JM&B Monthly Gold & Silver Report
July 2007

http://www.johnson-matthey.ch/

Introduction

The purpose of this report is to comment on developments in the gold and silver markets on a monthly basis. For more information about this report, please consult the Appendix. Johnson Matthey plc issues reports on platinum group metals:

http://www.platinum.matthey.com/publications/price_reports.html

Contents

1. Commentary

Gold and silver increased in price in July, but were also caught up in the volatility experienced by financial markets in general.

2. Gold

2.1 News and Fundamental Considerations

Selected News Items from the Month

New York, 5th July 2007, (RTT News) – Thursday after the closing bell, Newmont Mining Corp. (NEM) announced that it has eliminated its entire 1.85 million ounce gold hedge position, establishing it as the world's largest unhedged gold producer. The company has also planned to discontinue its merchant banking segment as a separate business unit, due to which the company expects incur a non-cash impairment charge of about $1.7 billion in the second quarter.

During June 2007, the company spent $578 million to eliminate its entire 1.85 million ounce price-capped forward sales contracts. The company said it would record a pre-tax loss of about

$531 million on the early settlement of these contracts, after a $47 million reversal of previously recognized deferred revenue.

Newmont Chief Executive Officer, Richard O'Brien, said, “With the elimination of our gold hedge book, we have renewed our commitment to maximizing gold price leverage for our shareholders. In addition, we are focused on delivering improvements in our operating performance and cost structure going forward.”

The Denver, Colorado-based company has also planned to monetize components of its royalty and equity portfolio in the coming year, which will result in the discontinuation of its merchant-banking segment as a separate business unit. Therefore, the carrying value of the merchant banking segment goodwill was impaired.

As a result, Newmont expects to incur a non-cash impairment charge of about $1.7 billion, which is to be recorded as part of discontinued operations in the second quarter.

The company is currently evaluating alternatives to maximize the realized value of the discontinued merchant banking segment, including a public offering and/or private sale transactions of the segment.

NEM closed Thursday's regular trading session at $39.58, up 5 cents. In the after-hours, the shares further gained 56 cents or 1.41%.

Mumbai, 6th July 2007, (Economic Times) – Gold is likely to retain its investment sheen overseas this year but a strong rupee is expected to keep it well under Rs 10,000 per 10 grams in the local market, bankers and analysts said on Friday.

A poll of 13 banks and brokerages showed a median price of Rs 9,210 for gold by the end of December and an average price of Rs 8,950 for 2007.

"Worldwide gold still continues to be seen as an investment and as a portfolio diversifier," said Rajan Venkatesh, managing director - India Bullion at ScotiaMocatta.

"The Chinese are looking at whether they can divest their dollar assets... there is a worrisome factor over the US economy," he said stating factors that are supporting gold.

A weaker dollar, as the US faces sluggish economic growth, means gold gains in value as investors switch to the commodity in search of better returns.

In the local market, though, gold is likely to be softened by a stronger rupee against the dollar, keeping prices in the Rs 9,000 terrain, bankers and analysts said.

"At the end of the year, gold could head towards $680-$700 an ounce, but over here, the impact won't be that much," said a senior dealer in UTI Bank Ltd.

The rupee has appreciated by nearly 9 per cent against the dollar from January, making the import-driven yellow metal cheaper for Indians.

On Friday, August gold on the Multi Commodity Exchange of India Ltd was at Rs 8,561, after touching its lowest level this year on Thursday at Rs 8,552.

A similar poll in April had seen the year-end prices for gold at Rs 9,920, while the January one had put it higher at Rs 10,350.

"People were expecting the US to lower interest rates, but that did not happen," said a senior dealer at Kotak Mahindra Bank Ltd. "The second surprise was the rupee's appreciation."

Going ahead, the rupee would be closely watched for its play on gold, analysts and bankers said, but opinions on its outlook were mixed.

"By the end of 2007, we are probably headed towards Rs 38 to a dollar," said Kishore Narne, vice president at Anand Rathi Commodities.

But some bankers said the central bank may intervene to keep the rupee steady at current levels to protect export earnings. Physical buying may surge this year as prices forecast seem attractive, poll participants said.

"We are expecting demand to be strong in the festival season that begins in the middle of August," said Scotia's Venkatesh.

Buyers are likely to see prices in the light of India's all time high of Rs 10,715 in May last year, participants said.

Hong Kong, 17th July 2007, (Market Watch) -- The first Japanese listed gold exchange-traded fund will be launched next month, according to reports. The Nikkei business daily reported Tuesday the gold ETF will debut on the Osaka Securities Exchange Aug. 10. Normura Asset Management will manage the fund, the report said. A formal announced is due later Tuesday afternoon from the Osaka exchange, the report said. The Osaka exchange will classify the ETF as a foreign investment trusts that invests in gold-linked bonds, the report said. The classification will help circumvent Japanese securities law, which restricts how commodity-based ETFs are classed and where they can be traded. The ETF will not be exchangeable for real gold, but will track the prices for the precious metal. The minimum purchasable trading lot will be 10 grams, valued at about 26,000 yen ($213.19) at current prices. The report said the ETF will offer a new way to gain exposure to gold investments and may be popular with some investors seeking to hedge against risk.

Dubai, 30th July 2007, (Reuters) -- Dubai, already the region's gold trade hub, may see the launch of the Middle East's first gold exchange traded fund (ETF) in 2008, a senior World Gold Council (WGC) official said on Monday.

"Gold trade in Dubai and the region is definitely booming and the market players need an ETF market to manage their risk and catch up with other international markets," said Moaz Barakat, managing director of the WGC in the Middle East, Turkey and Pakistan.

"There is a great interest for ETFs in the region... We may have a Dubai ETF next year."

ETFs offer investors exposure in the underlying commodity without taking physical delivery. Sponsors of gold ETFs buy a matching amount of the commodity from the market to keep in vaults.

"It will be linked to a dollar-based gold price, but it has not been decided yet if it will be listed on the Dubai Gold and Commodities Exchange or the Dubai International Finance Exchange," he said.

The Dubai ETFs will comply with Islamic law or sharia which bans the charging of interest, equating it with usury, and prohibits investment in businesses that trade in alcohol or gambling, he added.

Dubai is a long-established market for gold bullion and jewellery, wholesale and retail, fuelled by strong demand from the Arab world and India, the world's main gold market.

The Gulf commercial hub launched the region's first gold futures exchange in 2005 as the economies of Gulf Arab nations boomed on a windfall oil income.

U.S.-based StreetTRACKS gold shares (GLD.N: Quote, Profile, Research) is the world's largest gold ETF accounting for more than 80 percent of the metal held by all such funds.

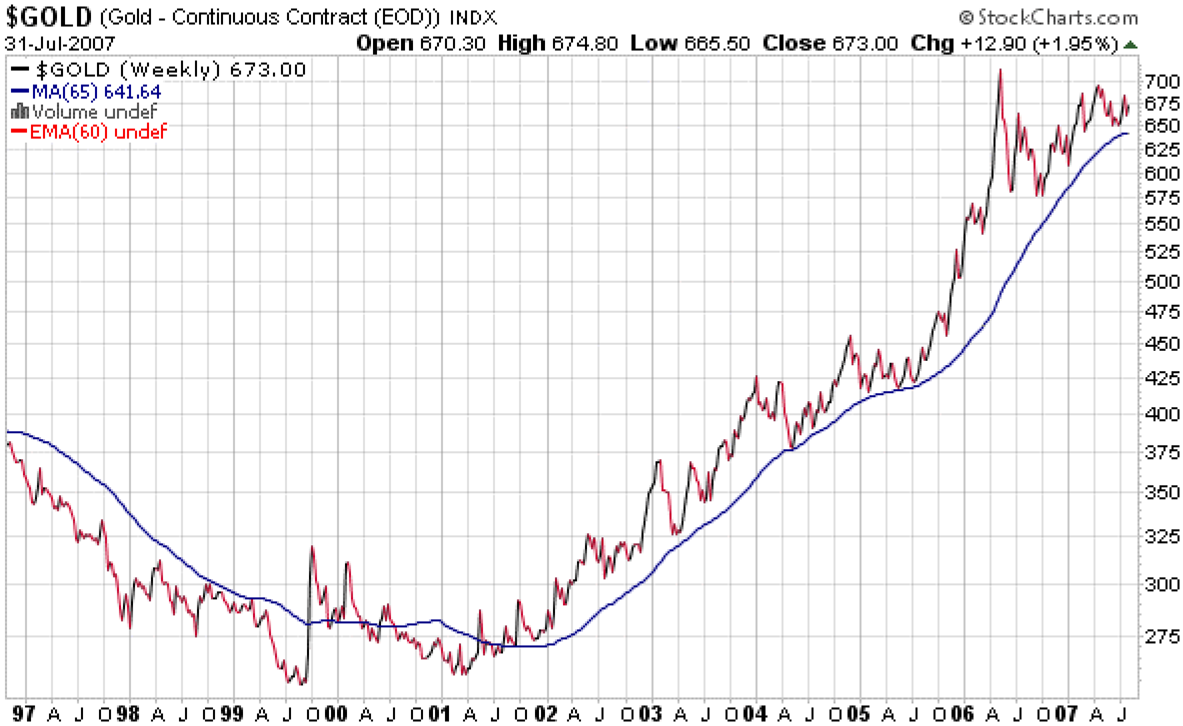
Gold has spurred investors' appetite last year as the precious metal rallied to a 26-year high of $730 per ounce in mid-May.

Total tonnage demand in the United Arab Emirates, a seven-member federation that includes Dubai and Abu Dhabi, rose by almost 24 percent in the first half of the year, while sales value was up by 27 percent during the same period, Barakat said.

2.2 Technical Comments

Long Term Technical Comments

The long-term price trend for gold remains up:



Daily/Weekly Technical Comments

London afternoon fix in USD/oz:

Open	High	Low	Close
2nd July	24th July	6th July	31st July
654.8	684.3	648.8	665.5

London afternoon fix in €/oz:

Open	High	Low	Close
2nd July	24th July	6th July	31st July
481.6	494.5	476.6	485.7

After rallying to 685 USD/oz, gold corrected, rebounded and appeared to be waiting for the next move in the USD at the beginning of August.

3. Silver

3.1 News and Fundamental Considerations

Nothing to report this month.

3.2 Technical Comments

Long Term Technical Comments

The long-term price trend for silver is still up:

Daily/Weekly Technical Comments

London fix in USD/oz:

Open	High	Low	Close
2nd July	23/24th July	6th July	31st July
12.47	13.34	12.40	12.93

London fix in €/oz:

Open	High	Low	Close
2nd July	23rd July	6th July	31st July
9.183	9.660	9.122	9.440

Silver has a very similar technical picture to gold, however with a slight negative bias. Our comment regarding the USD, remains the same for silver as for gold.

John Fineron, 6th August 2007

Appendix: More about this report

Purpose of the Report
The purpose of this report is to comment on developments in the gold and silver markets on a monthly basis. Johnson Matthey plc issues reports on the platinum group metals:

http://www.platinum.matthey.com/publications/price_reports.html

This document is supplied in PDF format. To view, you may need to download the free Adobe Acrobat Reader:

http://www.adobe.com/products/acrobat/readstep.html

This report is prepared in the English language, as are the vast majority of contributions on precious metal markets.

Structure of Report
The report comprises two sections:

Fundamental Considerations
This section addresses aspects of supply and demand in gold and silver, which typically affect the market over periods of several years. Over the long term, the price of a commodity will rise or fall until natural supply and demand reach equilibrium. Completion of this process, can take many years and is significantly influenced by hoarding and dis-hoarding. For example, dis-hoarding of stockpiles to compensate for supply shortages can proceed over decades and thereby delay movement to a true equilibrium price.

Technical Comments
This section describes aspects of technical analysis in gold and silver, which can be used to assist in buy and sell decisions over periods of weeks to months. Traders often use technical analysis to trade or profit from price movements up or down. Because large traders, e.g. hedge funds, often use the same signals, price-movements are often amplified and technical signals become self-fulfilling prophecies due to the herd-mentality.

Learn more about technical analysis:

http://stockcharts.com/education

and the terms used:

http://stockcharts.com/education/GlossaryA.html

Learn more about candle charts:

http://www.litwick.com/about.html

All charts used are courtesy of Stockcharts.com unless otherwise stated.

Find out more about the Elliot wave principle:

http://www.prognosis.nl/principle/index.html

Please note that our technical comments will be purely technical in nature and will not attempt to rationalise or second-guess the reasons for price movements.

Advice on buying and selling precious metals

It is not the policy of Johnson Matthey & Brandenberger AG, to advise customers on specific buy or sell points. We are however prepared to assist customers in formulating views on precious metal markets and preparing strategies suited to their individual buying and selling needs.

Special Legal Notice/Disclaimer concerning this report

This report represents the views of Johnson Matthey & Brandenberger AG, which may be materially different from those of Johnson Matthey plc and other group companies.