



# **MKS GROUP PRECIOUS METALS PRICES FORECASTS**

## **YEAR 2012**



## MKS GROUP - 2011 PRECIOUS METALS FORECASTS REVIEW

<b>MKS GROUP 2011 FORECAST vs. LONDON FIXING</b>						
<b>2011</b>	<b>MKS FCST LOW</b>	<b>MKS FCST HIGH</b>	<b>MKS FCST AVERAGE</b>	<b>LOW FIX</b>	<b>HIGH FIX</b>	<b>AVERAGE FIX</b>
<b>XAU</b>	1320.00	1780.00	<b>1502.00</b>	1316.00	1896.50	<b>1572.00</b>
<b>XAG</b>	24.00	46.00	<b>36.25</b>	26.16	48.70	<b>35.12</b>
<b>XPT</b>	1650.00	2000.00	<b>1855.00</b>	1354.00	1899.00	<b>1715.00</b>
<b>XPD</b>	700.00	1100.00	<b>915.00</b>	549.00	859.00	<b>730.00</b>

<b>2011 PRECIOUS METALS PERFORMANCE</b>						
<b>2011</b>	<b>FIX 04 JAN 2011</b>	<b>FIX 30 DEC 2011</b>	<b>2011 % PERFORMANCE</b>	<b>LOW FIX</b>	<b>HIGH FIX</b>	<b>AVERAGE FIX</b>
<b>XAU</b>	1405.50	1574.50	12.02	1316.00	1896.50	<b>1572.00</b>
<b>XAG</b>	30.67	28.18	-8.12	26.16	48.70	<b>35.12</b>
<b>XPT</b>	1768.00	1381.00	-21.89	1354.00	1899.00	<b>1715.00</b>
<b>XPD</b>	792.00	636.00	-19.70	549.00	859.00	<b>730.00</b>

## MKS GROUP - 2012 FORECASTS SUMMARY

<b>MKS GROUP PRECIOUS METALS FCST SUMMARY</b>				
<b>2012</b>	<b>FIXING REFERENCE 30.12.2011</b>	<b>FCST LOW FIXING MKS</b>	<b>FCST HIGH FIXING MKS</b>	<b>FCST AVERAGE FIXING MKS</b>
<b>XAU</b>	1574.50	1550.00	2120.00	1808.00
<b>XAG</b>	28.18	27.00	50.00	36.00
<b>XPT</b>	1381.00	1350.00	1790.00	1498.00
<b>XPD</b>	636.00	570.00	750.00	662.50



## **MKS GROUP 2012 FORECASTS**

### **GOLD**

#### **2012 FCST**

<b>LOW 2012:</b>	1550.00	USD/OZ
<b>HIGH 2012:</b>	2120.00	USD/OZ
<b>AVERAGE 2012:</b>	1808.00	USD/OZ

On the 30<sup>th</sup> December 2011, gold closed around 12% higher than the previous year and traded in a 580 USD/oz 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 heaven; but if liquidity becomes scarce and the market might start dishoarding gold scrap in larger quantities it would affect the gold price. Such a scenario would be even more likely if gold reached new highs. Such a price correction could prompt some central banks to add on some gold to their 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 summarize, we expect gold to reach new highs in 2012 and to trade in a wider range. We expect 2012 to be another volatile year.

### **SILVER**

#### **2012 FCST**

<b>LOW 2012:</b>	27.00	USD/OZ
<b>HIGH 2012:</b>	50.00	USD/OZ
<b>AVERAGE 2012:</b>	36.00	USD/OZ

Silver closed 2.50 USD/OZ lower at the end of December 2011 after having traded in a 22 USD 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.



## **PLATINUM**

### **2012 FCST**

<b>LOW 2012:</b>	1350.00	USD/OZ
<b>HIGH 2012:</b>	1790.00	USD/OZ
<b>AVERAGE 2012:</b>	1498.00	USD/OZ

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.

### **2012 FCST**

<b>LOW 2012:</b>	570.00	USD/OZ
<b>HIGH 2012:</b>	750.00	USD/OZ
<b>AVERAGE 2012:</b>	662.50	USD/OZ

Two years in a row palladium outperformed the other 3 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 2009/2010, the expected reduction in industrial demand this year shall result in a more balanced equilibrium.

MKS FINANCE S.A  
Frederic Panizzutti  
Senior Vice President

Email: [fpanizzu@mks.ch](mailto:fpanizzu@mks.ch)  
[www.mks.ch](http://www.mks.ch)  
[www.pamp.com](http://www.pamp.com)

*Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.*