

JM&B Monthly Gold & Silver Report

March 2008

<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

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1. Commentary

After making new price highs for the current bull-market, gold and silver started price corrections in the latter part of March.

2. Gold

2.1 News and Fundamental Considerations

Selected News Items from the Month

New Delhi, 18th March 2008, (Reuters) – India imported just 10 tonnes of gold in February, down from 59 tonnes a year ago due to soaring international prices, and could ship in even less this month, a top industry official said on Tuesday. With international silver prices above those for local scrap silver, Indian trading firms were also exporting silver for the first time, Suresh Hundia, president of the Bombay Bullion Association, said.

"There is barely any demand. We think the demand will be even less in March because of the record prices," he said. International spot gold prices fell just below \$1,000 an ounce on

Tuesday, near a record peak over \$1,030 hit the previous day and having risen more than 20 percent this year.

India, the world's largest gold consumer, annually imports about 700 to 800 tonnes. Local gold prices were at about 13,500 rupees (\$332.3) per 10 grams, which traders said was slightly above international prices.

Silver Exports

About 400 tonnes of unsold silver ordered by Indian firms and lying with banks for the past five to six months due to low prices for local silver scrap were likely to be re-exported, Hundia said.

"Local silver prices are being quoted at a discount of 2,000 rupees to 3,000 rupees per kilo over international prices," said Krsihna Kumar Nathani, managing director of Indiabullion.com, a bullion consultancy. "That is why banks are unable to offload the silver," he added.

Hundia said silver scrap was pouring into the big cities from small towns and rural hinterlands for sale given attractive prices. "Scrap silver utensils are being refined and being exported after converting them into bars. About two tonnes of silver is being exported almost daily in the past one to two months," he said.

Local silver prices are currently about 24,000 to 25,000 rupees per kg. Many rural households prefer to invest their savings in silver as it is more affordable than gold. Silver utensils and chunky bracelets, are commonly bought by rural women.

India's total annual silver consumption is estimated at about 3,000 tonnes, of which jewellery accounts for about 20 to 30 percent. Industry uses most of the rest.

Singapore, 25th March 2008, (Bloomberg) -- Gold rose in Asia after the biggest weekly decline in prices in 25 years enticed buying from jewellers and as the dollar fell on concern that U.S. consumer confidence dropped to a five-year low.

Bullion often moves in the opposite direction to the dollar, which declined the most against the euro in two weeks today. Gold lost 8.3 percent last week as the dollar gained and amid concern that a U.S.-led slowdown in the global economy will reduce consumption of raw materials. Gold traded as low as \$905.53 an ounce on March 20.

"Physical demand from jewellers has recovered a little bit at this price level," Dick Poon, manager of precious metals trading desk at Heraeus Ltd., said by phone from Hong Kong today. "The market is trading in very thin volume and we might see prices at this level consolidating for a while."

Gold traded as high as \$925.95 an ounce today, 10 percent down from the record \$1,032.70 reached March 17. Bullion for immediate delivery gained \$9.64, or 1.1 percent, to \$924.95 an ounce as of 1:13 p.m. in Singapore. Silver for immediate delivery gained 2 percent to \$17.385 an ounce.

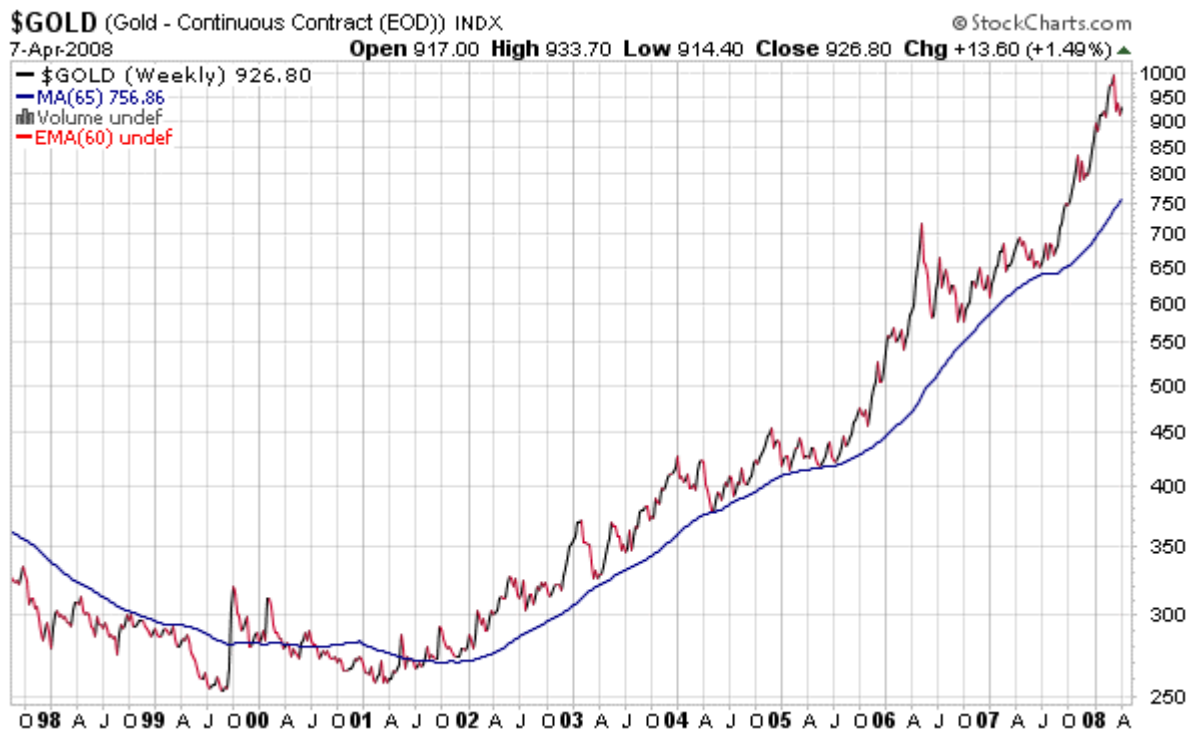
Concern that equities may decline amid weaker economic growth remained, said Poon. "People are worrying about other markets and if gold can stabilize around this level, then we might see it move higher later."

The Conference Board's confidence index declined to 73.5 in March from 75 in February, according to the median estimate of 61 economists surveyed before today's report. The figure would be the lowest since March 2003.

2.2 Technical Comments

Long Term Technical Comments

Yet another all time price high in USD/oz for gold in March 2008 was quickly followed by the onset of a correction.



Daily/Weekly Technical Comments

London afternoon fix in USD/oz:

Open	High	Low	Close
3 rd March	17 th March	20 th March	31 st March
988.5	1011.3	925.8	933.5

London afternoon fix in €/oz:

Open	High	Low	Close
3 rd March	3 rd March	31 st March	31 st March
647.9	647.9	589.6	589.6



The short-term downtrend in gold is starting to neutralise.

3. Silver

3.1 News and Fundamental Considerations

3.2 Technical Comments

Long Term Technical Comments

A correction also started in silver:



Daily/Weekly Technical Comments

London fix in USD/oz:

Open	High	Low	Close
3 rd March	17 th March	20 th March	31 st March
20.16	20.92	17.53	17.99

London fix in €/oz:

Open	High	Low	Close
3 rd March	6 th March	25 th March	31 st March
13.27	13.57	11.27	11.38



The long-anticipated silver price correction, as with gold, will probably take one of two forms:

- Either a deeper correction to the 200 DMA of 65 WMA will take place,
- or, the correction will take the form of sideways price movement over several months and the longer term price averages will catch up with current prices. The latter is our favoured scenario.

John Fineron, 8th April 2008

Appendix: More about this report

Purpose of the Report

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

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<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.

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