



PMIs show stronger world growth

- The US ISM manufacturing rose to the highest level in more than six years in January (highest since May 2004), lifting from 58.5 to 60.8. But construction spending fell by 2.5% in December to the lowest level since July 2000. The global manufacturing gauge rose to a 9-month high of 57.2 in January (refer Chart of the Day below). An estimated 200,000 Egyptians massed in central Cairo on Tuesday, calling for an end to the reign of President Mubarak. The US dollar fell against most major currencies overnight.
- Base metals continued higher overnight on the weaker US dollar and strong global manufacturing indicators. The bases ended 0.8%-2.4% higher with copper and nickel doing best. Meanwhile, gold prices fell in line with the weaker tone of the US dollar.
- Global oil prices were mixed, with US WTI crude prices slipping while reports of supply disruptions in the Egyptian port of Alexandria spurred UK Brent prices higher to close above USD 100/bbl and maintain a near USD 10/bbl premium to US WTI prices.
- Chesapeake Energy, a major US unconventional gas producer, plans to increase share of capex to liquids rich development from 10% in 2008 to 70% in 2012.
- India's Supreme Court is expected to rule on the legality of Karnataka State's export ban by mid-February. A reversal of the ban would increase iron ore seaborne supply. Moreover, the decision will be seen as a precedent for the prospects for Orissa State to ban its iron ore exports.

Chart of the Day: Purchasing Managers Indices show world recovery broadening

- The latest batch of purchasing managers indices, released yesterday and overnight, paint a picture of broadening and strengthening economic growth recovery in the manufacturing sector.
- China's manufacturing PMI eased to 52.9 in January from 53.9 in December, while the HSBC PMI was broadly unchanged. Both indicate Chinese manufacturing activity continues to grow, albeit at slightly reduced rates than late 2010. PMIs in Germany, Italy, France, the UK and the broader Eurozone all rose more than expected in January, as did the PMI in Brazil. Meanwhile, the US ISM manufacturing index rose to its highest level in more than six years in January.
- Stronger PMIs in January point to accelerating commodity demand. However, we question how much of this recovery in demand might be priced into current selected near all-time record high commodity prices.

OVERNIGHT MARKET SNAPSHOT

01-Feb-11

Dow Jones Industrial average	12,027	1.1%
AUD/USD	1.0146	1.6%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,540	115 1.1%
Copper	\$9,970	452 2.1%
Lead	\$2,625	119 0.8%
Nickel	\$27,969	1,269 2.4%
Tin	\$30,205	1,370 0.2%
Zinc	\$2,452	111 1.8%

Precious Metals

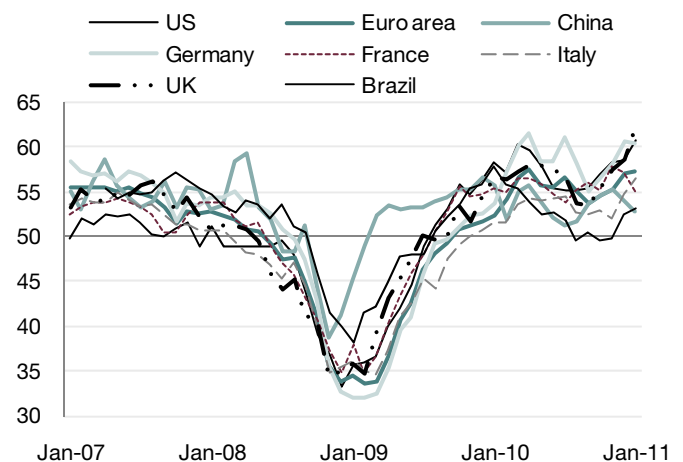
Gold		
Spot (USD/oz)	\$1,338.82	0.5%
Comex (USD/oz)**	\$1,338.70	0.4%
AUD spot (AUD/oz)	\$1,323.32	-1.0%
Silver (USD/oz)	\$28.48	1.5%
Platinum (USD/oz)	\$1,824.00	1.7%
Palladium (USD/oz)	\$822.75	0.9%

Oil

NYMEX light sweet crude (USD/bbl)**	\$91.35	-0.9%
Brent (USD/bbl)	\$100.93	1.2%
Dubai (USD/bbl)	\$95.52	1.5%

Daily. **near month. Source: Bloomberg, globalCOAL, CBA. Prices are indicative and subject to change. Oz refers to troy ounce.

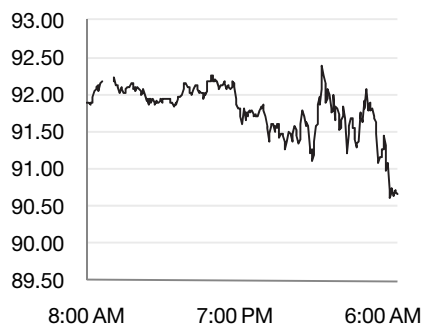
Chart of the Day: PMIs show world economic recovery broadening



Source: Bloomberg, CBA.

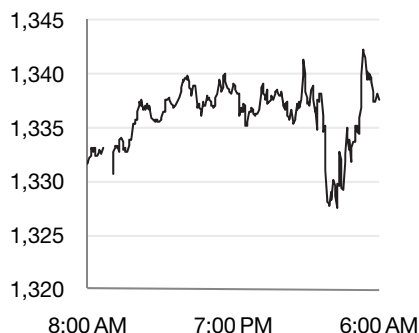


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



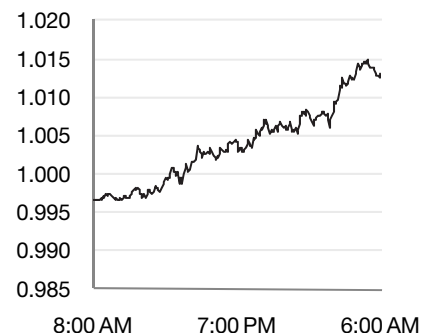
Source: Bloomberg, CBA. 5 min intervals.

Figure 2: Gold (spot, US/oz) intraday price



Source: Bloomberg, CBA. 5 min intervals.

Figure 3: Australian dollar (USD/AUD) intraday price



Source: Bloomberg, CBA. 5 min intervals.

PROVISIONAL PRICES AS AT : 01-Feb-11

LME base metals			change over								change over			
Cash	USD/t	USc/lb	1 day	1 wk	1 mth	Oil	USD/bl	1 day	1 wk	1 mth				
Aluminium	\$2,540	115	1.1%	8.7%	2.7%	NYMEX light sweet crude**	\$91.35	-0.9%	7.3%	2.2%				
Copper	\$9,970	452	2.1%	7.7%	3.6%	Brent (Dated)	\$100.93	1.2%	6.7%	8.6%				
Lead	\$2,625	119	0.8%	11.2%	-0.2%	Dubai	\$95.52	1.5%	4.0%	4.4%				
Nickel	\$27,969	1,269	2.4%	8.1%	11.4%	Refined products, Singapore								
Tin	\$30,205	1,370	0.2%	6.8%	14.6%	Gas Oil (USD/bbl)	\$112	0.1%	3.4%	5.1%				
Zinc	\$2,452	111	1.8%	11.3%	-0.3%	Jet Fuel (USD/bbl)	\$115	1.1%	4.0%	7.6%				
						Fuel Oil (USD/t)	\$566	2.4%	5.2%	8.0%				
						<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>								
LME futures (3 mth)						Currencies								
	USD/t	USc/lb				AUD/USD (London close)	1.0146	1.6%	2.1%	1.1%				
Aluminium	\$2,551	116	1.2%	8.0%	2.7%	AUD/EUR	0.7340	0.7%	0.8%	-2.7%				
Copper	\$9,945	451	2.1%	7.5%	3.8%	AUD/JPY	82.56	0.9%	0.9%	0.5%				
Lead	\$2,540	115	1.2%	8.7%	-2.6%	AUD/KOR	1,121	0.3%	0.6%	-0.9%				
Nickel	\$27,995	1,270	2.4%	8.1%	11.3%	EUR/USD	1.3823	0.9%	1.3%	3.8%				
Tin	\$30,155	1,368	0.2%	7.0%	14.5%	USD/JPY	81.38	-0.7%	-1.2%	-0.5%				
Zinc	\$2,472	112	1.9%	11.3%	0.1%	Coal*								
						Newcastle	USD/t	\$122.98	~	-5.7%	~			
						Richards Bay		\$116.45	~	-3.6%	~			
						DES ARA		\$116.67	~	-5.4%	~			
LME stocks			tonnes			Iron ore & Steel								
Aluminium		4,525,850	4,625	-15,325	250,875	Iron ore (62% Fe, cfr China)	USD/t	\$185.60	0.0%	0.1%	8.5%			
Copper		393,925	-100	4,850	16,250	China domestic Rebar		\$712.53	0.0%	-0.2%	3.7%			
Lead		282,700	2,775	11,400	74,150	East Asia HRC (cfr) ***		\$722.50	1.0%	1.0%	12.5%			
Nickel		134,442	402	-516	-2,448	US domestic HRC (US/st)***		\$845.00	5.0%	5.0%	17.4%			
Tin		17,835	220	285	1,460	Freight								
Zinc		710,275	-400	-1,125	8,850	Baltic Dry Index	Index	~	~	~	~			
						Baltic Capesize Index		~	~	~	~			
						Baltic Panamax Index		~	~	~	~			
Precious Metals														
Gold	USD/oz (unless stated otherwise)													
Spot	\$1,338.82		0.5%	0.5%	-3.0%									
Comex**	\$1,338.70		0.4%	0.5%	-2.9%									
AUD spot (AUD/oz)	\$1,323.32		-1.0%	-1.0%	-3.7%									
Silver	\$28.48		1.5%	6.1%	-4.3%									
Platinum	\$1,824.00		1.7%	2.1%	3.7%									
Palladium	\$822.75		0.9%	5.3%	5.7%									
Natural Gas														
Henry Hub (USD/MMBtu)**	\$4.352		-1.5%	-2.7%	-6.8%	*Weekly, 28/01 ***Weekly, 01/02								
British NBP (GBP/therm)**	53.08		0.8%	-2.9%	-9.0%	**Near Month (not adjusted for contract changes)								

Source: Bloomberg, globalCOAL, CBA. Data is indicative snapshot, prices subject to change.



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Equities Research

Head of Research

Mark Storey +612 9118 1198

Banks/Insurance

Ben Zucker (Banks) +612 9118 1185
 Jeff Cai (Banks) +612 9118 1186
 Cindy Dowling (Banks) +612 9118 7582
 Ross Curran (Insurance) +612 9118 1181
 Naveen Patney (Insurance) +612 9118 6391

Basic Materials

Michael Ward* +612 9118 1139
 Athlene Piech +612 9118 1195
 Ryan Gerhardy +612 9118 1197

Economics

Michael Blythe +612 9118 1101
 James McIntyre +612 9118 1100

Healthcare

Natalie Kelly +613 9675 7107
 Bruce Du +613 9675 6244

Media & Telecommunications

Alice Bennett +613 9675 7118
 Dominique d'Avrincourt* +613 9675 6933
 Nathan Burley +613 9675 7029

Property

David Lloyd +612 9118 1192
 James Druce +612 9118 1193

Resources/Energy

Andrew Hines +613 9675 7443
 Lachlan Shaw (Commodities) +613 9675 8618
 Andrew Knuckey (Metals & Mining) +613 9675 6791
 Tomas Vasquez (Metals & Mining) +613 9675 6059
 Paul Hodsman (Metals & Mining) +613 9675 8532
 Luke Smith (Energy) +613 9675 7117

Retail, Food & Beverage

Andrew McLennan +612 9118 1199
 Jordan Rogers +612 9118 1177
 Amy Toepfer +612 9118 1182

Small Companies

Nick Maclean +613 9675 7972
 Wassim Kisirwani +612 9118 1187

Transport / Developers & Contractors

Matt Crowe (Transport) +612 9118 1189
 Andre Fromyhr (Transport) +612 9118 1188
 Ben Brownette (D&C) +612 9118 1190
 Amy Toepfer (D&C) +612 9118 1182

Utilities & Toll Roads

Paul Johnston* +613 9675 7101
 Paul Mason +613 9675 7275

Supervisory Analyst

Joe Pardea +612 9118 6388

Quantitative Research & Database

Nizar Torlakovic +612 9118 1178
 Hendrik Botha +612 9118 1200
 Luke Hartigan* +612 9118 6393

Publishing +612 9118 1183

Fax (Sydney) +612 9118 1000

Fax (Melbourne) +613 9675 7622

CommSec Retail

Craig James +612 9312 0265

Savanth Sebastian +612 8223 7130

To contact any of our staff via email, type: first.name.surname@cba.com.au

*Except: Dominique d'Avrincourt – dominique.davrincourt@cba.com.au

Luke Hartigan – lhartigan@cba.com.au

Michael Ward – michael.ward1@cba.com.au

Paul Johnston – paul.a.johnston@cba.com.au

Michael Robson - michael.robson@asb.co.nz

Nick Tuffley – nick.tuffley@asb.co.nz

Jane Turner – jane.turner@asb.co.nz

Christina Leung – christina.leung@asb.co.nz

Institutional Equities

Executive General Manager Institutional Equities & Debt Capital Markets

David Hancock +612 9118 1441

Head of Cash Equities

Lance Jenkins +612 9118 1447

Equity Distribution

Equity Research Sales – Sydney

Angus Esslemont +612 9118 1471
 Christine Leonard +612 9118 1442
 Rod Hardwick +612 9118 1444
 Rodney Walker +612 9117 7888
 Sarah Beeby +612 9118 1018
 Will Corkill +612 9118 1461
 Melissa George (Desk Manager) +612 9118 1446

Corporate Access

Amanda Chamberlin +612 9118 1443

Equity Research Sales – Melbourne

Boyd Carter +613 9675 6815
 Wayne Murray +613 9675 7495
 Nicolas Thompson +613 9675 6618

Sales Trading

Andrew Tyrrell +612 9118 1451
 Jarred Rubin +612 9117 7887
 Justin Rooney +612 9118 1453
 Nicolas Thompson +613 9675 6618
 Paul Welsh +612 9118 1450
 Rod Ellis +612 9118 1452
 Michael Robson* +64 9374 8693

Equity Trading

Alex Stanford +612 9118 1456
 Andrew Millward (Electronic) +612 9118 1457
 Anthony Brownlow (Electronic) +612 9118 1463
 Hun Low (Electronic) +612 9118 1458
 Jeremy Weber +612 9118 1454
 Mark Ashton +612 9118 1405
 Matt Bromfield +612 9118 1455

Asian Sales

Toll Free (HK) +800 901 636
 Toll Free (Sing) +800 616 1949

Fax (Melbourne) +613 9675 7622

Global Markets Research

Commodities

Luke Mathews +612 9118 1098
 Lachlan Shaw +613 9675 8618

Foreign Exchange

Richard Grace +612 9117 0080
 Joseph Capurso +612 9118 1106
 Peter Dragicevich +612 9118 1107
 Andy Ji +65 6349 7056

Fixed Income

Adam Donaldson +612 9118 1095
 Philip Brown +612 9118 1090
 Michael Bors +612 9118 1108
 Steve Shoobert +612 9118 1096
 Winnie Chee +612 9118 1104
 Tally Dewan +612 9118 1105
 Kevin Ward +612 9118 1960
 Alex Stanley +612 9118 1125

Economics

Michael Blythe +612 9118 1101
 Michael Workman +612 9118 1019
 John Peters +612 9117 0112
 James McIntyre +612 9118 1100
 Chris Tennent-Brown +64 9374 8819
 Nick Tuffley* +64 9374 8604
 Jane Turner* +64 9374 8185
 Christina Leung* +64 9369 4421

Fax (Sydney) +612 9118 1010