Forecast 2012

FORECAST 2012: AN OVERVIEW

Forecast contributors expect all four metals to increase in price during 2012 by at least 10%. However, continued uncertainties in the global economy mean that they are also expecting significant volatility in prices for all metals.

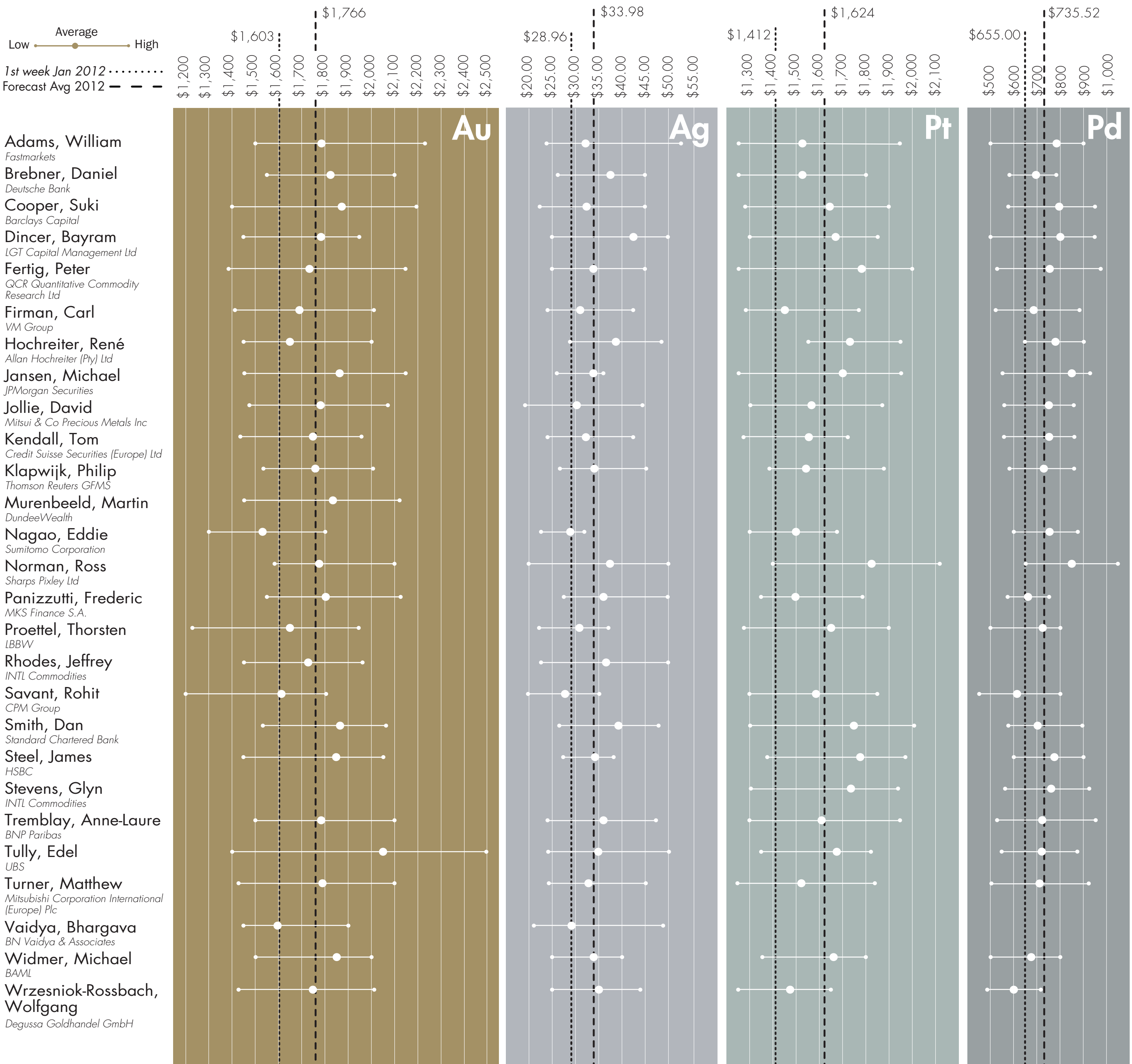
Forecasters expect gold to hit record highs again this year, with a predicted average high of $2,055 in 2012. Analysts cite continued negative real interest rates in the eurozone, weakness in the US dollar, debt problems in the US and Japan and further central bank purchases of gold as factors which could push the price above $2,000. On the downside, an improvement in the US economy and uncertainty in the Middle East and the eurozone, are cited as potential negative influences on the gold price. But overall analysts are bullish, predicting an average price of $1,766, a 10.2% increase from that recorded in the first week of 2012.

Of the four metals, analysts are most bullish about the prospects for silver, with the average price in 2012 forecast to reach $34, 17.3% above the average price in the first week of 2012. But analysts warn that the price may also come under pressure from over supply and sluggish demand.

Analysts are also bullish about the prospects of platinum, forecasting an average price of $1,624; 15% above the average price in the first week of 2012. Some analysts expect the price to come under pressure in the first half of 2012 on the back of continued sluggish diesel car sales in Europe and Asia, but see increased demand from China, an improvement in the US and euro economies as positive factors which could push up prices. For palladium, analysts forecast an average price of $735, 12.3% higher than in the first week of the year.

To find out more about what will happen to prices for precious metals this year, and what the factors likely to affect their price, read the views of the experts.

Metal	1st Week January 2012	Average 2012 Forecast	2011 Year Average
Gold	$1,603	$1,766	$1,572
Silver	$28.96	$33.98	$35.11
Platinum	$1,412	$1,624	$1,720
Palladium	$655.00	$735.52	$733.63



WILLIAM ADAMS

Fastmarkets, Salisbury.

Au Range: $1,500 – $2,230
Average: $1,785

We need to be careful for what we wish for if we are bullish for gold in 2012 – prices could climb on a significant deterioration in the debt crisis in Europe and widespread contagion. The danger is that the monetary system in Europe ultimately fails to cope with the stresses of government institutions throwing good money after bad. Will the markets and investors punish the financial system if they see governments attempting to print their way out of trouble? Creating endless amounts of paper money to settle maturing debt could end up debasing the euro and, with the US and Japan also sitting on massive amounts of debt and facing large deficits, it would come as little surprise if investors opted to own more gold to hedge against the devaluation on fiat money. This monetarisation of gold could lead to a spike higher in gold prices. But, as we have seen in the second half of 2011, the need to raise cash reserves may well mean higher prices are difficult to sustain.

Ag Range: $24.00 – $53.00
Average: $32.15

Silver is likely to take its lead from gold – if gold is monetarised further, the same is likely for silver too. But the outlook is precarious because the fundamentals are such that the market is in a supply surplus – fabrication demand does not absorb all the new mined metal each year. For the surplus not to weigh on prices, investors must be able and willing to buy the surplus metal produced. Judging by the amount of metal held by ETF investors, appetite for acquiring more silver has slowed – CFTC data shows the funds have reduced their exposure considerably. So on the one hand, investor interest is considerably weaker than it has been, but on the other, there is room for a great deal of fund/investor buying if investor interest sparks up again – as we think it will.

Pt Range: $1,250 – $1,950
Average: $1,525

Platinum is likely to come under further downside pressure in the first part of 2012 because the outlook for vehicle sales have slowed in Europe and in Asia. The slowdown in Europe hits platinum more so than palladium because there is a higher percentage of diesel passenger cars in the region, whereas passenger cars in the US and Asia tend to be petrol-driven. With debt contagion moving from Europe to Asia, we expect vehicles sales to be hard hit again; and we do not think governments will reintroduce ‘cash-for-clunker’ programmes this time to the same extent they did in 2008/09. Economic hardship will also hit industrial demand, and to some extent, the luxury jewellery market too, we feel, but investor interest is likely to become increasingly price-elastic, which should provide good underlying support until industrial and automotive demand recovers.

Pd Range: $500 – $900
Average: $780

Palladium prices have the potential to surprise on the upside if Russian sales from stockpiles start to dry up. The market is in a mine supply/demand deficit and has been supplied by sales from Russian stockpiles. What will be crucial, therefore, is the level of Russian exports. The upside potential for prices will be countered, however, by slower demand growth from the automotive sector and industry in general. In addition, with platinum prices having fallen sharply and the spread between platinum and palladium having shrunk, palladium jewellery is likely to give back some market share to platinum. All eyes are on Russian sales from stockpiles.

DANIEL BREBNER

Deutsche Bank, London.

Au Range: $1,545 – $2,100
Average: $1,825

Ag Range: $26.00 – $45.00
Average: $37.00

Pt Range: $1,250 – $1,800
Average: $1,525

Pd Range: $580 – $780
Average: $698

We believe the correction in gold prices last year reflected a broader deleveraging trend in global ‘safe-haven’ trades as distinct from macro fundamentals.

Over the next few months, we expect a stronger US dollar could continue to hinder advances for precious metals. However, we view underlying fundamentals for the US dollar as weak longer term and thus remain bullish on the complex.

We expect that the persistence of negative real interest rates will sustain the appeal of holding gold. We also forecast central bank gold buying to continue and that tail event risk, as it relates to the European sovereign debt crisis and the ECB’s balance sheet, will support a recovery in gold prices such that previous highs may be exceeded.

Downside risks to the global growth outlook, at least over the next few months, should mean that PGM prices will underperform. Indeed, we expect platinum to trade at a discount to gold throughout the year. We view palladium as the better pick given its bias to the US and China automotive markets.

SUKI COOPER

Barclays Capital, New York

Au Range: $1,400 – $2,200
Average: $1,875

After being propelled to new highs, gold has had to battle softer physical demand, the relative strength of the dollar, technical selling and muted risk appetite. While the need for liquidity, dollar strength and risk reduction present near-term hurdles, our three pivotal watch factors remain intact. First, central bank buying continues and with new interest emerging; second, uncertainty continues to surround the financial markets and sovereign debt; and finally, growth in investment demand is occurring despite price corrections. Longer term, gold still possesses structural pillars of support in an environment of negative real interest rates and rising inflationary pressures, as well as continued central bank buying, and we expect it to hit new highs, breaching the $2,000/oz mark. For the gold rally to be derailed, physical demand would need to stop responding to price dips, and ‘sticky’ ETP holdings would tumble as alternative assets become more attractive and significant producer hedging becomes likely.

Ag Range: $22.00 – $45.00
Average: $32.50

Silver displayed its breadth of volatility in 2011, tumbling from the strongest-performing precious metal in the first half of 2011 to close the year as the weakest. Silver also reaffirmed its dependence upon investment demand to plug its fundamental gap. Given that silver mine supply continues to grow unhindered to surpass previous records, the market remains reliant upon its two-pronged drivers. Growing investor demand, coupled with healthy industrial consumption, catapulted silver prices to a 31-year high, but industrial demand now looks vulnerable while investor appetite has recoiled. ETP holdings fell by almost 1,000 tonnes in 2011, while speculative positions are at their lowest since April 2003. In turn, investor positioning in silver is much cleaner, allowing physical demand to set the floor for prices. Silver is likely to remain the most volatile precious metal and take its cue from gold prices hitting new highs to outperform its sister metal.

Pt Range: $1,290 – $1,900
Average: $1,650

Platinum price dips below $1,700/oz last year were cushioned by both the demand and supply side factors. Strong physical demand from China, combined with rising cost pressures in South Africa, set a stable floor for prices. However, the downside support for the metal has become more fragile as the rand has weakened, lowering the cost floor, while demand in China has become less responsive to price dips. Thus, the macro environment is poised to support gold's premium over platinum for the bulk of this year. With only modest growth in consumption expected in terms of industrial and investment demand and continued growth in auto-catalyst recycling, we forecast the market will remain in surplus in 2012, albeit only modestly. But given that platinum prices are too low to encourage future supply, mine supply growth remains vulnerable given the rising number of safety stoppages in South Africa.

Pd Range: $575 – $950
Average: $795

While ETP appetite had previously emerged as palladium's saviour, it proved it was not only a source of demand but also a substantial source of supply, flipping from net demand of over 1moz in 2010 to net supply of over 500koz last year. Disinvestment has overshadowed palladium's usual wildcard, but potentially depleted stocks, alongside investor appetite stabilising, are set to send the market back into deficit in 2012. Thus, while palladium does not possess the same cost support as platinum and could be exposed further on the downside, given the macro uncertainty, the upside potential for palladium is also greater than for platinum, given the potential exhaustion of state stock releases. Meanwhile the non-investment demand picture appears relatively robust, given growth in auto production in China and the US, the implementation of tighter emissions legislation and the substitution of platinum in diesel vehicles.

BAYRAM DINCER

LGT Capital Management, Pfäffikon

Au Range: $1,450 – $1,950
Average: $1,770

LGT's baseline scenario sees the gold investment philosophy as still being intact, and we believe it is premature to talk of the multi-year bullish cycle ending in 2012. Gold's role in the asset allocation context, offering diversification in portfolios versus more volatile traditional asset classes, will become more important. So, too, will its benefits as a substitute for major currencies.

Our expectations are based on the continuation of favourable and structurally unchanged top-down factors in our macro models, such as anaemic global economic aggregates combined with low or negative real interest rates. The beneficial bottom-up fundamental factors of the global market balance model will also lend support to the price, due mainly to official sector, institutional and private investment demand compensating for consumption stagnation. Furthermore, our aggregated risk indicator – derived from sovereign credit risks, geopolitical events and systematic uncertainties such as the break-up of the euro – stands at an elevated level by historical comparison. This implies a scenario with a high likelihood of safe-haven gold demand going forward if such events materialise.

Ag Range: $25.00 – $50.00
Average: $42.00

Last year saw a new chapter in the history of silver, and it has the potential to continue. In LGT's 2012 baseline scenario, it is still not game over for the bullish silver power play. We expect silver's performance to outshine that of gold. Positive spill-over effects from real alternative asset investments, especially gold, are also expected to contribute to silver's outperformance this year. After the expected changes for silver on the aggregate supply side, a stronger increase compared with the aggregate demand categories will result in a surplus increase for 2012. This mainly supply-induced surplus in the physical silver market balance will be absorbed by higher investment demand (including implied). Besides fundamental factors, we are also taking into account higher beta-factor returns compared with gold returns.

Pt Range: $1,300 – $1,850
Average: $1,675

As regards platinum, last year's supply-driven surplus will materialise again in 2012, albeit to a lesser extent due to supply adjustments. The reduction in mine production output is a logical response to the lower price environment and demand outlook.

On the demand side, we expect to see a stagnation in global gross auto-catalyst demand as we anticipate a reduction in demand from the European automotive diesel market. We expect a positive price contribution from jewellery demand given its high discount versus its competitor, gold, and industrial demand is also expected to support the price. Against the backdrop of the longer-term fundamental picture and the cost curves of major mine production companies, we expect more strategically motivated real asset investments in platinum (also relative to gold investments).

Pd Range: $500 – $950
Average: $800

For palladium, the market balance is expected to be in equilibrium again without the supply from Russian state stockpiles, i.e. the supply wild card of additional and remaining Gokhran palladium state stocks, which are nearly fully depleted. We do not expect a repeat of last year's disinvestment, and regard the investment demand outlook as a positive price determinant for 2012. The higher exposure to the emerging markets automotive sector will also support the price.

PETER FERTIG

QCR Quantitative Commodity Research Ltd, Hainburg

Au Range: $1,390 – $2,150
Average: $1,730

The plunge of gold imports to India in Q4 by over 50% indicates that jewellery demand is probably not the major factor again for the price trend of gold in 2012. The debt crisis in the eurozone is very likely the most important driver for gold once more. However, only in the worst case scenario of a collapse of the euro and/or a shock to the financial system, comparable to the bankruptcy of Lehman Brothers, gold would be in strong demand as a safe-haven. Also in the best case scenario, which we regard as most likely, gold is likely to profit. Nevertheless, the first quarter might see some volatility and gold might decline to the low of the year. After ratifying a new treaty for a fiscal compact and support by the ECB to provide ample liquidity to the banking system, the situation might improve. In this case, the major factors for the fair value of gold in our quantitative models should improve and the US dollar is expected to weaken again. Thus, we expect gold to surpass the $2,000/oz mark in the final quarter of 2012.

Ag Range: $25.00 – $45.00
Average: $33.90

Silver's drop by around 50% from the high of last year was driven by increased risk aversion of investors, especially as the debt crisis in the eurozone worsened. Investors' fear of a global recession has hit silver especially hard among the precious metals. Therefore, the global economic development will be the key factor for silver. Thus, a solution of the debt crisis in the eurozone would also be positive for silver. In addition, the Chinese central bank has already taken first measures to stop the slowing pace of economic activity as headline inflation fell. Further monetary easing is expected, which should help support the global economy. In the US, the fears of a double dip recession were overdone. The economy is still expanding albeit not strongly enough to reduce unemployment quickly. Thus, the Fed will maintain its expansionary monetary policy, which should be negative for the US dollar but positive for silver.

Pt Range: $1,250 – $2,000
Average: $1,790

While austerity measures in many European economies had only a small negative impact on the automotive industry last year, the situation is different in 2012. As the US economy is likely to expand further at a modest pace and the employment situation improves gradually, car sales are likely to increase. The monetary easing in China should be another positive factor. The price of platinum shows a closer correlation with share prices of automobile companies. The fears of a global recession weight on those share prices. However, as we expect the debt crisis in the eurozone to improve during the course of 2012, we also expect a positive impulse for platinum from a recovery of stock markets. Thus, on balance, platinum should post a modest gain in 2012.

Pd Range: $525 – $975
Average: $760

Increasing car sales in Asia and America should more than offset the decrease in the eurozone. Thus, we expect that the demand for palladium for the production of catalytic converters will increase. But palladium should also receive support from the supply side. The decline of Russian inventories is likely to have a negative impact on Russian palladium sales. Thus, palladium is expected to be in a supply deficit in 2012, which on the one hand should limit the downside risk and on the other hand increases the upside potential. Therefore, palladium is expected to perform better than platinum this year.

CARL FIRMAN

VM Group, London

Au Range: $1,410 – $2,012
Average: $1,689

Many of gold's key supports remain in place. Low to negative real interest rates, inflationary pressures and further central bank buying will continue to underpin the price. Meanwhile, Chinese demand will remain strong and fund portfolio diversification and further physical gold hoarding by high net individuals will light a fire for the price to challenge new nominal record highs later in the year.

The main uncertainty for price trajectory is the eurozone and whether its political masters will be successful in stalling or avoiding a complete meltdown, or variation thereof. It is our view that eurozone leaders will continue to come up with half measures and kick the issues further into the long grass. This may prevent a complete meltdown but will lead to much volatility to the benefit the US dollar, at least in the short-term. But dollar strength will eventually wither as weakness spreads from the eurozone into the US economy. The usual pre-election government gridlock in the US will also not do the currency any favours.

Another uncertainty is the political situation in the Middle East. Should relations between the West and Iran deteriorate further oil prices could soar, hurting the global economy, and particularly weak advanced economies. Governments of these ailing economies may be tempted to respond with fresh stimulus measures – to the benefit of the gold price.

The flip side to the equation, and one that appears increasingly unlikely, is a softer than expected landing for the eurozone, a continued modest improvement in the US economy and a successful transition from monetary tightening in China to easing in order to reinvigorate the economy. In this scenario, risk-on assets would outperform gold.

Ag Range: $24.10 – $42.50
Average: $31.40

We forecast a weak start to the silver price in early 2012. The stronger US dollar and weaker prospects for global industrial activity will see the fall in price outpace that of gold. However, the rot will stop as silver's semi status as a store of wealth is revisited as the gold price resumes its rally in earnest post Q1 2012. We can see little support for silver in 2012 from industrial demand so investor appetite will be integral to silver price prospects this year. Fortunately net speculative length starts the year at multi-year lows, while ETF holdings remain 42moz off the record high. This leaves scope for prices to move higher as investment buying picks up from unusually low levels.

Pt Range: $1,280 – $1,770
Average: $1,458

There is room for the platinum price to fall further in the opening stages of 2012 as luxury purchases and car sales contract in the eurozone and emerging markets show slower growth rates. An improvement in US car sales may come to the metal's saviour, but much depends on the drag of the eurozone debt crisis on global growth. The key support as always will be platinum's supply profile, where South Africa produces 60% of global output. Barring supply issues and better than expected resilience in global car sales, the prospects for the platinum price will rely heavily on investor demand as the market will otherwise be in wide surplus by year end.

Pd Range: $520 – $885
Average: $682

The palladium price relies much on car sales in Europe as well as sales in China and other emerging markets. Austerity measures in Europe will curb sales growth there but sales growth in China and other emerging markets should remain strong. On a fundamental basis the palladium market was fairly balanced in 2011, with Russian stock sales continuing to move the market into surplus. Russia delivered an estimated 0.65moz in 2011, from 1moz in 2010. This rate is likely to drop off further in 2012, which may partly offset the anticipated decline in auto-catalyst demand in the advanced economies. For the palladium price to break new ground however growth in investment demand is critical. That said, we expect that continued growth in emerging market car sales will be the catalyst for palladium to outperform platinum in 2012.

RENÉ HOCHREITER

Allan Hochreiter (Pty) Ltd, Johannesburg

Au Range: $1,450 – $2,000
Average: $1,650

Continued shaky world economies and the lack of willpower from the US Congress and the Fed to address US debt issues is likely to keep gold at a 2012 average price which is higher than in 2011, with a possible break through the $2,000 level.

Ag Range: $28.00 – $48.00
Average: $38.00

Silver's recent softness could be reversed in 2012 as most Fund attention in 2011 has been on gold.

Pt Range: $1,550 – $1,950
Average: $1,725

Slow vehicle sales and ETF liquidations in 2011 will likely be reversed more rapidly than anticipated in 2012 as strong vehicle sales in China and Southeast Asia combined with increasingly stringent China 4 emission standards as well as looming Euro 6 standards in 2014 and US Tier 3 in 2022 are likely to see increase demand from car companies. Car companies typically have a model roll-out plan of between 5 and 10 years, which will see Pt metal purchases beginning in 2012 to meet the new emission standards. Jewellery demand, especially from China should pick up at the recent 'low' prices. As world economies begin to recover, possibly in 2012, so Pt prices will likely rise, though maybe not overtaking Au prices in 2012.

Pd Range: $650 – $900
Average: $775

Improving vehicle sales from gasoline intensive vehicle economies like North America and China will likely see increasing Pd prices. Electronics demand from China and India may further support prices. Debates as to whether the mythological 'Russian Stockpile' has been depleted will no doubt continue, but 2012 could see a drop of Russian sales, which, when the market gets wind of the 'Final Countdown to Depletion' may see Pd prices spike through $1,000.

MICHAEL JANSEN

JPMorgan Securities, London

Au Range: $1,450 – $2,150
Average: $1,869

Thematics remain bullish for gold; ongoing central bank net purchases, further monetary stimulus (with the ECB's move to 3yr repos a strong driver of central bank liquidity), while event risk remains chronic with US fiscal policy and debt levels still unchecked and a break-up of the eurozone a possibility. Gold's recent underperformance reflects global delivering and a shortage of US dollars. This year's range of $600 is likely to be seen again in 2012 at a minimum. We still think that gold is a good bet to average between $1,785 and $1,885 through 2012.

Clearly this is some distance above current spot prices but with the ETF community still strong buyers any signal of an oversupply in Loco London basis the lease rate needs to be treated with caution. Indeed, it is also worth noting that the lease rate has become sharply less negative in the past few days as GOFO rates traded in from 75pips to around 55pips.

Ag Range: $26.00 – $36.00
Average: $34.00

Silver's vicious volatility continues and while flat price appreciation has topped out it is likely to be gradually pulled higher by gold, especially from the Q2 period onwards when the manufacturing sector exits its stock-reduction led funk and global liquidity support begins to offset a modest global economic deceleration. We do believe that this cycle's high in silver has been seen and a fairer value in the range of $32.50 to $35.00 will dominate. We thus see the gold/silver ratio supporting gold in 2012. Unlike gold we don't expect the range of 2011 (of well over 20 cents) to be repeated. We think the range will be considerably smaller, between 10–12 cents, still massive however and a sign that 'investing' in silver is not for the faint of heart.

Pt Range: $1,250 – $1,950
Average: $1,700

Platinum is currently hostage to a modest slowdown in global automotive production, especially of diesel-based engines in Europe, a weaker ZAR (offsetting escalating local currency production costs) and weak sentiment towards the broader manufacturing sector. As a result calendar 2011 was a 'surplus' market amidst delivering from the financial and wholesale investor community. We think the path of near-term price movement is lower as the global economy decelerates further into Q1 but as the economy emerges solidly into Q2 in a period of still bullish bullion-based fundamentals we expect platinum to push solidly higher. Perhaps tickling the price relatively stronger is the probability that as global demand for platinum improves the supply side will be hampered by a strengthening ZAR as well as intense production volatility and accordant cash cost escalation. We see the platinum discount to gold narrowing over Q2 to Q4 but still remaining in a discount.

Pd Range: $545 – $925
Average: $850

Palladium is everyone's most favoured white metal exposure. We broadly agree but note that in this period of wider delivering palladium has been less impacted than platinum and still continues to trade at a historically very elevated price. Certainly when we think back to where price where late 2008/early 2009 at under $200, it seems that palladium has been barely scratched by the European recession, bullion delivering and global economic slowdown. This speaks to its positive fundamentals, in which transfers from Russian state stocks will still be necessary in the next few years to achieve balance, let alone a surplus. Unfortunately for the ardent bulls, Russian state stocks are likely not as depleted as the headline writers would hope while stocks in the broader clearing/bullion system are still closer to 10moz or more. As such a bullish market in terms of flow still needs to contend with a slightly less bullish in-market stock story. We remain positive but palladium's move to four digits is still a medium to longer-term story.

DAVID JOLLIE

Mitsui & Co Precious Metals Inc, London

Au Range: $1,480 – $2,075
Average: $1,770

Many of the underlying driving forces for higher gold prices during 2011 will persist into 2012. Extreme economic uncertainty, low real interest rates and high developing world inflation will accompany us throughout 2012, all of which are positive for gold prices. We are, though, concerned that some risk fatigue may be developing with ever greater market stresses needed to drive fresh gold buying interest. Signs of price sensitivity in the Indian physical market are also negative. However, with the eurozone's problems unlikely to be solved quickly and the size of the US deficit likely to come back into focus at some point, the desire to diversify from cash into gold should remain strong, whether for the official sector, rich Chinese and Indian investors or concerned Europeans. Some euro weakness can be expected, limiting how far gold can move in US dollar terms but we would be surprised if gold does not challenge last year's nominal highs during 2012.

Ag Range: $19.20 – $44.60
Average: $30.95

Silver demand weakened during H2 2011, reflecting cuts in government subsidies and a reduction of stocks in the photovoltaic sector, slowing sales of plasma televisions and lethargic purchasing from some other industries. We expect early 2012 to be similar in demand terms with upwards pressure on the US dollar contributing to some price weakness. Supplies of silver should rise in 2012, increasing the scale of the likely surplus in the first half of the year. If the global economy continues to grow as we expect, the market could tighten in the second half of the year and prices should be firmer. Overall, though, investors will be key: physical investment demand should remain robust; ETF flows are likely to be less supportive than in 2010 but may be more positive than in 2011; futures positions are currently low and have scope to rise significantly. A high gold price should be supportive of silver throughout and we are slightly bullish for this metal overall.

Pt Range: $1,305 – $1,875
Average: $1,575

The fourth quarter of 2011 taught a lesson to those who believe the platinum price is driven by fundamentals. The gold-platinum spread has started to act as a barometer of market risk and the extended troubles of the eurozone suggest that gold will trade at a premium to platinum for at least the first part of 2012. Nonetheless, with a rising gold price expected, we can be fairly positive about the outlook for the platinum price. In fundamental terms, although a high cost of production could support the price in the long term, we expect few significant cuts in mine production of platinum during 2012 to support the price in the shorter term. End user demand will be needed to help investors drive any price rises and a weak outlook for European automotive output (and hence platinum) is worrying. We expect the economic outlook to improve, aiding industrial platinum demand, and jewellery demand seems to be robust in China, suggesting that some move towards higher prices is likely later in the year.

Pd Range: $565 – $860
Average: $745

The palladium price confounded expectations in 2011 by falling as investors sold their positions as the economic outlook worsened. In simple terms, we believe that speculators are now less exposed to this metal but remain believers in the underlying bullish fundamentals of strong automotive demand, limited scope for additional mine production and the fact that Russian state stocks of this metal must, eventually, run out. The outlook for the global automotive industry is positive (although much forward buying has already taken place) and economic growth should drive enhanced palladium demand from the electronics sector too. There is little or no demand side price elasticity at current levels, so this market should move into a 'fundamental' deficit if the eurozone crisis does not worsen. ETF selling which presented a headwind for prices in 2011 should slow and we therefore expect higher prices, with palladium likely to outperform platinum in percentage terms during 2012.

TOM KENDALL

Credit Suisse Securities (Europe) Ltd, London

Au Range: $1,475 – $1,960
Average: $1,755

Gold faced numerous headwinds in the final months of 2011 including US dollar strength, strains on liquidity in the money markets, macro hedge fund liquidation, general risk-off sentiment as eurozone concerns intensified, and a sharp depreciation in the Indian rupee that constrained physical demand.

Some of those pressures have already begun to dissipate and we are bullish on gold from current spot levels around $1,600 – with real interest rates still deeply negative, the ECB joining the US Federal Reserve in quantitative easing (albeit under another name), and trust in the global financial markets and sovereign debt damaged, it would be hard not to be. Nevertheless, we expect the dollar to well supported by those macro-economic factors for at least the first quarter of this year, and we also think emerging market inflation pressures should moderate somewhat. We also believe European politicians will do just enough to avoid a disorderly default. Consequently, it will be a challenge for gold to exceed last year's high and although we do not rule out another exponential run higher than the $2,000 mark it is likely to remain just out of reach in 2012.

Ag Range: $24.20 – $42.60
Average: $32.80

Global GDP growth in the 3.4% to 3.5% range should support further growth in industrial demand for silver this year, as will continued expansion of the solar power sector. But without a marked upturn in investor buying those positive fundamentals are unlikely to be sufficient to drive the price back to the 2011 high. Unfortunately for silver bugs, investors will not forget the two intense periods of liquidation of last 12 months in a hurry. We would also expect producer hedging to cap the price on rallies up into the low $40s. However, given that we remain moderately bullish on gold and that investor positioning in silver started the year at very low levels we expect the downside for the metal to be limited.

Pt Range: $1,270 – $1,725
Average: $1,565

Undoubtedly cost and margin pressures on South African platinum producers are rising, and should PGM prices in rand terms remain close to current levels throughout the first half of the year we would expect to see more capital projects deferred and the closure of loss-making sections of some shafts. However, those supply-side pressures are unlikely to remove a meaningful number of ounces from the market this year And although demand from the heavy duty and off-road diesel catalyst markets will be sources of growth, the diesel car market in Europe is expected to be flat at best. Consequently, significant investor demand will be required to absorb a primary market surplus – we do expect physical investment to be positive for the sixth year in succession in 2012, but do not think it will be sufficient to close platinum's current discount to gold.

Pd Range: $560 – $860
Average: $755

Palladium fell out of favour with many investors in 2011 following its stellar price performance the previous year. In 2012 we expect a return of some (but not all) of that investment flow as the supply/demand balance tightens. Palladium's greater exposure to the two largest light vehicle markets – China and the USA – and its continued substitution of platinum in auto-catalyst applications should drive a healthy increase in demand. Despite another year of expansion in the availability of recycled metal we expect the overall rate of growth in supply to lag behind, due in part to a further drop in forecast sales of metal from Russian state stocks.

PHILIP KLAPWIJK

Thomson Reuters GFMS, Hong Kong

Au Range: $1,530 – $2,005
Average: $1,760

Belief in gold has been severely challenged by the major decline in prices since their peak in September, notwithstanding a worsening of the sovereign debt crisis in Europe since then. However, although there are several indications that the bull market has reached a mature stage, it is premature to call a secular turning point just yet. It is more likely that events will follow a pattern similar to that seen in 2009, when selling pressure having abated, fresh buying attracted by gold's perceived safe-haven qualities and anti-inflation credentials in light of massive monetary easing helped prices to recover and to post new highs. In 2012 this process should be helped along by the Fed taking additional measures to stimulate the US economy and the ECB intervening more aggressively to resolve the crisis in Europe. One would also not rule out political factors coming into play in 2012, especially in terms of the US presidential election and rising tensions in the Gulf.

Ag Range: $26.85 – $45.05
Average: $34.20

Silver should follow gold higher as, in time, investment flows become strong enough to overcome the considerable drag from a stronger dollar and weak industrial demand in the first half. Indeed, during the second half one would expect these two factors to swing from negative to positive for the metal as the dollar rally ends and the global economy begins to recover. This, coupled with growing investment demand, ought to result in silver moving into the $40s. However, following last year's extreme volatility it is likely that investors will be more cautious than they were in 2011, which would make a new high for the bull market to date improbable in 2012.

Pt Range: $1,390 – $1,885
Average: $1,532

Platinum prices will most probably remain depressed until the economic outlook brightens again and prospects improve for auto-catalyst demand. In particular, given the critical role of the European diesel market in platinum use in auto-catalysts, a resolution of the region's sovereign debt crisis that also enhances prospects for a rebound in consumer spending and car sales will be of considerable importance. Were this to happen, and bearing in mind the extremely negative sentiment towards Europe at the present time, then there could be a significant rerating of platinum.

Pd Range: $590 – $860
Average: $735

As the only one of the four major precious metals to be in a 'gross deficit', palladium is well placed to benefit from a rebound in the global economy and any favourable developments on the stocks front. As regards the former, it is unlikely that global economic prospects will brighten much before the second half. In the meantime, it is also improbable that investors will switch heavily to the buy-side or that we will see the often-predicted cessation of Russian State sales take place, even if export volumes may well trend lower. By the end of the year, however, palladium prices should be benefiting from stronger auto-catalyst demand and an improvement in investor sentiment, especially if there is confirmation of reduced supply from Russia.

MARTIN MURENBEELD

DundeeWealth, Victoria

Au Range: $1,450 – $2,125
Average: $1,835

2012 will be a difficult year for all forecasters of commodities, equities, interest rates, etc. The macroeconomic background will include a recession in Europe, difficult politics in the US (with no certainty that Obama will not be re-elected), and slowing growth in gold's two largest physical markets – India and China. Indeed, with slow growth or recession all around – the US economy will remain problematic in 2012 – gold prices will be pulled intermittently lower. 2008 serves as a rough guide in this regard; gold declined some 30% peak-trough in 2008 on the back of the recession. With gold recently having peaked at $1,895 (pm fix) a 30% retracement would put gold below $1,400. We think the low for 2012 will be higher however.

The US dollar will not likely be a bullish factor for gold, although the dollar is fundamentally overvalued (specifically against the Yuan and associated currencies of the Far East), and should decline. Depending upon US politics, Congress could force a dollar 'devaluation', which would be quite bullish for gold.

The shape of the Chinese economy is a large uncertainty for 2012; a significant slowdown – or recession (growth below, say, 6%) – will pull gold down. Gold could accordingly experience its first year-over-year decline since 2001. (Every bull cycle since 1800 has seen a mid-cycle, year-on-year 'correction'; one of these years, it will happen, but we are not forecasting it for 2012 in our baseline scenario.)

Our key bullish factor has not changed for years: monetary reflation. In response to record government debt levels, slow growth/recession, and a drift in much of the OECD towards deflation as the household sector continues to deleverage and governments are forced to cut entitlements, the full weight of economic stimulus falls on the shoulders of central banks. With a 1930's environment threatening to engulf Europe, the ECB and other central banks (including the PBoC) will maintain extremely loose monetary policies throughout 2012; the Fed, if nothing else, will wish to ringfence the US financial sector in the likely event the eurozone is downsized or splits. The monetary reflation factor alone, depending upon the specific crisis, could see gold rise well above $2,000.

Other factors should continue to favour gold in 2012, including central bank gold demand, which should add to demand for years to come, and geopolitical turmoil in the Middle East and elsewhere. The latter could cause periodic surges in the gold price, surges likely also to be reflected in the oil price.

In short 2012 will, somewhat like 2008, be a contest between recession and monetary reflation. We are forecasting that reflation will win the day for gold.

EDDIE NAGAO

Sumitomo Corporation, Tokyo

Au Range: $1,300 – $1,800
Average: $1,525

We might see the gold price lower year-on-year in 2012, for the first time in 12 years. The yellow metal will come under pressure as the US dollar recovers its credibility relative to the EUR, JPY and emerging market currencies. We must also be cautious of any possible gold sales by the IMF or EU members to raise rescue funds. In any case, gold is in need of a healthy correction before heading north again.

Ag Range: $23.50 – $33.00
Average: $28.00

As the current appetite for silver investment is largely driven by higher gold prices, I cannot be very optimistic about the chances of silver maintaining its value. Demand for photovoltaic systems and PDP may not recover until the latter part of the year or until Asia starts to consume more aggressively.

Pt Range: $1,300 – $1,675
Average: $1,500

The continuing economic recession caused by the euro crisis forced a 50% retracement in the platinum price (based on the range between the low in 2008 to the recent high). This retracement level, or close to it, should be supported on any new down move, as it is reasonable to expect consumer demand to be lying below this level. However, I believe destocking in the automobile sector has nearly come to an end and I expect the supply-demand surplus to narrow sharply in the second half of the year.

Pd Range: $600 – $875
Average: $750

A shortage of supply due to exhaustion of Russian stockpiles and the continuing switch from platinum to palladium in catalytic converters will support the palladium price. In general, I am friendlier to PGMs than gold and silver as their supply-demand balance is tighter which will support them even if the investment factor is removed.

ROSS NORMAN

Sharps Pixley Ltd, London

Au Range: $1,590 – $2,100
Average: $1,765

Black swan events are by nature high-impact, hard to predict and beyond the realm of expectations. By that reckoning financial markets are awash with them and forecasting for gold in this environment is treacherous. Never has forecasting been so difficult – gold's fortunes are primarily linked to those of the dollar and the euro and by extension to decisions made by politicians.

Fundamentally gold remains a good bet – the market is supply constrained and demand in Asia remains robust. As such gold has a strong underpinning. However, the 'economic premium' in the gold price may remain volatile, reflecting increased uncertainty and heightened anxiety during H1 2012. On the negative side a firmer dollar (in election year) could provide a drag on runaway prices.

In his book 'Black Swan Events' Nassim Taleb argues against trying to predict the largely unpredictable and recommends building 'robustness' into your portfolio. In that regard, gold should continue to benefit from solid investment demand as the difficult economic themes of the last few years darken in H1 2012 before brightening in H2. We forecast an average gold price of $1,765.

Ag Range: $20.00 – $50.00
Average: $37.35

As with gold, we expect heightened price volatility for silver in 2012, but more so, with investors seeing silver as a leveraged play on gold. This in part reflects heightened political and economic uncertainty which plays havoc with the commodities markets. We expect to see silver holding robust interest amongst the speculator community and gaining in respect amongst the investor community with a tightening market justifying prices well above the $20 level.

However, slower global industrial output coupled with a firm US dollar in H1 2012 should provide a drag on runaway silver prices – although we see the possibility of a brief price spike based around difficult geopolitical concerns. Should economic conditions prove less difficult than feared in H2, then there are grounds for saying that silver could benefit as a recovery stock of sorts based upon its good industrial applications. So for silver it's a case of heads or tails/we win really.

Pt Range: $1,400 – $2,120
Average: $1,822

Since 1970 platinum typically commands a 30% premium over gold – currently platinum is trading at a significant discount reflecting weak global industrial output and modest investor interest – meanwhile the supply pipe line remains thin and with speculator interest on the lows, a short covering rally is a distinct possibility. In short, we believe platinum prices are depressed and reflect an expectation of ongoing and deepening economic stagnation – this explains why it is not trading at well over the $2,000 level. That said, we see the possibility of significant platinum price gains on South African production shortfalls, on improving investor sentiment and on rebuilding of physical platinum stocks amongst industrial clients – in advance of a recovery on the economy in late 2012. Unfashionable though it is to say so, we see scope for brighter economic prospects during late H2 2012 and we see platinum and palladium as some of the strongest performing commodities for the year.

Pd Range: $650 – $1,050
Average: $846

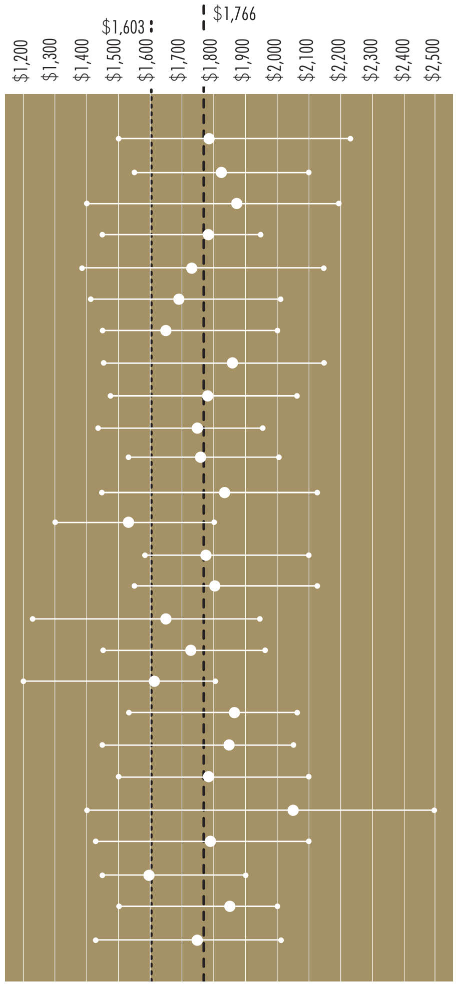
We think 2012 will be the year that palladium shines once again. Yes, global industrial output is likely to remain weak and yes the US dollar index has scope to firm from record lows in 2011 as the US is the first economy to start to emerge convincingly from the mire (with dollar strength conferring a dampener on commodity prices). Notwithstanding those caveats, we think that palladium will be supply constrained in 2012 as Russian stocks finally draw to a close which prompts industrial clients to build stocks. This we believe, will rekindle good investor and speculator interest. In short, despite poor demand fundamentals we believe palladium will rally in 2012 and be one of the top-performing commodities of the year.

1st week Jan 2012 ········
Forecast Avg 2012 — — —

Low — Average — High

Au

Name	High	Low	Average
Adams, William	$2,230	$1,500	$1,785
Brebner, Daniel	$2,100	$1,545	$1,825
Cooper, Suki	$2,200	$1,400	$1,875
Dincer, Bayram	$1,950	$1,450	$1,770
Fertig, Peter	$2,150	$1,390	$1,730
Firman, Carl	$2,012	$1,410	$1,689
Hochreiter, René	$2,000	$1,450	$1,650
Jansen, Michael	$2,150	$1,450	$1,869
Jollie, David	$2,075	$1,480	$1,770
Kendall, Tom	$1,960	$1,475	$1,755
Klapwijk, Philip	$2,005	$1,530	$1,760
Murenbeeld, Martin	$2,125	$1,450	$1,835
Nagao, Eddie	$1,800	$1,300	$1,525
Norman, Ross	$2,100	$1,590	$1,765
Panizzutti, Frederic	$2,120	$1,550	$1,808
Proettel, Thorsten	$1,950	$1,220	$1,640
Rhodes, Jeffrey	$1,975	$1,465	$1,727
Savant, Rohit	$1,800	$1,200	$1,612
Smith, Dan	$2,075	$1,525	$1,875
Steel, James	$2,050	$1,450	$1,850
Tremblay, Anne-Laure	$2,100	$1,500	$1,775
Tully, Edel	$2,500	$1,400	$2,050
Turner, Matthew	$2,100	$1,425	$1,782
Vaidya, Bhargava	$1,900	$1,440	$1,600
Widmer, Michael	$2,000	$1,500	$1,850
Wrzesniok-Rossbach, Wolfgang	$2,010	$1,425	$1,750
AVERAGES	$2,055	$1,443	$1,766

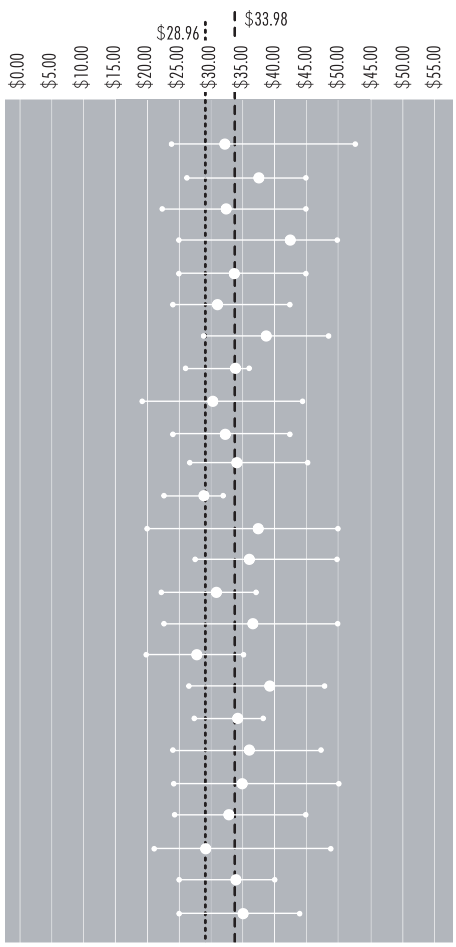


1st week Jan 2012 ········
Forecast Avg 2012 — — —

Low — Average — High

Ag

Name	High	Low	Average
Adams, William	$53.00	$24.00	$32.15
Brebner, Daniel	$45.00	$26.00	$37.00
Cooper, Suki	$45.00	$22.00	$32.50
Dincer, Bayram	$50.00	$25.00	$42.00
Fertig, Peter	$45.00	$25.00	$33.90
Firman, Carl	$42.50	$24.10	$31.40
Hochreiter, René	$48.00	$28.00	$38.00
Jansen, Michael	$36.00	$26.00	$34.00
Jollie, David	$44.60	$19.20	$30.95
Kendall, Tom	$42.60	$24.20	$32.80
Klapwijk, Philip	$45.05	$26.85	$34.20
Nagao, Eddie	$33.00	$23.50	$28.00
Norman, Ross	$50.00	$20.00	$37.35
Panizzutti, Frederic	$50.00	$27.00	$36.00
Proettel, Thorsten	$37.00	$22.00	$31.00
Rhodes, Jeffrey	$50.25	$22.25	$36.25
Savant, Rohit	$35.00	$20.00	$27.00
Smith, Dan	$48.00	$26.00	$39.20
Steel, James	$38.00	$27.00	$34.00
Tremblay, Anne-Laure	$47.00	$24.00	$35.75
Tully, Edel	$50.00	$24.00	$35.00
Turner, Matthew	$45.10	$24.15	$32.95
Vaidya, Bhargava	$48.10	$21.25	$29.20
Widmer, Michael	$40.00	$25.00	$34.00
Wrzesniok-Rossbach, Wolfgang	$44.00	$25.00	$35.00
AVERAGES	$44.49	$24.06	$33.98

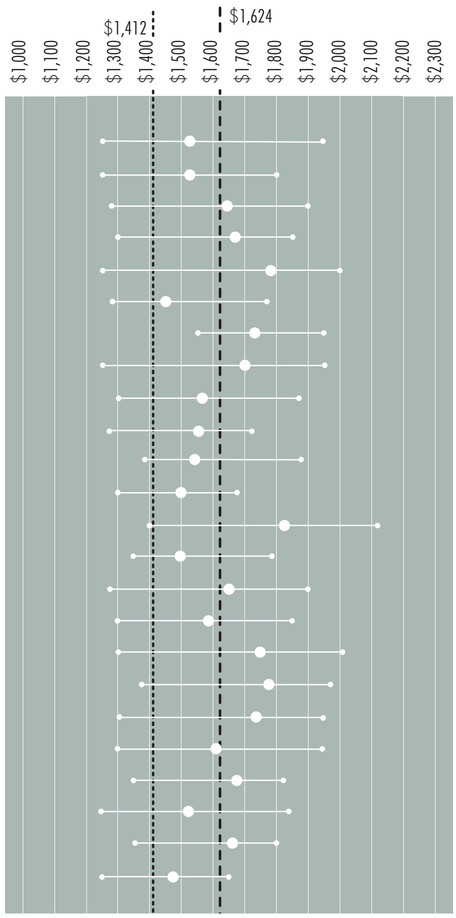


Pt

1st week Jan 2012 ·········
Forecast Avg 2012 — — —

Low —●— High (Average)

Name	High	Low	Average
Adams, William	$1,950	$1,250	$1,525
Brebner, Daniel	$1,800	$1,250	$1,525
Cooper, Suki	$1,900	$1,290	$1,650
Dincer, Bayram	$1,850	$1,300	$1,675
Fertig, Peter	$2,000	$1,250	$1,790
Firman, Carl	$1,770	$1,280	$1,458
Hochreiter, René	$1,950	$1,550	$1,725
Jansen, Michael	$1,950	$1,250	$1,700
Jollie, David	$1,875	$1,305	$1,575
Kendall, Tom	$1,725	$1,270	$1,565
Klapwijk, Philip	$1,885	$1,390	$1,532
Nagao, Eddie	$1,675	$1,300	$1,500
Norman, Ross	$2,120	$1,400	$1,822
Panizzutti, Frederic	$1,790	$1,350	$1,498
Proettel, Thorsten	$1,900	$1,280	$1,650
Savant, Rohit	$1,850	$1,300	$1,590
Smith, Dan	$2,025	$1,305	$1,751
Steel, James	$1,975	$1,375	$1,775
Stevens, Glyn	$1,940	$1,305	$1,735
Tremblay, Anne-Laure	$1,950	$1,300	$1,610
Tully, Edel	$1,825	$1,350	$1,675
Turner, Matthew	$1,836	$1,250	$1,520
Widmer, Michael	$1,800	$1,350	$1,663
Wrzesniok-Rossbach, Wolfgang	$1,650	$1,250	$1,475
AVERAGES	$1,875	$1,313	$1,624

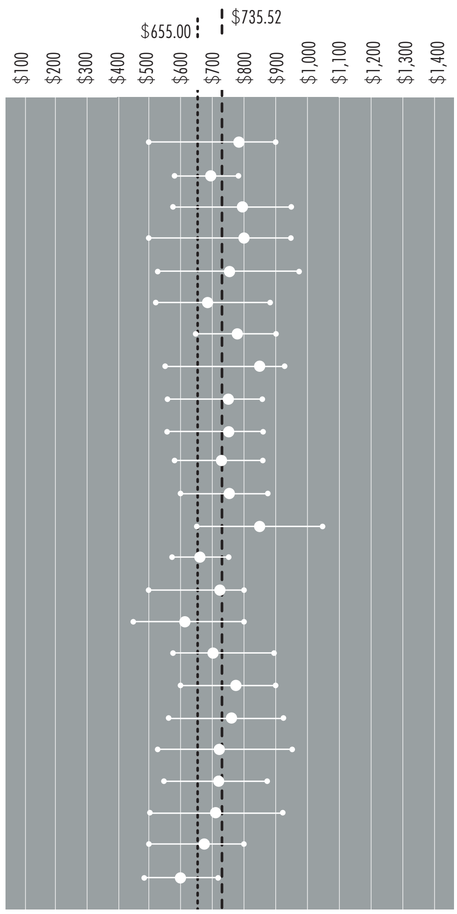


Pd

1st week Jan 2012 ·········
Forecast Avg 2012 — — —

Low —●— High (Average)

Name	High	Low	Average
Adams, William	$900.00	$500.00	$780.00
Brebner, Daniel	$780.00	$580.00	$698.00
Cooper, Suki	$950.00	$575.00	$795.00
Dincer, Bayram	$950.00	$500.00	$800.00
Fertig, Peter	$975.00	$525.00	$760.00
Firman, Carl	$885.00	$520.00	$682.00
Hochreiter, René	$900.00	$650.00	$775.00
Jansen, Michael	$925.00	$545.00	$850.00
Jollie, David	$860.00	$565.00	$745.00
Kendall, Tom	$860.00	$560.00	$755.00
Klapwijk, Philip	$860.00	$590.00	$735.00
Nagao, Eddie	$875.00	$600.00	$750.00
Norman, Ross	$1,050.0	$650.00	$846.00
Panizzutti, Frederic	$750.00	$570.00	$662.50
Proettel, Thorsten	$800.00	$500.00	$720.00
Savant, Rohit	$800.00	$450.00	$613.00
Smith, Dan	$895.00	$575.00	$701.00
Steel, James	$900.00	$600.00	$785.00
Stevens, Glyn	$920.00	$565.00	$765.00
Tremblay, Anne-Laure	$950.00	$530.00	$725.00
Tully, Edel	$875.00	$540.00	$725.00
Turner, Matthew	$920.00	$505.00	$710.00
Widmer, Michael	$800.00	$500.00	$675.00
Wrzesniok-Rossbach, Wolfgang	$725.00	$485.00	$600.00
AVERAGES	$879.38	$549.17	$735.52



FREDERIC PANIZZUTTI

MKS Finance S.A., Geneva

Au Range: $1,550 – $2,120
Average: $1,808

On the 30th December 2011, gold closed around 12% higher than the previous year and traded in a $580/ounce range. We expect most of the factors that drew gold higher in 2011 to continue to push the yellow metal towards a new all-time high in the course of 2012; geopolitical tensions in specific regions, sovereign debt quality deterioration, official sector buying just to name a few. Furthermore we expect the crisis that spreads over North America and Europe to further affect the liquidity in the banking system. Such a scenario would have a twofold impact on the gold price as it would initially prompt additional gold buying as a safe haven; but if liquidity becomes scare and the market might start dishoarding gold scrap in larger quantities it would affect the gold price. This would be even more likely if gold reached new highs. Such a price correction could prompt some central banks to add to their gold reserves. The revolutionary mood that recently affected certain Middle Eastern and North African countries might be contagious to other regions and further motivate gold buying. To summarise, we expect gold to reach new highs in 2012 and to trade in a wider range. We expect 2012 to be another volatile year.

Ag Range: $27.00 – $50.00
Average: $36.00

Silver closed $2.50 an ounce lower at the end of December 2011 after having traded in a $22 wide range throughout the year. While we expect silver to remain in the focus this year as a possible alternative to gold in investor's portfolios we are only marginally bullish. We don't expect the physical demand to drastically increase and the ETF inflow to remain moderate. As a net importer, China will remain a key factor for the physical silver demand throughout the year. Any rally in gold could prompt speculative buying in silver resulting in short-lived price spikes. The lack of strong physical interest and support shall dominantly result in speculative trading. Again silver is set to remain very volatile and to trade in wide ranges with erratically rallies and sharp downside corrections.

Pt Range: $1,350 – $1,790
Average: $1,498

With an overall annual 'performance' of more than -20%, platinum disappointed many market participants as most expectations for 2011 were on the upside. We are not expecting any different scenario in 2012. Physical demand shall remain range bound as the industrial demand is set to further suffer from the very hesitant recovery in global growth. Some moderate inflow into ETF, if any, could provide some support. Any consistent upside moves in gold and silver could impact the platinum price on a temporary basis as a result of basket buying.

Pd Range: $570 – $750
Average: $662.50

Two years in a row palladium outperformed the other three precious metals. The trend came to an end in 2011 when palladium lost almost 20% over the year. Hesitant global growth recovery shall continue to affect industrial demand. We are not expecting any wide moves in 2012. While the supply/demand balance remained fragile in 2009 to 2010, the expected reduction in industrial demand this year shall result in a more balanced equilibrium.

THORSTEN PROETTEL

Landesbank Baden-Württemberg (LBBW), Stuttgart

Au Range: $1,220 – $1,950
Average: $1,640

A further increase in mining, a decrease in jewellery purchases and sluggish investment demand will make it difficult for gold to proceed with its winning streak for another year in 2012. A failure of the debt restructuring talks for Greece might spur gold to its existing all-time highs. A failure of the euro would bring the same effect. But will these events be able to back the boom trend in the long run? I do not think so. Another recession would be the result of the failures with less purchase power in emerging markets, especially in India and China. Up to 27 December 2011, I would have bet that China will become the biggest gold consumer in 2012. But with the new order, prohibiting private gold transactions in China outside the Shanghai Exchanges, appetite for gold might dampen. On the other hand, the price is not going to collapse, as low interest rates make it difficult to find save alternatives.

Ag Range: $22.00 – $37.00
Average: $31.00

Soaring and falling prices in the first half of 2011 showed that the small silver market is very vulnerable to investment and speculative demand. But in the long run, silver is more an industrial commodity as the second half of 2011 proved. More pessimistic outlooks and the fall of the other commodities led to lower prices. In my opinion, silver is too cheap right now, and prices anticipate a world recession rather than a more realistic economic slowdown in 2012. Troubles in the eurozone could lead to lower prices in the first half of 2012, but silver should rebound in the second half.

Pt Range: $1,280 – $1,900
Average: $1,650

Platinum could be the best-performing precious metal in 2012. The price is very low right now and reflects only a little bit more than mining costs. If the South African Rand is going to appreciate again, US dollar prices would have to go up too. Additionally, I think demand for diesel engines in the US will be robust in 2012. A problem will be demand in Europe, especially if the recession spreads to Germany.

Pd Range: $500 – $800
Average: $720

I do not think we will face any supply troubles in 2012 like the world's top producer Norilsk Nickel predicted. The Russian state agency for precious metals claimed to possess enough palladium for another year. Nevertheless, speculation about a stock depletion has the potential to spur prices. But overall, economic developments in Europe will mould the path of prices. If the price does not escalate, car demand in Asia and in the U.S. will be robust. For that reason, palladium prices should gain lost ground in 2012.

JEFFREY RHODES

INTL Commodities, Dubai

Au Range: $1,465 – $1,975
Average: $1,727

Although gold endured a disappointing final quarter of the year, the yellow metal posted its 10th successive annual increase in price with a record average of $1,570 and a series of all-time highs that peaked at $1,920 in early September; moreover the closing price for the year of $1,565 still represented an impressive year-on-year gain of $145 or 10%. The weakness seen in December was technically damaging with the uptrend line dating back to late 2008 being penetrated, however this was amid seasonally light volume with many players closing up shop for the year and as such this apparent break lower needs confirmation in January with the Funds back at the table before the 'end of the trend' can be called. With the uncertain global economic outlook likely to keep interest rates in the West at or close to zero, the search for capital growth will keep gold centre stage as an alternative asset class for money managers given the annual average price appreciation of 20% over the last 10 years. If gold can break back above the 200-day moving average set, currently set at $1,630 in January the scene will be set for another year of strength with a fresh all-time high a possibility.

Ag Range: $22.25 – $50.25
Average: $36.25

Although silver posted a year on year decline of 13% the average price for 2011 of $30.42 was 51% higher than the previous year making the industrial precious metal the star performer in the precious metals complex. The growing fears of a fresh recession resulting from the eurozone debt crisis weighed on industrial commodities in Q4 2011 and will remain a key influence in the early part of the coming year. However decent economic numbers coming out of the US could be an early signal of recovery in the world's most important economy which would benefit silver. If gold is able to post a fresh record in 2012, it could help silver to finally break above the magic $50 hurdle later in the year.

ROHIT SAVANT

CPM Group, New York

Au Range: $1,200 – $1,800
Average: $1,612

During 2012, gold prices are expected to move in a volatile fashion in a wide range. Investors are expected to remain concerned regarding the global economic and political outlook, which should keep them interested in gold. Investors are likely to become less sensitive to the ongoing global economic and political problems, however, which could make them more price-sensitive. These investors are expected to use any weakness in prices as a buying opportunity, keeping prices at an elevated level. Demand from central banks around the world should support gold prices, in addition to demand from private investors. Strength in the US dollar coupled with weakness in physical demand from India is expected to weigh on gold prices. It should be noted that in the past, gold prices have risen in tandem with a strengthening US dollar and weakness in Indian demand is expected to be offset, to some extent, by increased demand from China.

Ag Range: $20.00– $35.00
Average: $27.00

Silver could continue to experience strong price swings in 2012. Prospects of slower global economic growth, driven primarily by a potential recession in Europe, are expected to weigh on silver prices during 2012. The metal has several industrial uses which are likely to be adversely affected by slower global economic growth. The decline in silver prices could increase the use of silver in the jewellery sector, which is the largest user of the metal. Like gold, silver also is viewed as a safe-haven asset, which could benefit silver prices, to some extent, when gold prices rise.

Pt Range: $1,300 – $1,850
Average: $1,590

Weakness in platinum prices during 2012 is expected to be driven by reduced demand for the metal from Europe's auto sector, amid weak economic conditions and possible recessionary conditions in the region. Europe is the largest user of platinum in auto catalysts. Investment demand is expected to be subdued. Given that economic growth is expected to be lower in 2012 relative to 2011, investor sentiment toward platinum likely will be comparably more negative. Chinese jewellery demand is expected to buoy prices. Lower platinum prices during 2012 relative to the previous year are expected to stimulate demand for the metal from jewellery manufacturers in China. The rising cost of PGM mine production coupled with ongoing constraints to supply growth in South Africa also will buoy prices.

Pd Range: $450 – $800
Average: $613

Palladium is forecast to trade lower in 2012, because of reduced demand from the electronics and auto sector due to weak economic activity. Weak investment demand also reduces the potential for higher prices. Investors may purchase palladium in the second half of the year, depending on economic conditions and prospects. Palladium is mostly an industrial metal. If economic conditions are expected to improve, investors could heavily purchase the metal in anticipation of higher prices in the future. Similar to platinum, mine supply growth constraints and rising mining costs should buoy prices. The ongoing shift toward greater palladium use in diesel auto catalysts in Europe also should support prices.

DANIEL SMITH

Standard Chartered Bank, London

Au Range: $1,525 – $2,075
Average: $1,875

Last year saw gold rally to fresh record highs, and the market outperformed both the wider financial market and its peers in the commodities world. However, the year ended on a sombre note with a fresh bout of US dollar strength and tightening liquidity conditions helping to drive down prices as the year drew to a close. We see further upside for gold in 2012, but the slow, steady rise which has characterised most of the past decade is likely to be replaced with a more volatile, choppy uptrend.

Bullish factors for gold include strong Asian demand and continued low real interest rates. Appetite for physical gold in both China and India should be robust as their economies expand and inflation remains elevated. Investor flows are expected to remain positive, with confidence in currencies damaged by the most recent credit crunch in Europe and portfolio managers concerned about the long-term impact of quantitative easing. Central banks will also try to diversify into gold where they can. Bearish factors include continued US dollar strength as the US economy outperforms Europe and the absence of producer dehedging.

Ag Range: $26.00 – $48.00
Average: $39.20

The silver market found its own dynamic in 2011, breaking away from gold for much of the year, although the market is now suffering a severe hangover following its brief spike to record highs of $50/oz. Investors had their fingers burned by the extreme volatility of last year and are likely to tread very cautiously in the year ahead. Despite this, silver is likely to track gold higher in 2012 as currency debasement and worries about inflation keep appetite for hard assets elevated, relative to historical levels. A wealthier US consumer also bodes well for investor demand, as the economy slowly recovers. Sales of coin by the US Mint have accelerated in recent years and remain at very high levels. The average gold-silver ratio over the past 30 years was 64; it is now 55 (a low ratio shows that silver is expensive), suggesting that silver will continue to lag gold.

Pt Range: $1,305 – $2,025
Average: $1,751

Pd Range: $575 – $895
Average: $701

Through most of 2011 platinum and palladium followed each other closely, with both markets being pushed down by worries about the economic outlook and prospects for the automotive sector. Platinum was particularly hard hit by worries about Europe (due to the high number of diesel cars in the region) and on a ratio basis platinum fell towards its low for the year at just over twice the price of palladium.

We see upside for both markets in 2012, but for different reasons. While palladium should be seen as a leveraged play on the economic outlook (which we see as marginally positive for the year), platinum looks better from a risk-reward perspective, as the cost base is rising rapidly and it remains cheap relative to gold, helping to fuel extra demand in the Asian jewellery market. Recent data out of South Africa has also raised fears about the impact on supply of the government's renewed safety crackdown in the mining sector. Investor flows for both markets should remain positive, helping to lift prices, although significant withdrawals in the closing months of 2011 highlight how fickle investors can be when times get tough.

JAMES STEEL

HSBC, New York

Au

Range: $1,450 – $2,050
Average: $1,850

Gold should ultimately benefit from negative global economic conditions. Accommodative monetary policies, particularly a possible resumption of QE by the Federal Reserve should be bullish for gold. Additionally, although European Union sovereign-debt concerns have been negative for prices, any shift in focus from the EU to the US and its fiscal problems is likely to boost bullion, particularly if the $ weakens. After running down long positions in late 2011 investors are likely to rebuild positions and the steady performance of the gold exchange traded funds, despite steep price recent declines, is positive. Importantly, current prices should encourage emerging market purchases, notably from China and India. Central banks are likely to continue to accumulate gold as part of a strategy of portfolio diversification. Although mine supply is slated to rise, we do not expect it to be sufficient to deter higher prices.

Ag

Range: $27.00 – $38.00
Average: $34.00

Increases in global industrial production should boost silver off-take, but much will depend on the demand for electronic goods. Increased recycling efforts linked to environmental regulations and high prices will buoy scrap supply. Also the demand for silver from new applications and technologies while growing may moderate this year. Coin and small bar demand is likely to be strong based on retail investor uncertainty and silver exchange traded fund demand is also likely to recover this year. Silver jewellery may win market share from gold. Robust increases in mine supply based on output schedules should limit price gains. Investor memories of the steep sell off in May 2011 after prices nearly hit $50/oz may also cap rallies.

Pt

Range: $1,375 – $1,975
Average: $1,775

Platinum is likely to rally in 2012 based on supply tightness. South African producers face a number of challenges to increasing output, including power shortages, insufficient technical expertise, lack of available water, falling ore grades in some cases, and rising costs. The impact of a strong rand this year could be an additional obstacle to raising output. Russian output growth may also be limited, but we anticipate strong gains from North America and Zimbabwe. Auto and industrial demand should improve sufficiently to raise demand and outstrip the ability of mining output to keep pace. Platinum's widespread applications in technology and the environmental sector may help shield it from the negative impact of any further global slowdown. Low prices may allow platinum jewellery to win market share from gold.

Pd

Range: $600 – $900
Average: $785

Supply tightness should also help boost palladium prices this year. South African output will be constrained by platinum production and limited by Russian nickel output, from which it is derived as a by-product. More important, perhaps, Russian stockpile exports appear to be dwindling. Without significant Russian stockpile exports, palladium is likely to run a supply/demand deficit. As with platinum, palladium demand should benefit from any growth in auto and industrial demand. The popularity of gasoline fired engines in vehicles produced for the North American and emerging markets is positive for palladium as these vehicles rely primarily on palladium-heavy auto catalysts and use proportionately far more palladium than diesel–fuelled vehicles. A recovery in palladium exchange traded fund demand, which could be stimulated by concerns over Russian stockpile declines, would also be supportive of prices.

GLYN STEVENS

INTL Commodities, London

Pt

Range: $1,305 – $1,940
Average: $1,735

Pd

Range: $565 – $920
Average: $765

With PGM's seemingly losing their lustre as investment vehicles, price performance should revert to dependency on traditional fundamentals. The developed and developing world may well be nearing the lows of the current economic cycle. Hence a poor first quarter could be followed by an improvement in industrial fortunes as 2012 progresses. Add to these prices currently perilously close to costs of production and the path of least resistance should be up.

ANNE-LAURE TREMBLAY

BNP Paribas, London

Au

Range: $1,500 – $2,100
Average: $1,775

We remain positive towards the gold price in 2012. Although the gold price could be hit by further periods of extreme risk aversion, particularly in the first half, it should reach fresh record highs this year. Strong Chinese and central bank demand will likely underpin growth in physical consumption. The macroeconomic environment will continue to be supportive of gold prices. While inflationary pressures may subside, support should stem from ample liquidity conditions, negative real interest rates in a number of large economies and concerns about the value of fiat currencies.

Ag

Range: $24.00 – $47.00
Average: $35.75

Silver is above all influenced by the gold price and on this basis, it should trend higher on average in 2012. In the short term, however, risk appetite will be key in determining the direction of silver. While heightened uncertainty should put a lid on silver prices in the first months of the year, the metal could regain some shine when risk appetite rebounds, potentially driven by the announcement of a third round of quantitative easing measures in the US. Physical investment demand may remain strong, but silver fabrication demand growth appears more limited.

Pt

Range: $1,300 – $1,950
Average: $1,610

The platinum price will be held back in 2012 by soft auto-catalyst and industrial demand, particularly in the first half of the year. Some support will likely come from a higher gold price and, to a lesser extent, from firm jewellery demand. We are conservative on potential mine supply growth but nonetheless expect the market surplus to widen further in 2012. Overall, platinum will likely remain one of the underperformers of the precious metals complex this year.

Pd

Range: $530 – $950
Average: $725

Of the precious metals, demand for palladium is the most dominated by industrial uses, and is therefore the most affected by the industrial cycle. High uncertainty and slower economic growth will weigh on palladium's prospects in H1 2012. However, we expect the palladium market to tilt back into deficit in 2012, as Russian stockpile sales wind down and as fabrication demand growth picks up in the second half. This should boost both the price and investor interest. Palladium could reach multi-year highs by the end of 2012.

EDEL TULLY

UBS, London

Au

Range: $1,400 – $2,500
Average: $2,050

We forecast an average 2012 price of $2,050. Gold's compelling case next year can be built on: persistent sovereign stress, a recession in Europe and further interest rate declines, benign growth across developed markets, a relatively sedate outlook for competing asset classes, still-low interest rates in the US, along with central banks maintaining their 2011 gold-buying spree. Yet it is the potential direction of European policy – if QE materialises – that will determine just how explosive the price moves could be. While gold risks falling towards $1,400, we also think a time will come when a gold rush could propel the metal significantly above $2,000. Perhaps the biggest thing in gold's favour as it starts 2012 is not its cheap price relative to the past 12 months, or decent physical demand of late, but rather that spec longs sit at their lowest level since April 2009. With the gold space far from crowded, when the tide turns, it would take a relatively small showing of support to cause the price to move quickly.

Ag Range: $24.00 – $50.00
Average: $35.00

Silver's violent price moves last year have undermined its investor appeal for the time being. The market needs fresh catalysts to encourage more participation. Until silver manages to come back into its own, and regain investor interest, trading will probably be characterised by shorter-term strategies by a subgroup of participants with stronger stomachs. We still do not rule out another stab at $50/oz: given our expectation for gold to make new highs in the coming year, we could very well see silver enjoying some spill-over benefits. However, for this to happen, silver needs to rebuild its investor base. But with 50% of overall demand accounted for by industrial applications, this could be a drag on silver's performance.

Pt Range: $1,350 – $1,825
Average: $1,675

The gap between platinum market fundamentals and investor sentiment remains wide, with the outlook for industrial demand not as bleak as investment activity would tend to suggest. The global auto sector continues to contain bright spots for the year ahead but, admittedly, the unravelling of macroeconomic conditions warrants more caution. Market fundamentals alone do not warrant us being bearish, even though a 270 koz surplus will reign in 2012. At the same time, however, the lack of conviction in the market and the increasing likelihood of economic headwinds prevent us from becoming bullish. We forecast an average price of $1,675.

Pd Range: $540 – $875
Average: $725

We prefer palladium over platinum as market fundamentals hold up on both sides of its equation, and we think that much of the investor selling pressure has already passed for palladium. Current positioning is excessively light. That does not mean that residual liquidation pressure has fully evaporated (it hasn't), but in our view, much of the vulnerable investors have now exited. Supply is expected to contract as Russian stock sales dwindle, although we do not expect the decline to be as extreme as indicated in recent news reports. On the demand side, palladium off-take from the auto sector has better prospects than platinum. In turn, we expect palladium to return to a deficit situation. We forecast an average price of $725.

MATTHEW TURNER

Mitsubishi Corporation International (Europe) Plc, London

Au Range: $1,425 – $2,100
Average: $1,782

History will record that gold was one of the few commodities in 2011 that gained in price. But market sentiment at year-end was quite bearish because the price had fallen $350/oz from its September peak, despite an economic and financial backdrop that looked supportive.

Things could get worse. If the dollar strengthens towards 1.20/€ and global inflation declines gold could test $1,400/oz.

But the underlying picture remains bullish. Gold's price fall in September was made worse by its stunning gains in August. The severe economic problems in the eurozone and US need inflationary solutions. No central bank wants a strong currency, and gold remains a viable investment for private and – increasingly – official investors.

In short, central banks' monetary policy, exchange rate policy and reserve management policy should be enough to push gold over $2,000/oz.

Ag Range: $24.15 – $45.10
Average: $32.95

In 2011 the silver price twice rallied strongly and twice fell back even more sharply. Even so it remains at a very high price in historical terms – since 1820 the average real price for silver has been just $18/oz.

This is already having a negative effect on industrial demand and, in encouraging substitution away from silver, might have an even larger negative impact on future demand. Investment demand is therefore as crucial as it has ever been, but silver's extreme price volatility means many potential investors will be cautious, and perhaps even discouraged.

Silver will still rally with gold, but we think $50/oz is now too high a hurdle.

Pt Range: $1,250 – $1,836
Average: $1,520

Platinum ended 2011 trading at its lowest price since November 2009, having decoupled from global equity prices, which it had spent most of the year tracking. Platinum's specific weakness is Europe, which has accounted for 30% of demand over the past ten years, and which is in recession, and could be facing an unprecedented economic collapse. Another concern is China's jewellery market, which usually boosts demand when the price is low, might be running out of steam. The weaker rand also justifies a lower dollar platinum price.

This gloom is overdone. The weight of bad news has overshadowed more price-positive factors, such as dreadful South African supply data and tighter emissions legislation worldwide. We believe Europe will avoid a collapse and China will continue to grow. This means platinum should rally later in the year, especially if central banks loosen monetary policy.

Pd Range: $505 – $920
Average: $710

Palladium's poor performance in 2011 was a hangover from the over-optimism shown by investors in 2010. The positive factors that attracted them in such volumes were real – the ending of Russian state stock sales and palladium's exposure to fast-growing auto markets such as China. But what they did not foresee was the downturn in the global economy. Some decided to take profits – out-flows from ETFs were over 0.5moz.

Towards the end of 2011 palladium rallied. The economic data from China and the US, both large palladium consumers, was more positive. Short term, some of this optimism could fade and palladium could fall back absolute and relative to platinum. But when demand picks up again palladium's demand and supply inelasticity means its price will have to rise significantly to help balance the market. This should see the platinum/palladium ratio fall below two.

BHARGAVA VAIDYA

BN Vaidya & Associates, Mumbai

Au Range: $1,440 – $1,900
Average: $1,600

Eurozone debt crisis and US economical problems will fuel demand for gold. Gold can be considered as only safe investment. Gold remains a very important store of value in all investment portfolios. The physical demand for jewellery will be low, but this would be more then off set by investment demand. Until the world economy revives gold's bull run will continue. Volatility in currency and other investment markets will make the outlook for gold uncertain.

Ag Range: $21.25 – $48.10
Average: $29.20

The slowdown in industrial investment will affect some basic demand in silver. Fabrication demand for silver for silverware and jewellery is expected to fall. The relationship with gold will support a bull run. Volatility of silver can scare many investors and this will reduce long-term investment funds for this metal.

MICHAEL WIDMER

BAML, London

Au Range: $1,500 – $2,000
Average: $1,850

After dropping sharply in Q3, gold traded within a tight range for the remainder of last year. This was driven by a confluence of factors, including some profit taking. Yet, the underlying fundamental picture remains strong. We note that the debt crisis in Europe and the US is a structural problem that is unlikely to be resolved in the near term. This has a knock-on impact on a host of other gold-relevant macroeconomic indicators. For instance, the global economy will in all likelihood expand at a muted pace in 2012, reducing the attractiveness of cyclical asset classes. In response to the challenging economic environment, we also believe that another round of QE is possible in advanced nations, which should help gold prices especially in H2 2012.

Ag Range: $25.00 – $40.00
Average: $34.00

Whilst silver demand is to a much larger extent driven by industrial usage than consumption of gold, investment has in recent years gained in importance, influenced by developments on the physical market, which should lead to a strengthening of fundamentals further down the road. For instance, there is scope for further increases in silver usage from new applications over the medium term; linked to that it is worth noting that China has already switched from net silver exporter to importer. In addition, there has also been some safe-haven buying to hedge against the structural challenges particularly in advanced nations. Going forward, we believe that silver quotations will to a large extent mirror gold price movements, which is one reason we see upside for 2012. Yet, given the unfolding slowdown in industrial production, an outperformance of silver is unlikely, and should it happen ultimately also unsustainable.

Pt Range: $1,350 – $1,800
Average: $1,663

The platinum market was essentially balanced in 2011, partially because mine supply has expanded. More output increases are our base case for 2012, which should ultimately limit the upside to prices. However, we believe at the same time that a massively oversupplied market is unlikely as South Africa's operating environment remains difficult, reflected for instance in a raft of disruptions on the back of Sector 54 orders in recent months. It is also worth noting that miners will likely cut production swiftly should prices fall below marginal costs at around $1,500 /oz for a prolonged period, thereby helping to rebalance the market. At the same time, demand from both catalyst producers and the jewellery sector should increase this year. So, overall, even if the current stage of the business cycle may not be the most bullish for a cyclical metal like platinum, there is scope for prices to rise.

Pd Range: $500 – $800
Average: $675

Although there are subtle differences, supply and demand of palladium is influenced by factors similar to platinum. However, in part because palladium is generally produced as a by-product, there tends to be less strategic focus on the metal from producers. This is one reason we believe palladium fundamentals are structurally stronger than platinum's. Nevertheless, above-ground-stocks of palladium are sizeable and destocking has yet again had an impact on the market in 2011. Going forward, the risk that more material may be delivered from stocks has not dissipated entirely, which is one reason we see palladium upside limited for now.

WOLFGANG WRZESNIOK-ROSSBACH

Degussa Goldhandel GmbH, Frankfurt

Au Range: $1,425 – $2,010
Average: $1,750

Despite a surprising slowdown in late 2011, gold is back on track for what is likely to be another banner year. Granted, a stronger dollar, a sharply declining demand for jewellery and investment bullion, or European debtor nations' unexpected recovery, could combine to depress gold prices. However, all three events are highly improbable. And even if they came to pass, they would not affect the current price of gold by much more than 10%.

The fact is that the staying power of all the catalysts for rising gold prices in recent years remains undiminished. The trans-Atlantic public debt crisis, the problematic global banking system, growing political tensions, and a general lack of investment alternatives have yet to be resolved. And new trouble looms large: the days of China's bubble-like housing and credit boom may be numbered. The nuclear powers Iran, North Korea and Pakistan are less predictable than ever. And what the Arab Spring means for future oil prices is anybody's guess.

Now even, central banks are buying more physical gold, thereby setting an example that private and institutional investors seem happy to follow. Under these circumstances, the gold price could easily reach another all-time high, perhaps even surpassing the $2,000-mark this year.

Ag Range: $25.00 – $44.00
Average: $35.00

In 2010/2011, silver was much in demand as an investment instrument and as a sought-after raw material for countless industrial applications. Its spectacular performance last year was driven by this dual demand. But now many industries are slumping and even those in booming countries are at risk, so the likelihood of a repeat performance in 2012 is remote.

While silver could certainly re-enter the roaring '40s if gold climbs towards $2,000, the chances of breaking the magical $50-barrier seem slim. Industrial demand, including the recently booming the solar power sector, is simply not strong enough to propel it to such heights. In addition there is too much production of new silver and recycling going on for prices to skyrocket.

Pt Range: $1,250 – $1,650
Average: $1,475

'Is diesel still paying off?' That was the headline question asked by a leading German car magazine in its first issue of 2012. The article compared diesel engines, a largely European preference for passenger cars, to globally prevailing gasoline-powered technology. Depending on the car type, the answer was mostly no, as diesel prices have been soaring for quite some time, giving up one of its most important advantages. And it could well stay aloft for the foreseeable future.

As South Africa is able to supply plenty of platinum and scrap inflow is on the rise, prices this year will probably hover well below the 2008 all-time high and may even fall short of 2011's peak level. The more general precious metal investment story alone is not going to win investors' confidence. They want to see rising industrial demand and supply-side shortfalls, and both look less assured than in any of the last five years.

Pd Range: $485 – $725
Average: $600

Palladium had its well-deserved hey-days in 2011, but now it would seem to have found its equilibrium north of the $500-mark. With diminishing supplies from official Russian stocks already factored into the price, this metal's chances of reprising its remarkable 2011 performance in the 12 months ahead appear doubtful.

On the contrary, the storm clouds gathering over the global economy may dampen demand from the electronics and automotive industries. Investors and jewelry buyers are unlikely to rush in to the rescue because the current price may still be seen as unattractive given the much lower long-term average.

2011 *Forecast* Review

The text below compares the Forecasts made in January, 2011 with the out-turn for the year.

Forecasters once gain correctly forecast the price direction of gold in 2011. Indeed, since the forecast survey began in 2001, forecasters have, with the exception of 2004, correctly predicted the price direction of gold in every year. This is all the more impressive given the uncertainty in global market and economic conditions over the last 12 months.

The forecast average price in 2011 was $1,457, which represented a rise of 6% compared with the average price in the first week of January 2011. The average predicted trading range was $365, just short of the Forecast record in 2010. It turned out to be an eventful year, as an uncertain dollar, unrest in the Middle East and continued problems in the eurozone drove investors to safe havens. The gold price peaked in early September 2011 at $1,895, but then fell by 20% over the remainder of the year to record an average price for the year of $1,572. Nevertheless, the gold price still recorded an impressive gain of 14% from the average price in the first week of 2011. Although analysts correctly predicted the price direction for gold, they underestimated the increase in the price by $115 over the year.

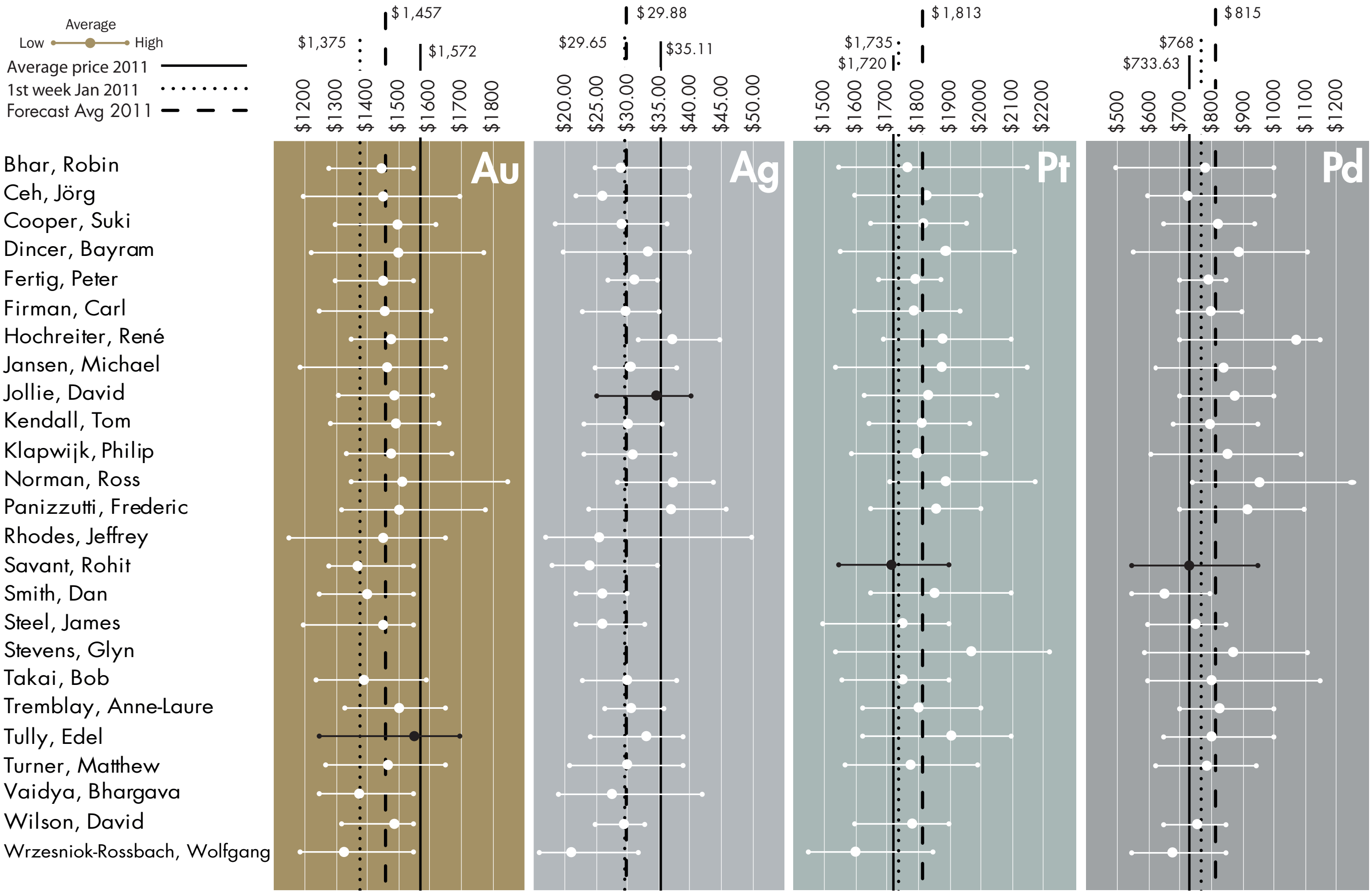
It was a volatile 12 months for silver. After reaching an all-time record high of $48.70 at the end of April, the price fell nearly 50% to $26.16 towards the end of December. However, the average price for the year of $35.11 still represented an 18% increase on the price in the first week of January. Whilst forecasters correctly predicted the price direction, their forecast of $29.88 was $5 below the actual average for 2011.

In contrast, the average price of both platinum and palladium fell by 0.9% and 4.5% respectively compared to the average prices in the first week of 2011. This caught out most analysts who had forecast that the price of both metals would increase during 2011. One analyst who stood out from the crowd was Rohit Savant who not only correctly predicted a fall in the price of both metals but his forecast predictions were within 0.5% of the actual average prices. Not surprisingly, Rohit picked up two one-ounce gold bars for his efforts.

Our thanks to all those who participated in the 2011 Forecast Survey, and congratulations to the winners, Edel Tully (gold), David Jollie (silver) and Rohit Savant (platinum and palladium), who each take home one one-ounce gold bars. And, of course, many thanks to Metalor Technologies SA for its generous donation of the prizes.

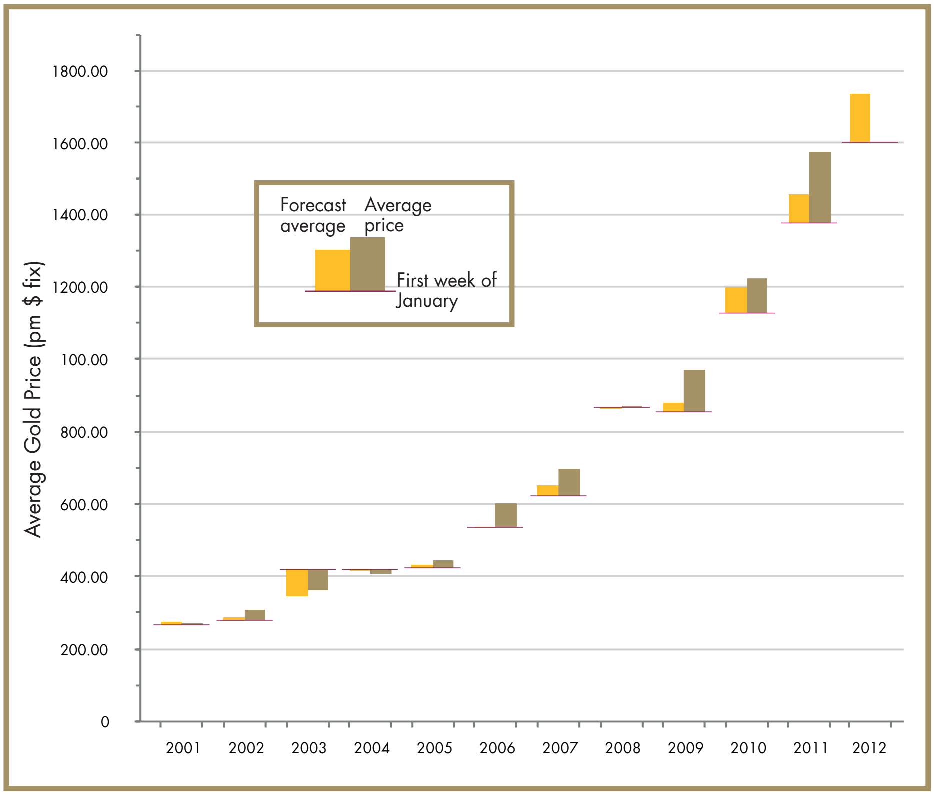
Metal	2010 Average	1st Week January 2011	Average Forecast 2011	2011 Year Average	Winning Forecast	2011 Forecast Winners	Company
Gold	$1,225	$1,375	$1,457	$1,572	$1,550	Edel Tully	UBS
Silver	$20.19	$29.65	$29.88	$35.11	$34.05	David Jollie	Mitsui & Co Precious Metals Inc
Platinum	$1,610	$1,735	$1,813	$1,720	$1,715	Rohit Savant	CPM Group
Palladium	$526.38	$768.00	$814.65	$733.63	$730.00	Rohit Savant	CPM Group

Last Year's Averages



2001-2011 *Forecast* Review

Rohit Savant now joins three other analysts, Philip Klapwijk, Ross Norman and Mathew Turner who share the honour of having won two metal forecasts in one year.



As the chart illustrates, analysts participating in the LBMA Forecast have an excellent record in predicting the direction of the gold price movement. Indeed analysts have correctly predicted the direction of the gold price every year (with the exception of 2004) since the Forecast Survey began in 2001. Although analysts underestimated the magnitude of the price rise in 2011 it is still an excellent record which compares impressively when compared with other forecast surveys. The gold price has risen four fold in the last six years and forecasters are predicting a further increase of 10% (since the first week of January 2012) to $1,766 in 2012. And if they prove as accurate as in previous years we can expect another significant increase in the gold price in 2012.

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