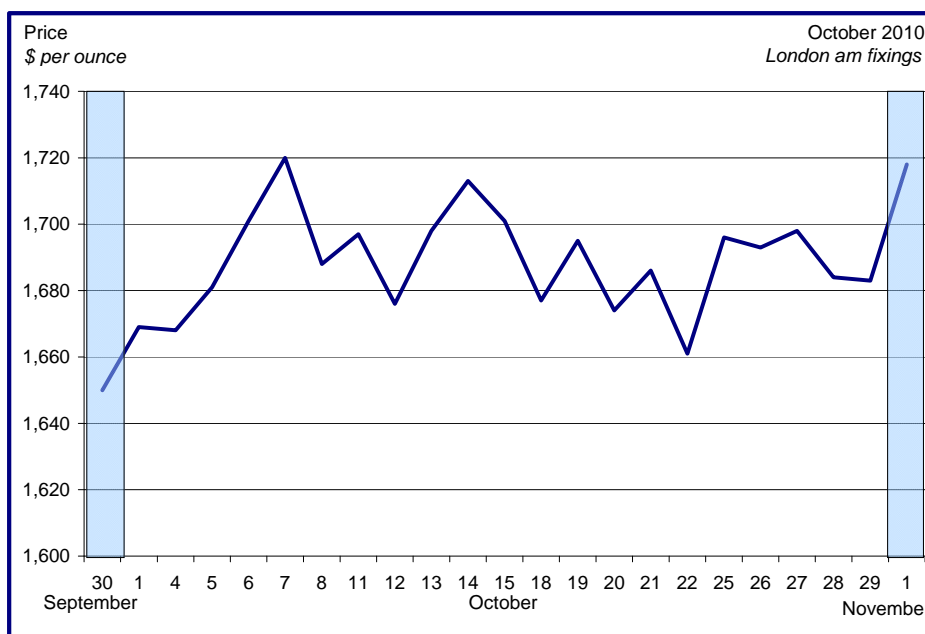


The Platinum Metals Report – October 2010

October was another remarkable month for the platinum group metal complex, with platinum trading over \$1,700 for the first time in more than four months and palladium reaching levels not seen for nine years. Both platinum and palladium continued to benefit from the record high gold price and a generally weak US dollar. The dollar came under downward pressure for much of October as speculation continued over the effects of a second round of 'quantitative easing' in the US. The minor pgms had a mixed month, with none of the price buoyancy seen in the platinum and palladium markets.

PLATINUM

Platinum began October by fixing at \$1,669, continuing the upward trend seen in late September. After a brief dip that followed some light fund selling and weak September automotive data from Europe and Japan, the price once again recovered. The \$1,700 level was breached in the 6th October, as platinum fixed at \$1,701 – the first time platinum has traded at this level since May. The price continued to climb, fixing at a month high of \$1,720 on 7th October as the dollar remained weak and gold continued to trade high. Supply concerns added to the upward pressure, with news that the ongoing strike at Northam Platinum would continue after a wage offer of 8.5% was rejected by the NUM.



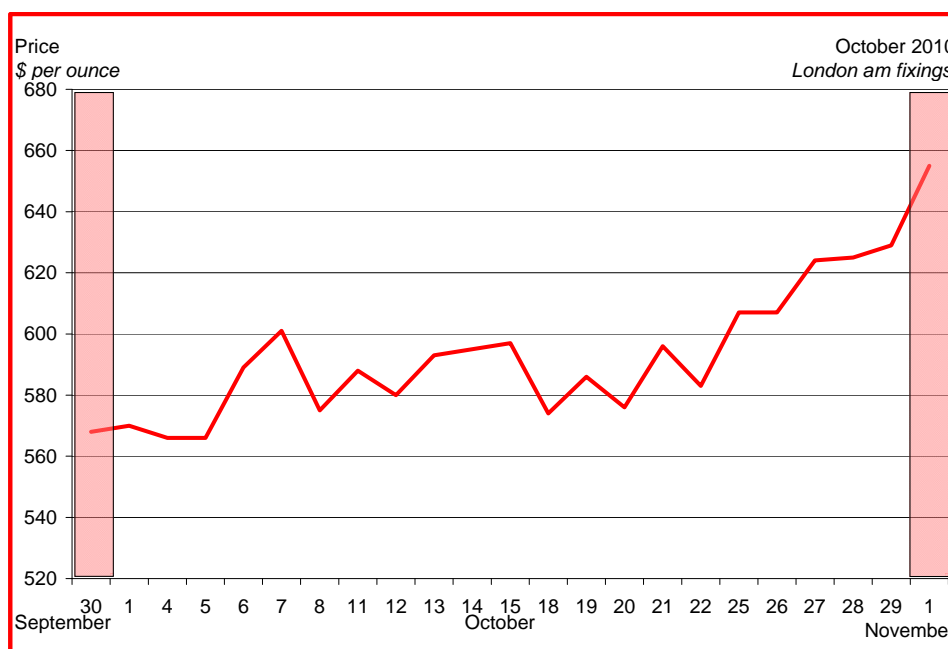
Some speculative profit taking began to occur with platinum at its highest level for some months – this was also stimulated by a brief strengthening of the US dollar and liquidations in the gold market. Comments from the heads of the World Bank and International Monetary Fund helped support the dollar despite concerns over the effectiveness of a possible further round of dollar quantitative easing. Weak US jobs numbers helped contribute to a slide in commodities, which also affected platinum. Strong signs that the Federal Open Markets Committee (FOMC) would loosen monetary policy in November led to a further retreat in the dollar, pushing platinum above \$1,700 to fix at \$1,713 on the 14th. As the month and a half long strike at Northam ended, platinum's price softened, dipping beneath \$1,680. At this level, some buying interest re-emerged.

Platinum am Fixing Prices – October 2010			
	High	Low	Average
\$ per oz	1,720.00	1,661.00	1,688.52
£ per oz	1,079.70	1,055.70	1,065.08
€ per oz	1,231.20	1,197.10	1,215.03

As the US dollar continued to slide against a basket of currencies, Anglo Platinum highlighted their concerns about a stronger rand and its negative impact on earnings. The following week, Aquarius Platinum reported they were closing their Number One shaft at the Marikana mine, citing the strengthening rand as the reason. Although this had the immediate effect of strengthening the platinum price, it further emphasised the knock-on effects of a weak dollar / strong rand. In the final week of October, platinum flirted once again with the \$1,700 level, finally fixing at £1,718 on the 1st November: up \$38 for the month of October. Continuing uncertainty, particularly over the strength of the dollar, led to strong purchasing by investment funds, pushing up NYMEX and ETF positions to near-record levels by the end of October.

PALLADIUM

Palladium had a strong October with investor interest pushing the price to a nine-year high. After opening at the month low of \$570, the price briefly hit \$601 on the 7th, the highest in nine years, before trading steadily just below that level for the next two weeks. This strong performance was driven by a weak dollar and good physical demand, particularly from the automotive sector in emerging markets. Slipping below \$600, palladium saw some consistent industrial buying with consumers looking to take advantage of the dip in price. The buying interest helped the market recover before also falling victim to the dollar's fleeting recovery.



A statement from Norilsk Nickel, the world's largest supplier of palladium, that Russian State stocks of the metal would likely 'be finished' next year appeared to lend support to palladium – once again pushing the price up towards \$600. The resurgence in the US dollar did not appear to affect palladium in the same way as it did gold and platinum – palladium metal continued to trade high as strong demand and concerns over Russian supplies caught the attention of speculative investors. Fund buying boosted prices to levels which in turn triggered further purchases. Palladium futures on NYMEX, approaching 1.8 million ounces,

and similar volumes of palladium ETF positions, were reported in October - both close to record high levels and growing.

Palladium am Fixing Prices - October 2010			
	<i>High</i>	<i>Low</i>	<i>Average</i>
<i>\$ per oz</i>	629.00	526.00	591.76
<i>£ per oz</i>	395.80	355.75	373.27
<i>€ per oz</i>	454.95	410.60	425.81

Palladium continued its upward trend towards the end of the month, exceeding \$600 again on the 25th and fixing at a month high of \$629 on the 29th – up \$59 during October.

OTHER PLATINUM GROUP METALS

The rhodium price had none of the buoyancy seen in the platinum and palladium markets. The price fell by \$50oz on the 7th to \$2,250oz with buying in the Far East preventing more significant weakness. Rhodium closed at \$2,275oz, down just \$25oz. Iridium gained \$25oz to reach \$745oz whereas ruthenium fell by \$5oz to \$175oz with little solid industrial demand.

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