of 'quantitative easing' in the US had the effect of ultimately strengthening the dollar, placing further downward pressure on commodities. Platinum ended the month \$67 lower than at the start of November, while palladium continued to be the darling of the pgm complex, reaching highs not seen for almost a decade, and ending the month \$42 up. Rhodium had a positive first half of November, before declining in the second half. Iridium was on an upwards trend for most of the month, while ruthenium remained unchanged throughout November.

PLATINUM

Positive US auto data in the first week of November, particularly for the light truck sector, helped lift platinum higher, although this was kept in check by renewed concerns over Eurozone debt. Platinum's steady march towards \$1,800 faltered as news emerged that the Chinese government is developing a strategy to combat domestic inflation, which may mean raising interest rates. Platinum peaked at £1,780 on 9th November on the back of a weaker US dollar.



Positive Chinese economic data and automotive news from GM and Ford helped maintain platinum's price above \$1,750 in the days following. However, bearish South African mining headlines (production up year on year) began to exercise some downward pressure. An announcement from the Chicago Mercantile Exchange that margins on precious metals will be raised added to the downward pressure, affecting silver and gold as well as platinum. The slide continued following the Group of 20 leading industrial nations' (G20's) broad agreement to refrain from competitive currency devaluation. China also proposed to increase interest rates to control growing inflation. Adding to this mix, concerns over debt in peripheral Eurozone economies came to a head as it became clear that Ireland would seek emergency loans to save its stricken economy.

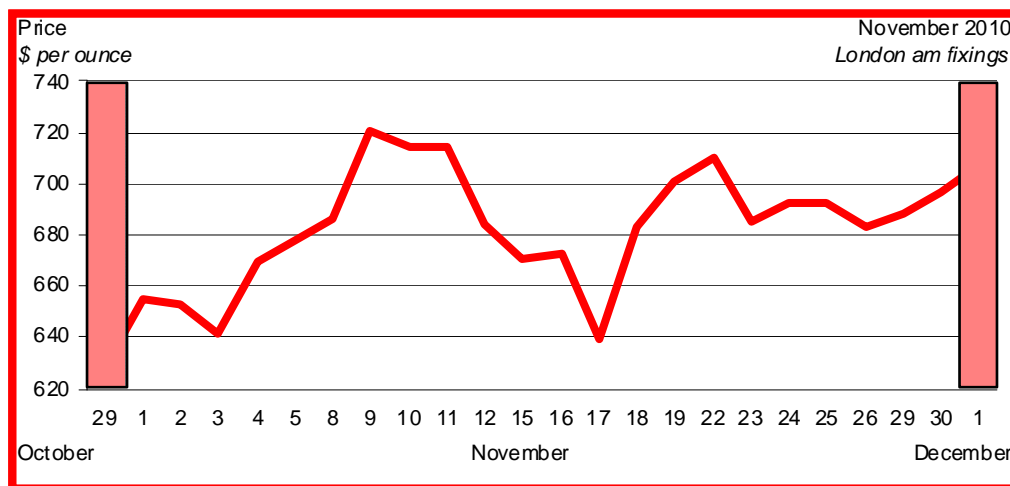
The following week began with Lonmin announcing good profits and the early completion of the refurbishment of their No 1 furnace. Platinum continued to slide alongside other industrial commodities as the dollar gained strength as a 'safe haven' amidst commodity market and Eurozone turmoil. Johnson Matthey's Interim Review forecast of a small surplus in the platinum market of 290,000 oz in 2010, a considerably tighter market than in 2009, provided little consolation as the pgm complex continued to suffer alongside other commodities and equities in the face of Chinese inflation and Eurozone woes.

Platinum am Fixing Prices – November 2010			
	High	Low	Average
\$ per oz	1,780.00	1,639.50	1,696.25
£ per oz	1,109.10	1,029.20	1,061.67
€ per oz	1,285.05	1,212.10	1,239.88

The remainder of the month saw a modest recovery in platinum's price as geopolitical concerns grew in Korea and the precious metal complex began to be seen as a safe haven. Paradoxically, European debt concerns – in particular fear of contagion to peripheral economies such as Spain and Portugal – saw a flight from risk which affected both equities and commodities. NYMEX long positions were reduced considerably during this time. ETF positions recovered well from a dip mid-month to reach all-time highs of over 1.1 million ounces led by strong growth in the US fund.

PALLADIUM

Palladium had a rocky start to the month as poor European auto sales data dragged the price down to \$641 on the 3rd. At this level, speculative interest returned, helping push the price up – reaching a month-high of \$721 on the 9th. This represented palladium's highest price since the second quarter of 2001. During the upswing in price, palladium once again outperformed its sister metal platinum in percentage terms – highlighting that investors continue to see palladium as undervalued.



Chinese inflation and Eurozone concerns contributed to the fall in palladium's price after the 9th. The general flight from risk in the commodities sector sent palladium into a steep decline around the 11-12th as news of Ireland's woes reached markets. The following week, Johnson Matthey's Interim Review forecast a market close to balance in 2010 and a possible deficit in 2011. However, the prevailing negative sentiment in the markets dragged palladium down to a month low of \$639 on the 17th.

Palladium am Fixing Prices - November 2010			
	High	Low	Average
\$ per oz	721.00	639.00	683.23
£ per oz	448.50	397.65	427.74
€ per oz	535.10	456.70	499.72

A strong rally occurred in the subsequent days, as palladium, led by gold, began to be seen as a 'safe haven' once again. Aggregate ETF volumes increased to all-time record highs of 2 million ounces, principally due to strong investment in the US fund during price dips in the early and middle parts of the

month. Palladium ended November once again testing the \$700 level, led by positive supply-demand fundamentals as strong industrial demand continued as well as heavy speculative interest.

OTHER PLATINUM GROUP METALS

The rhodium market was quiet in the early days of November, unchanged at the JM Base Price of \$2,275. The price began to rise on the back of strong industrial demand and general positive sentiment that affected the precious metal complex in the first half of the month. The price rose steeply with positive automotive and Chinese automotive data, reaching a month high of \$2,475 on the 12th. The general negative sentiment surrounding commodities following Chinese inflation and Eurozone debt concerns sent prices lower, finding some support at £2,350 on the 18th. Offers put rhodium under some further pressure in the remainder of the month, however a move downwards helped stimulate good two-way business with buying pressure in Asia balance by selling in Europe which helped keep prices stable. Ruthenium remained flat at \$175 throughout the month, while iridium was on an upward trend for most of the month, gaining \$20 in the month. Buying pressure helped push up the price in three distinct periods, with steady prices of \$755 for much of November.

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