



## US crude passes through USD100/bbl

- US crude oil ended another 2.5% higher overnight to close above USD100/bbl, narrowing the discount to UK Brent. Renewed tensions in Libya, including reports of an airstrike near a Libyan oil terminal, re-inforced supply concerns. Meanwhile, a larger fall in US gasoline inventories than forecast, despite higher refinery run rates, focussed markets on the potential for tighter US gasoline markets (see below).
- The US Federal Reserve's Beige book reported continued improvement in economic activity in January and early February. The report also noted that retail sales increased in all 12 regional bank districts in early 2011. US ADP private sector employers added 217,000 jobs in February, well above expectations for a raise of 175,000. The January result was also revised higher. US non-farm payrolls are expected to rise by 193,000 on Friday. The US dollar ended lower against the Euro ahead of the ECB meeting today.
- Base metals ended 0.9-1.8% lower overnight as fears of demand destruction due to higher oil prices outweighed the positive US ADP employment report. Gold rose again, taking cues from the weaker US dollar and MENA tensions.
- The Guinean government is reported to have halted UC Rusal's alumina exports due to a dispute over pollution at Rusal's 640,000 tonne Friguia refinery.
- Spot iron ore, delivered China, slipped again to USD178/t. Eurasian Natural Resources Corp plans to invest USD6.8b in Kazakhstan and Brazil to increase iron ore output from 17Mt to 70Mt by 2016.

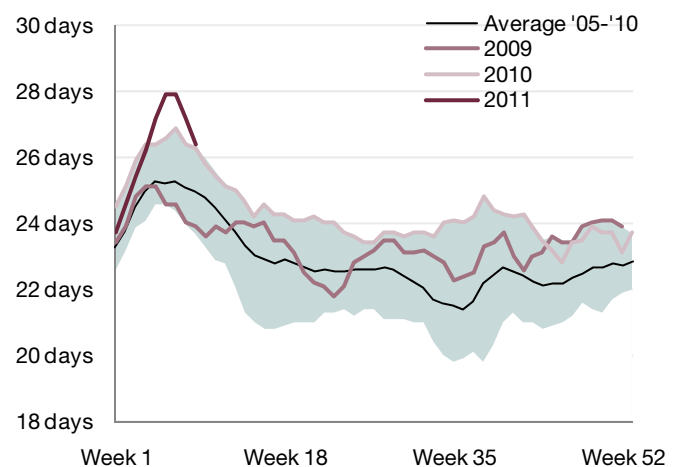
## Chart of the Day: US crude oil inventories fall, gasoline stocks slump well more than expected

- Weekly US Department of Energy inventories data showed a fall in crude stocks of 0.4mnbbls, against forecasts for a 0.75mnbbl increase. While distillate stocks fell less than expected, gasoline stocks slumped almost 10 times more than originally forecast, declining by 3.6mnbbls. The fall brings total US gasoline stocks much closer to the top of the six-year range (refer to chart). The fall in gasoline stocks was more impressive, given refinery run rates rose 1.5% in the week, five times more than forecast.
- Despite US gasoline stocks remaining above the top of the six-year range, the fall in stocks may, if continued, indicate improving demand for gasoline in the US. To the extent this provides a read on the economic health and sentiment of the household sector, lower inventories – and higher implied gasoline demand – would be taken positively. However, with NYMEX crude oil futures having closed above USD100/bbl last night and US gasoline prices continuing to increase, gasoline consumption growth is likely to face increasing headwinds should these prices be sustained.

Overnight Price Moves (full table over)		02-Mar-11	
New York (Dow Jones IA)		12,079	0.2%
London (FTSE 100)		5,915	-0.4%
AUD/USD		1.0167	0.1%
<b>LME Metals (02-Mar)</b>			
	USD/t	USc/lb	% chg
Aluminium	\$2,555	116	-1.0%
Copper	\$9,821	445	-0.9%
Lead	\$2,532	115	-1.6%
Nickel	\$28,455	1,291	-1.5%
Tin	\$31,925	1,448	-1.3%
Zinc	\$2,447	111	-1.8%
<b>Iron ore &amp; Steel</b>			
	USD/t	% chg	
Iron ore (62% Fe, cfr China)	\$178.00	-1.2%	
Steel Billet (LME)	~	~	
<b>Precious Metals</b>			
Gold			
Spot (USD/oz)	\$1,434.10	0.1%	
Comex (USD/oz) *	\$1,433.60	0.2%	
AUD spot (AUD/oz)	\$1,410.27	-0.3%	
Silver (USD/oz)			
	\$34.56	-0.4%	
Platinum (USD/oz)			
	\$1,850.75	0.5%	
Palladium (USD/oz)			
	\$819.75	0.4%	
<b>Oil</b>			
NYMEX light sweet crude (USD/bbl) *	\$102.13	2.5%	
Brent (USD/bbl)	\$115.80	-0.2%	
Singapore TAPIS (USD/bbl)	\$118.44	3.2%	

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

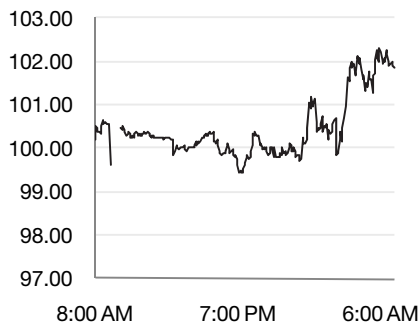
## Chart of the Day: US gasoline inventories (in days' consumption) fell last week



Source: US DoE, Bloomberg, CBA.

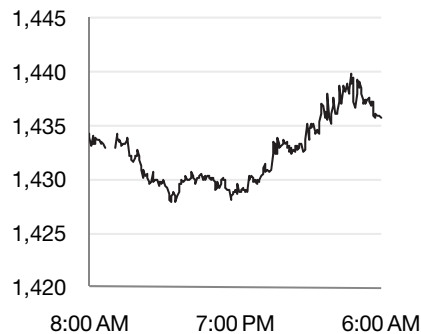


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



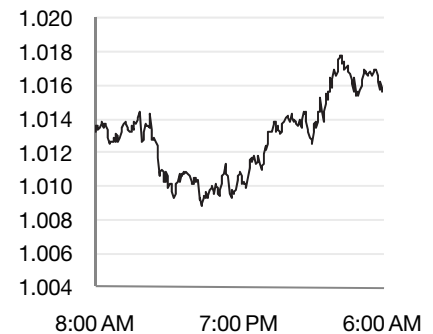
Source: Bloomberg, CBA. 5 min intervals.

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.

## Overnight Market Price Snapshot

LME Metals (02-Mar)			change over						change over		
Cash	USD/t	US\$/lb	day	week	month	Oil	USD/bi	day	week	month	
Aluminium	\$2,555	116	-1.0%	2.6%	1.3%	NYMEX light sweet crude **	\$102.13	2.5%	4.1%	12.4%	
Copper	\$9,821	445	-0.9%	3.5%	-1.3%	Brent (Dated)	\$115.80	-0.2%	3.6%	13.5%	
Lead	\$2,532	115	-1.6%	-0.5%	-3.1%	Singapore TAPIS	\$118.44	3.2%	7.2%	13.0%	
Nickel	\$28,455	1,291	-1.5%	0.6%	2.7%	Dubai	\$109.89	3.3%	5.8%	13.9%	
Tin	\$31,925	1,448	-1.3%	1.3%	4.5%						
Zinc	\$2,447	111	-1.8%	-0.1%	0.2%						
Steel Billet	~	na	~	~	~						
						<b>Refined products, Singapore</b>					
						Gas Oil (USD/bbl) ***	\$128	2.9%	6.9%	13.1%	
						Jet Fuel (USD/bbl)	\$130	2.2%	5.8%	11.6%	
						Fuel Oil (USD/t) ****	\$646	1.3%	2.7%	10.1%	
						<b>Currencies</b>					
						AUD/USD (London close)	1.0167	0.1%	1.7%	0.9%	
						AUD/EUR	0.7330	-0.4%	0.8%	0.3%	
						AUD/JPY	83.01	-0.2%	0.8%	0.9%	
						AUD/CNY	6.68	0.1%	1.7%	0.8%	
						AUD/KOR	1,141	-0.1%	1.1%	2.7%	
						EUR/USD	1.3869	0.5%	0.9%	0.6%	
						<b>Coal*</b>	USD/t				
						Newcastle	\$131.71	~	4.0%	7.1%	
						Richards Bay	\$118.79	~	0.6%	2.0%	
						DES ARA	\$119.61	~	2.3%	2.5%	
						<b>Iron ore &amp; Steel</b>	USD/t				
						Iron ore (62% Fe, cfr China)	\$178.00	-1.2%	-3.7%	-4.1%	
						China domestic Rebar	\$710.55	-0.5%	-1.6%	~	
						East Asia HRC (cfr) *****	\$730.00	0.0%	-0.3%	1.0%	
						US domestic HRC (US/st) *****	\$845.00	0.0%	0.0%	0.0%	
						<b>Equity &amp; Debt Capital Markets</b>					
						New York (Dow Jones IA)	12,079	0.2%	-0.2%	0.3%	
						London (FTSE 100)	5,915	-0.4%	-0.1%	-1.4%	
						Europe (EuroStoxx50)	2,959	-0.8%	0.1%	-1.8%	
						Toronto (Metals & Mining)	4,548	-0.2%	1.8%	4.8%	
						Philadelphia Gold & Silver Index	217.0	-0.1%	1.7%	6.4%	
						US 2 year bond yield	0.684%	6.0%	-8.4%	3.5%	
						US 10 year bond yield	3.462%	2.0%	-0.7%	-0.5%	

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly,25/02 \*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly,01/03



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