

Looking Back and Ahead

In 2010, metals prices rose across the board. In 2011, we expect metals prices will continue to do the same. In 2010, a return of global growth, improved growth prospects, low interest rates, a weakening dollar, and quantitative easing by the U.S. Fed provided price support. In 2011, we see significant asymmetric upside price risks for most metals. At the same time, however, concern about decelerating Chinese growth, as well as international sovereign, municipal, and other government debt remains high. A mispricing of sovereign debt risk could have a catastrophic impact on the global economy, global growth, and industrial metals prices. For gold and silver, however, sovereign debt concerns lurking in the background continue to pose a very bullish price risk.

Prestige Economics Metals Forecasts

		11 Q1	11 Q2	11 Q3	11 Q4	2008	2009	2010	2011	2012
Gold - Spot	\$/OZ	\$1,400	\$1,425	\$1,450	\$1,500	\$873	\$975	\$1,227	\$1,444	\$1,550
Silver - Spot	\$/OZ	\$28.00	\$30.00	\$32.00	\$35.00	\$15.02	\$14.71	\$20.21	\$31.25	\$35.00
Copper - COMEX	\$/LB	\$4.25	\$4.50	\$4.75	\$5.00	\$3.13	\$2.37	\$3.44	\$4.63	\$5.50
Aluminum - LME Spot	\$/MT	\$2,400	\$2,500	\$2,600	\$2,700	\$2,576	\$1,671	\$2,173	\$2,550	\$2,800
	\$/LB	\$1.09	\$1.13	\$1.18	\$1.22	\$1.17	\$0.76	\$0.99	\$1.16	\$1.18
Nickel - LME Spot	\$/MT	\$25,000	\$27,000	\$30,000	\$32,000	\$21,050	\$14,709	\$22,042	\$28,500	\$35,000
	\$/LB	\$11.34	\$12.25	\$13.61	\$14.51	\$9.55	\$6.67	\$10.00	\$12.93	\$15.88
Steel - Hot Rolled Coil	\$/ST	\$700	\$725	\$750	\$775	\$890	\$454	\$611	\$738	\$800

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