



Food prices hit record highs - UN

- The United Nations food price index hit record highs in January on continued escalation of global food prices. Almost all commodity prices – food, mining and energy – are at or near record highs currently. Often a catalyst for civil unrest in poorer countries, high food and energy prices also increase potential future inflation, which if followed by an aggressive policy response, can trigger economic ‘boom/bust’ type scenarios. Policy response risk is intensifying as commodity prices head higher.
- US comparable chain store sales rose by 4.8% in January from a year earlier. The ISM non-manufacturing survey rose from 57.1 to 59.4 in January - marking the fastest pace of growth since August 2005. US total factory orders rose 0.2% in December, contrary to forecasts for a 0.5% decline. US jobless claims fell by a more than expected 42,000 to 415,000 in the past week. The EU composite manufacturing and services PMI rose more than expected in January. The US dollar rose against the Euro after the European Central Bank said inflation remained under control and interest rates are unlikely to rise anytime soon.
- Base metals ended mostly 0.1%-0.7% lower overnight as the USD stormed higher against the Euro. And gold finished higher as traders renewed expectations for higher future inflation as US manufacturers increased product prices due to higher raw material costs.
- US crude spot prices eased through the session in line with the firmer US dollar. US natural gas in storage fell 189bcf last week, bringing total natural gas storage to 2.35Tcf, just below five-year highs for this time of year.
- Japan’s Nippon Steel Corporation and Sumitomo Metals are in merger discussions to create the world’s second largest steel producer.

Chart of the Day: Copper at USD 10,000/t or USD 4.50/lb – but for how long?

- LME spot copper prices traded through USD 10,000/t, or ~USD 4.50/lb, overnight, a new record intra-day high. The bid was supported by improving sentiment towards a global economic recovery, expectations for a sizeable production deficit this year, continuing supply disruptions and renewed interest in the commodity complex as an alternate asset class and hedge against higher inflation.
- We continue to expect copper prices to average in the high USD 3/lb to low USD 4/lb for the next three years. But within this profile, the risk of more volatile short term price spikes and troughs cannot be discounted as fundamentals tighten and investors chase yield. More so, the incentive to substitute away from copper to other materials such as aluminium and PVC has never been stronger.

OVERNIGHT MARKET SNAPSHOT

03-Feb-11

Dow Jones Industrial average	12,068	0.2%
AUD/USD	1.0151	0.8%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,514	114 0.1%
Copper	\$9,944	451 -0.2%
Lead	\$2,619	119 -0.7%
Nickel	\$27,930	1,267 -0.2%
Tin	\$30,573	1,387 -0.4%
Zinc	\$2,452	111 -0.1%

Precious Metals

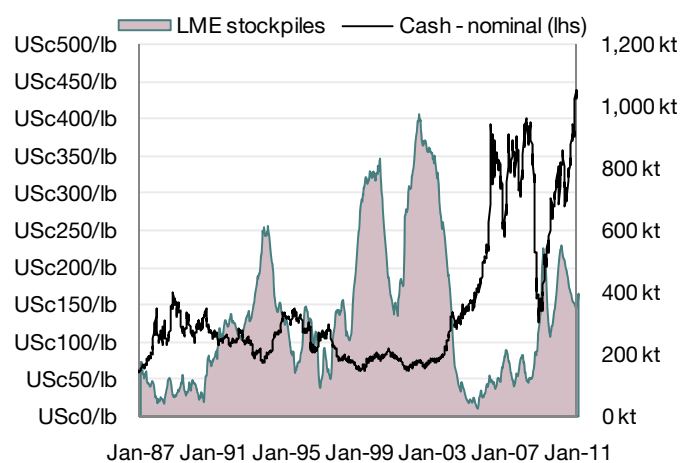
Gold		
Spot (USD/oz)	\$1,352.75	1.3%
Comex (USD/oz)**	\$1,352.20	1.6%
AUD spot (AUD/oz)	\$1,333.01	0.8%
Silver (USD/oz)	\$28.85	1.7%
Platinum (USD/oz)	\$1,838.25	0.3%
Palladium (USD/oz)	\$817.90	0.5%

Oil

NYMEX light sweet crude (USD/bbl)**	\$90.60	-0.3%
Brent (USD/bbl)	\$101.29	-0.8%
Dubai (USD/bbl)	~	~

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

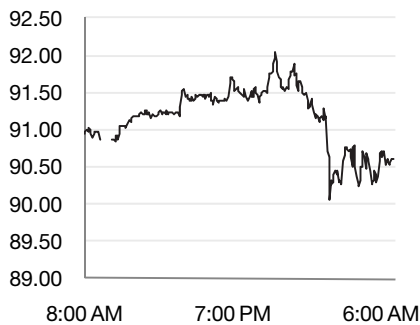
Chart of the Day: Copper price (cash, LME) and LME exchange stocks



Source: Bloomberg, CBA.

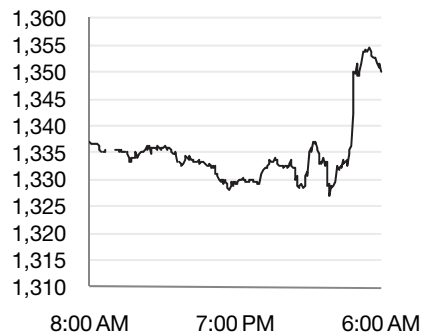


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



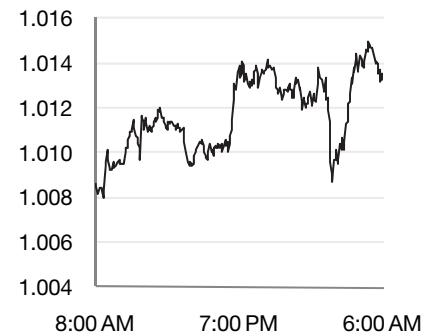
Source: Bloomberg, CBA. 5 min intervals.

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 : 03-Feb-11

LME base metals			change over							
Cash	USD/t	USc/lb	1 day	1 wk	1 mth	Oil	USD/bl	1 day	1 wk	1 mth
Aluminium	\$2,514	114	0.1%	4.4%	0.3%	NYMEX light sweet crude**	\$90.60	-0.3%	5.8%	2.5%
Copper	\$9,944	451	-0.2%	5.2%	4.8%	Brent (Dated)	\$101.29	-0.8%	4.9%	7.8%
Lead	\$2,619	119	-0.7%	5.6%	-2.4%	Dubai	~	~	~	~
Nickel	\$27,930	1,267	-0.2%	5.5%	13.9%	Refined products, Singapore				
Tin	\$30,573	1,387	-0.4%	4.9%	16.5%	Gas Oil (USD/bbl)	~	~	~	~
Zinc	\$2,452	111	-0.1%	9.3%	0.2%	Jet Fuel (USD/bbl)	~	~	~	~
						Fuel Oil (USD/t)	~	~	~	~
						<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>				
LME futures (3 mth)			change over							
	USD/t	USc/lb	1 day	1 wk	1 mth	Currencies		1 day	1 wk	1 mth
Aluminium	\$2,528	115	0.1%	4.2%	0.4%	AUD/USD (London close)	1.0151	0.8%	2.3%	1.8%
Copper	\$9,930	450	-0.2%	5.2%	4.8%	AUD/EUR	0.7436	1.8%	2.7%	-2.8%
Lead	\$2,555	116	-0.4%	5.6%	-3.8%	AUD/JPY	82.68	0.5%	0.5%	-0.2%
Nickel	\$27,950	1,268	-0.2%	5.5%	13.8%	AUD/KOR	1,122	1.0%	1.8%	0.2%
Tin	\$30,545	1,385	-0.3%	5.0%	16.5%	EUR/USD	1.3649	-1.0%	-0.4%	4.8%
Zinc	\$2,472	112	-0.1%	9.4%	0.7%	USD/JPY	81.46	-0.3%	-1.8%	-2.0%
LME stocks			change over							
	tonnes		1 day	1 wk	1 mth	Coal*	USD/t	1 day	1 wk	1 mth
Aluminium	4,533,875		8,325	3,150	259,000	Newcastle	\$122.98	~	-5.7%	~
Copper	394,475		700	-2,800	15,075	Richards Bay	\$116.45	~	-3.6%	~
Lead	288,925		4,075	12,000	79,075	DES ARA	\$116.67	~	-5.4%	~
Nickel	133,500		-672	-1,686	-3,540	Iron ore & Steel				
Tin	18,775		870	1,055	2,220		USD/t			
Zinc	710,075		0	-975	8,950	Iron ore (62% Fe, cfr China)	\$185.60	0.0%	0.0%	8.3%
Precious Metals			change over							
Gold	USD/oz (unless stated otherwise)		1 day	1 wk	1 mth	China domestic Rebar	\$713.74	~	0.0%	3.7%
Spot	\$1,352.75		1.3%	3.0%	-1.4%	East Asia HRC (cfr) ***	\$722.50	0.0%	1.0%	12.5%
Comex**	\$1,352.20		1.6%	2.6%	-1.4%	US domestic HRC (US/st)***	\$845.00	0.0%	5.0%	17.4%
AUD spot (AUD/oz)	\$1,333.01		0.8%	0.6%	-3.4%	Freight				
Silver	\$28.85		1.7%	7.1%	-0.8%		Index			
Platinum	\$1,838.25		0.3%	3.0%	6.2%	Baltic Dry Index	~	~	~	~
Palladium	\$817.90		0.5%	1.5%	7.3%	Baltic Capesize Index	~	~	~	~
						Baltic Panamax Index	~	~	~	~
Natural Gas			change over							
Henry Hub (USD/MMBtu)**			1 day	1 wk	1 mth	*Weekly, 28/01 ***Weekly, 01/02				
British NBP (GBP/therm)**	54.93		1.0%	0.2%	-4.6%	**Near Month (not adjusted for contract changes)				

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



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