

Precious Metals Investment Weekly

Date: 17 May 2010

Topic: CFTC, Tocom & ETF data in week to 11 May 2010

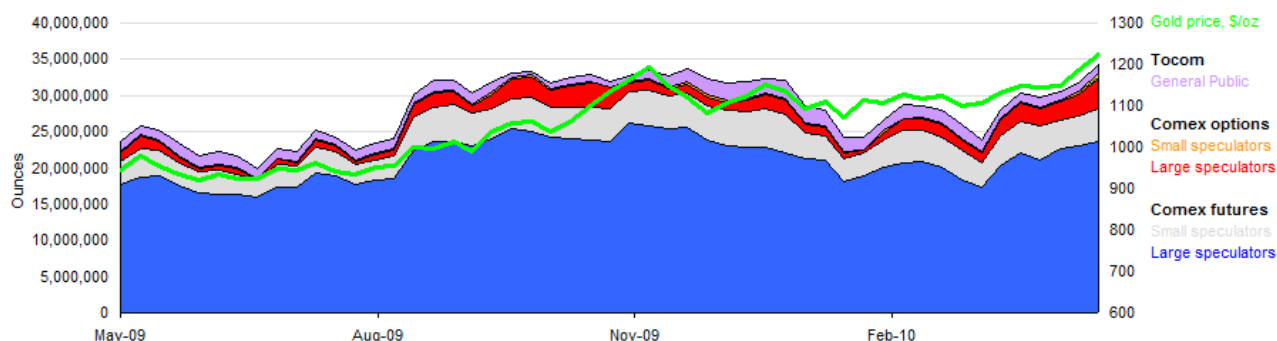
Nutshell: Risk aversion sends gold skywards, palladium gets boost

Gold investment (ounces)

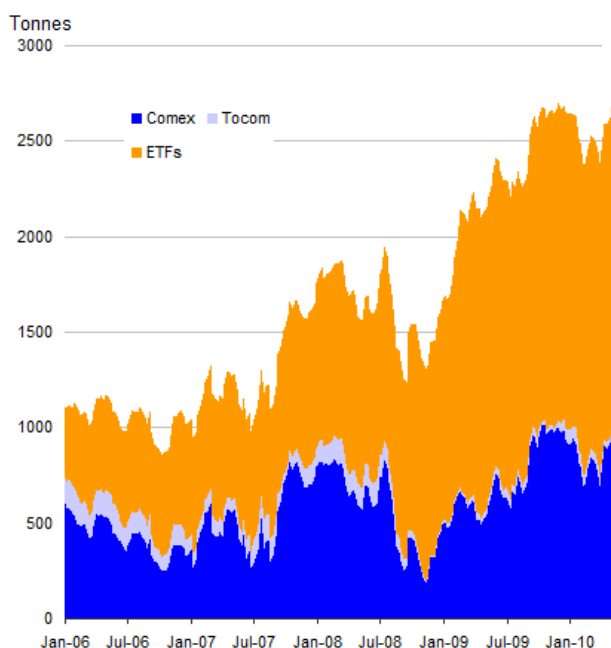
Futures	Comex net long Futures		Options		Total	Tocom General Public	Total futures	Gold price \$/oz
	Large Specs	Small Specs	Large Specs	Small Specs				
04-May-10	23,054,700	4,103,900	3,044,400	293,900	30,496,900	1,248,517	31,745,417	1185
11-May-10	23,582,500	4,681,900	4,048,400	126,000	32,438,800	1,154,537	33,593,337	1223
Change	527,800	578,000	1,004,000	-167,900	1,941,900	-93,980	1,847,920	38

ETFs	SPDR	BGI US	UK GBS	Australia	S.Africa	UK and Swiss	Total ETFs	Global total investment
04-May-10	37,263,062	2,527,442	3,694,466	476,210	1,573,250	8,706,924	54,717,564	86,462,981
11-May-10	38,328,829	2,600,086	3,779,973	476,175	1,541,830	8,981,270	56,184,338	89,777,674
Change	1,065,767	72,644	85,507	-36	-31,420	274,347	1,466,773	3,314,694

Exchange gold investment, past 12 months, oz



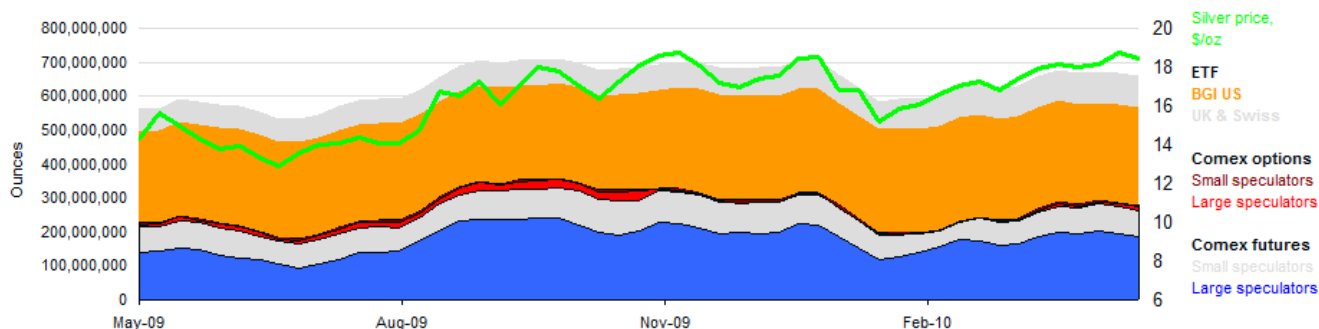
All gold investment, Jan 2006-May 2010, tonnes



- Comex net longs rose to 32.44 Moz in the week ending 11 May, thanks to an addition of 1.94 Moz, evenly spread between futures and options. The large speculators' position (non-commercial) rose by 0.53 Moz and small specs' (non-reportable) by 0.58 Moz. Options added more than 1 Moz. Overall there was a 2.7 Moz rise in new longs and 0.76 Moz rise in shorts, which brought the net position within 0.4 Moz of its all time high, set in October 2009.
- There was no such gain on Tocom, which shed almost 0.1 Moz, to 1.15 Moz. This did not improve past our cut off date, with Tocom net futures reaching 1.11 Moz by 14 May.
- ETF holdings added almost 1.47 Moz, the largest rise since March 2009. SPDR holdings grew by almost 1.1 Moz, while the other ETFs we measure added ~0.37 Moz. Including all other ETFs, total global holdings held 59.9 Moz of gold as at 11 May. By 14 May this had grown to almost 60.9 Moz.
- The gold price rose \$38/oz, to reach \$1,223/oz. It has since fixed higher at \$1,236/oz in the afternoon of 17 May.

Silver investment (ounces)

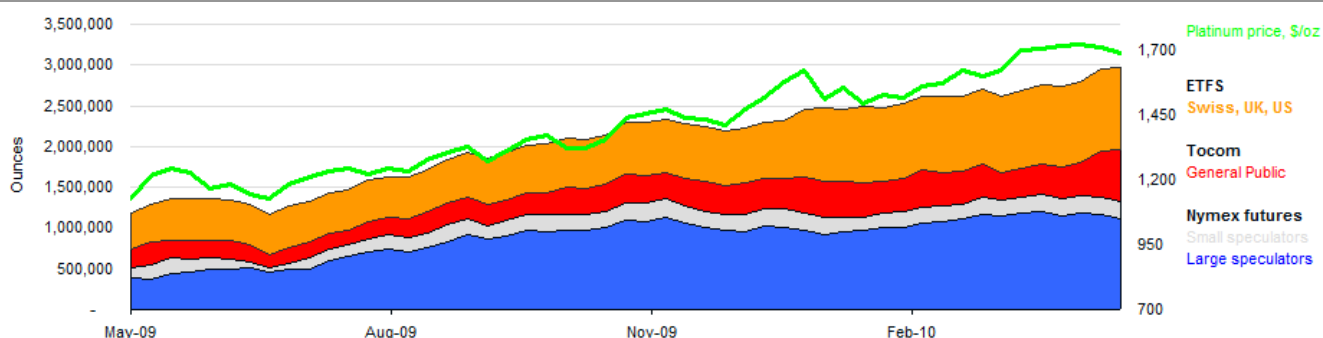
Date	Comex					US ETF UK ETF Swiss ZKB ETF	Global investment total	Price \$/oz
	Open Interest	Futures		Options	Total			
		Large Specs	Small Specs					
04-May-10	745,725,000	193,300,000	83,640,000	11,845,000	288,785,000	379,019,527	667,804,527	18.71
11-May-10	791,455,000	187,950,000	74,640,000	17,685,000	280,275,000	387,015,811	667,290,811	18.42
Change	45,730,000	-5,350,000	-9,000,000	5,840,000	-8,510,000	7,996,284	-513,716	-0.29



- Comex silver net longs fell by more than 8.5 Moz, to 280.3 Moz in the week to 11 May, the largest fall since late March 2010. Futures shed 14.35 Moz, with non-commercials falling by 5.35 Moz and non-reportables by 9 Moz. Options gained 5.84 Moz, with the non-commercial element adding 6.74 Moz and non-reportables shedding almost 0.9 Moz.
- However, gains in ETFs partly offset these declines, with the iShares ETF adding 6.5 Moz and UK ETFS product and Swiss ZKB adding almost 1.5 Moz.
- The silver price fell by \$0.29/oz in the week, to \$18.42/oz, but rebounded by 14 May to fix at \$19.64/oz partly due to another 2.45 Moz inflow into iShares and 0.5 Moz inflow into the UK ETFS product. It fixed at \$19.11/oz on 17 May.

Platinum investment (ounces)

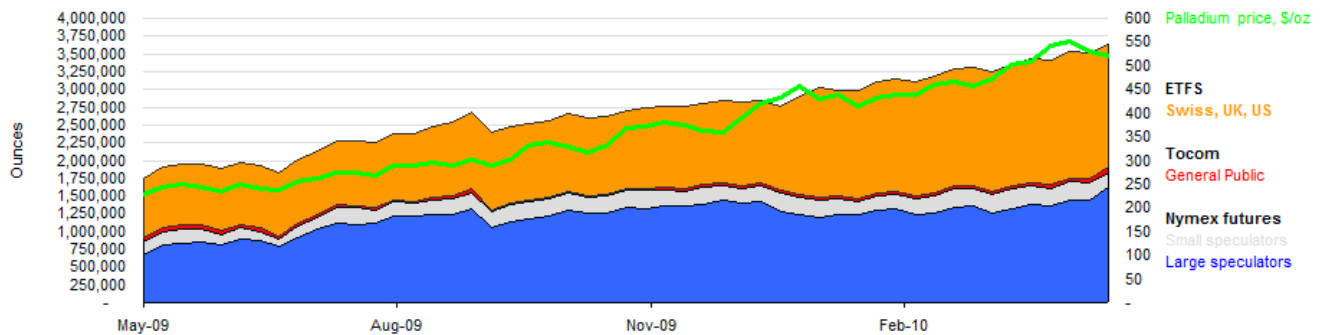
Date	Nymex				Tocom	ETFs Swiss, UK and US	Global investment total	Price \$/oz
	Open Interest	Futures		Total				
		Large Specs	Small Specs		GP net long			
04-May-10	1,816,000	1,173,450	204,100	1,377,550	569,580	1,012,314	2,959,444	1,712
11-May-10	1,783,650	1,120,850	209,400	1,330,250	629,495	1,002,839	2,962,584	1,689
Change	-32,350	-52,600	5,300	-47,300	59,915	-9,474	3,140	-23



- Nymex platinum investment fell for the second consecutive week, with a total of 25,050 oz of longs liquidated and the addition of 22,250 shorts. The non-commercials fell 52,600 oz, while non-reportables rose 5,300 oz. The total net long position is now at its lowest since mid-March 2010.
- Declining investment demand was also seen in the ETFs, with the US ETFS product falling by 15,176 oz in the week, while the UK ETFS product and Swiss ZKB all made slight gains. This was only the second time the US ETFS product has seen outflows since its inception in January this year. The last outflow came in late February 2010.
- Tocom notched up a 59,915 oz gain, taking the net futures position there to a 22-month high of 629,495 oz.
- The platinum price fell by \$23/oz, to hit \$1,689/oz. It has since steadied to fix at \$1,692/oz in the afternoon of 17 May.

Palladium investment (ounces)

Date	Nymex				Tocom	ETFs	Global investment total	Price \$/oz
	Open Interest	Futures		Total				
		Large Specs Net long	Small Specs Net long		GP net long	Swiss, UK and US		
04-May-10	2,368,200	1,440,100	244,900	1,685,000	58,868	1,765,055	3,508,923	529
11-May-10	2,496,400	1,618,500	214,100	1,832,600	82,836	1,714,032	3,629,468	521
Change	128,200	178,400	-30,800	147,600	23,968	-51,023	120,545	-8



- Nymex palladium net longs rose by a strong 147,600 oz in the week ending 11 May, an unusual achievement considering the falls in Nymex platinum and, interestingly, contradicting the fall in the palladium price. Non-commercials added 178,400 oz, while non-reportables fell 30,800 oz, which took Nymex palladium net longs to a new record of 1.83 Moz.
- Tocom futures' investment added 23,968 oz, to bring total net longs to 82,836 oz, its highest since September 2008.
- ETFs however fell by 51,023 oz, to 1.71 Moz. The US ETFS product rose 14,613 oz but the UK ETFS product fell by a hefty 60,889 oz (the Swiss ZKB fell 4,747 oz).
- The price fell by \$8/oz, to \$521/oz. It has since fallen further to fix in London at \$515/oz in the afternoon of 17 May.

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