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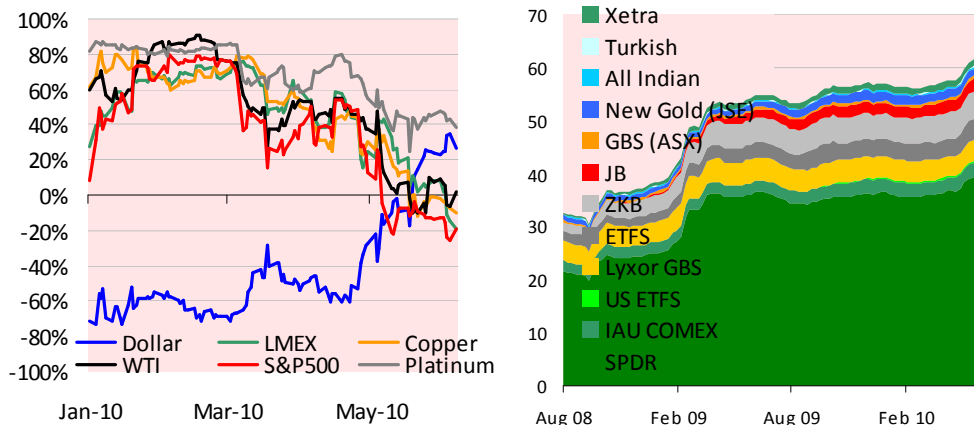
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FORTIS BANK NEDERLAND/VM Group: Metals Monthly

The gold price is currently trading at or close to record highs in leading currencies, continuing a trend that has seen it inch steadily upwards since Q1 2009. This latest rally is perhaps not surprising, given the background macroeconomic uncertainties but it's notable that it has happened despite a strengthening in the US dollar. When everything else turns sour, gold usually does well – and so it is again today.

During January 2010 to mid-March 2010, when gold traded between \$1,050/oz-\$1,150/oz, its correlation with the LME metals index (LMEX), copper, WTI crude oil, the S&P 500 and the platinum price was positive. In other words, when gold rose or fell so did these other commodities, at least in general terms. When compared with the US dollar, however, the relationship was reversed. The gold price normally falls when the dollar strengthens. But by April 2010 gold's correlation with the US dollar and the other commodities changed. As of today, there is very little correlation between the gold price and that of LMEX, WTI crude and the S&P 500, while gold's correlation with the US dollar has turned mildly positive. Indeed, gold's correlation with PGM prices has also fallen from about 80% in April to less than 40% by mid-June. This changing relationship between gold and other commodities is entirely understandable in the current uncertain macroeconomic environment. Big Fear stalks markets everywhere – the biggest perhaps being the spectre of sovereign debt defaults in the eurozone.

**Gold correlation with the US\$, S&P 500, WTI crude oil, platinum, LMEX and copper (LHS),
January 2010-June 2010. Total gold ETF holdings from Aug 2008-15 June 2010, Moz (RHS)**



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