



China to slow energy demand growth

- The former head of China's National Energy Administration said China will set a hard target for energy consumption in the 12th Five Year Plan. Energy consumption will be capped at 4b tonnes coal equivalent in 2015, up from 3.25b tonnes coal equivalent in 2010, or 4.24% compound annual growth. China's energy use rose 5.9% in 2010. More gas, hydro, wind and nuclear power, plus energy permit trading, will be used to reach the new targets.
- US non-farm payrolls (employment) rose by 192,000 in February, slightly above expectations for a gain of 185,000. The unemployment rate fell from 9.0% to a 2-year low of 8.9% - below forecasts centred on a result near 9.1%. And data on job growth for December and January was revised higher by 58,000. Also US factory orders rose by 3.1% in January, above forecasts of a 2.1% gain. Chinese Premier Wen Jiabao has confirmed that control of inflation is the top economic priority this year with the target set at 4%, compared with actual inflation of 4.9% currently.
- Base metals ended 0.3-2.3% higher Friday with lead rising the most, helped by lower exchange inventories. LME stocks of aluminium, copper and zinc rose. The gold price finished higher on renewed safe haven demand.
- Metal Bulletin reports that US nickel premia are on the rise as Vale and Norilsk restrict spot sales. Vale continues to face an 18-20 week stoppage at a key North American nickel facility due to unexpected maintenance.
- Chalco has increased its spot alumina price 3.5% to USD390/t, excluding 17% VAT.
- Crude oil prices ended higher Friday as fighting between government and rebel forces in Libya intensified. The Brent to WTI premium narrowed. Still, if Libyan / MENA tensions continue in the months ahead and oil prices remain north of USD100/bbl, the world economic recovery will face strengthening headwinds this year.
- Spot iron ore prices, delivered China, slipped again Friday to USD176.60/t, down 4.1% for the week.

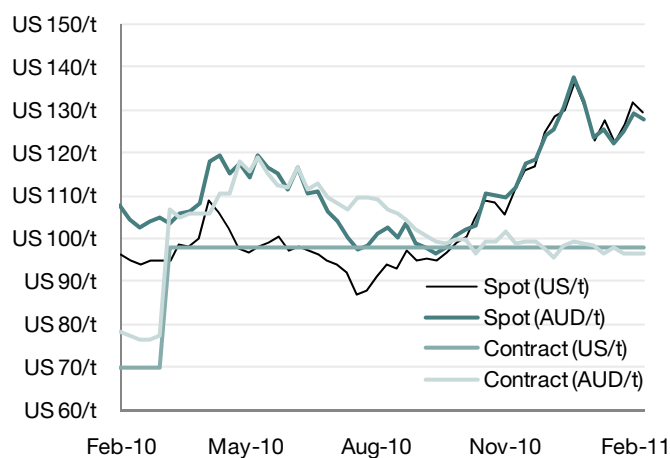
Chart of the Day: Thermal coal JFY contracts looking to settle close to USD130/t

- Newcastle spot thermal coal ended 1.7% lower at USD129.48/t on Friday as interest from Asian buyers eased. But Richards Bay and North Europe prices both rose a little, perhaps thanks to crude oil prices above USD100/bbl since the outbreak of the MENA / Libyan crisis.
- As the next Japanese Financial Year commences 1 April, negotiations on thermal coal contract pricing should be underway shortly, if not already. A price around USD130/t (CBA: USD133/t) looks increasingly in prospect.

| Overnight Price Moves (full table over) | | 04-Mar-11 | |
|---|------------|-----------|-------|
| New York (Dow Jones IA) | | 12,170 | -0.7% |
| London (FTSE 100) | | 5,990 | -0.2% |
| AUD/USD | | 1.0138 | 0.0% |
| LME Metals (04-Mar) | | | |
| | USD/t | USc/lb | % chg |
| Aluminium | \$2,588 | 117 | 0.3% |
| Copper | \$9,971 | 452 | 0.8% |
| Lead | \$2,672 | 121 | 2.3% |
| Nickel | \$28,950 | 1,313 | 0.3% |
| Tin | \$31,905 | 1,447 | 0.9% |
| Zinc | \$2,487 | 113 | 0.6% |
| Iron ore & Steel | | | |
| | USD/t | % chg | |
| Iron ore (62% Fe, cfr China) | \$176.60 | -0.7% | |
| Steel Billet (LME) | \$550 | -1.8% | |
| Precious Metals | | | |
| Gold | | | |
| Spot (USD/oz) | \$1,430.90 | 1.1% | |
| Comex (USD/oz) * | \$1,428.60 | 0.9% | |
| AUD spot (AUD/oz) | \$1,411.10 | 1.1% | |
| Silver (USD/oz) | \$35.61 | 4.1% | |
| Platinum (USD/oz) | \$1,842.25 | 0.7% | |
| Palladium (USD/oz) | \$812.00 | -0.2% | |
| Oil | | | |
| NYMEX light sweet crude (USD/bbl) * | \$104.42 | 2.5% | |
| Brent (USD/bbl) | \$115.72 | 1.1% | |
| Singapore TAPIS (USD/bbl) | \$118.97 | 0.4% | |

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

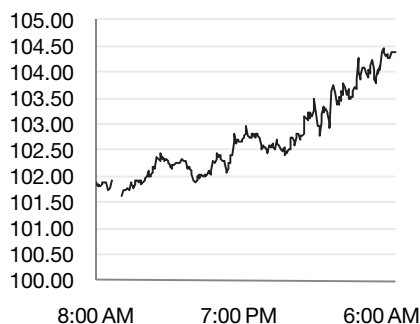
Chart of the Day: Thermal coal spot prices – USD 130/t looking likely price for JFY contracts



Source: globalCOAL, Bloomberg, CBA.



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



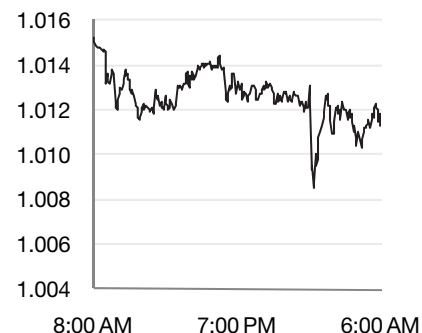
Source: Bloomberg, CBA. 5 min intervals.

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 (04-Mar) | | | change over | | | | | | change over | | |
|----------------------------|------------|----------------------------------|-------------|--------|--------|--|----------|--------|-------------|-------|--|
| Cash | USD/t | US\$/lb | day | week | month | Oil | USD/bi | day | week | month | |
| Aluminium | \$2,588 | 117 | 0.3% | 2.3% | 2.6% | NYMEX light sweet crude ** | \$104.42 | 2.5% | 7.7% | 17.3% | |
| Copper | \$9,971 | 452 | 0.8% | 2.8% | -0.2% | Brent (Dated) | \$115.72 | 1.1% | 3.2% | 16.1% | |
| Lead | \$2,672 | 121 | 2.3% | 6.4% | 1.3% | Singapore TAPIS | \$118.97 | 0.4% | 2.6% | 13.5% | |
| Nickel | \$28,950 | 1,313 | 0.3% | 4.4% | 3.1% | Dubai | \$110.23 | 1.3% | 2.1% | 14.3% | |
| Tin | \$31,905 | 1,447 | 0.9% | 0.1% | 3.1% | | | | | | |
| Zinc | \$2,487 | 113 | 0.6% | 0.7% | 0.8% | Refined products, Singapore | | | | | |
| Steel Billet | \$550 | na | -1.8% | 0.4% | 1.9% | Gas Oil (USD/bbl) *** | \$131 | 1.8% | 5.8% | 15.8% | |
| | | | | | | Jet Fuel (USD/bbl) | \$133 | 1.4% | 4.7% | 14.0% | |
| | | | | | | Fuel Oil (USD/t) **** | \$649 | 0.5% | 1.1% | 10.6% | |
| Futures (3 mth) | | | | | | Currencies | | | | | |
| Aluminium | \$2,619 | 119 | 0.2% | 2.3% | 3.2% | AUD/USD (London close) | 1.0138 | 0.0% | -0.4% | 0.0% | |
| Copper | \$9,980 | 453 | 0.7% | 3.2% | 0.0% | AUD/EUR | 0.7248 | -0.4% | -2.1% | -2.9% | |
| Lead | \$2,655 | 120 | 2.1% | 6.2% | 3.2% | AUD/JPY | 83.46 | -0.2% | 0.4% | 0.2% | |
| Nickel | \$28,910 | 1,311 | 0.0% | 4.3% | 3.1% | AUD/CNY | 6.66 | -0.1% | -0.5% | -0.2% | |
| Tin | \$31,975 | 1,450 | 1.1% | 0.2% | 3.5% | AUD/KOR | 1,131 | -0.2% | -0.9% | 1.5% | |
| Zinc | \$2,513 | 114 | 0.5% | 1.0% | 0.8% | EUR/USD | 1.3987 | 0.4% | 1.7% | 3.0% | |
| Steel Billet | \$562 | na | -0.5% | 0.0% | 1.3% | | | | | | |
| Stocks | | tonnes | | | | Coal* | USD/t | | | | |
| Aluminium | 4,606,200 | | 7,250 | -4,675 | 75,225 | Newcastle | \$129.48 | ~ | -1.7% | 1.6% | |
| Copper | 425,300 | | 1,250 | 8,475 | 31,150 | Richards Bay | \$118.98 | ~ | 0.2% | -1.5% | |
| Lead | 291,500 | | -1,225 | -3,075 | 2,225 | DES ARA | \$120.49 | ~ | 0.7% | -1.6% | |
| Nickel | 129,858 | | -156 | -564 | -2,940 | | | | | | |
| Tin | 17,700 | | -80 | 70 | -1,075 | Iron ore & Steel | USD/t | | | | |
| Zinc | 719,225 | | 11,125 | 10,850 | 9,150 | Iron ore (62% Fe, cfr China) | \$176.60 | -0.7% | -4.1% | -4.8% | |
| Steel Billet | 51,155 | | 0 | 0 | -2,730 | China domestic Rebar | \$707.98 | 0.1% | -1.4% | ~ | |
| | | | | | | 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% | |
| Precious Metals | | | | | | | | | | | |
| Gold | | USD/oz (unless stated otherwise) | | | | Equity & Debt Capital Markets | | | | | |
| Spot | \$1,430.90 | | 1.1% | 1.4% | 6.1% | New York (Dow Jones IA) | 12,170 | -0.7% | 0.3% | 0.6% | |
| Comex * | \$1,428.60 | | 0.9% | 1.4% | 6.0% | London (FTSE 100) | 5,990 | -0.2% | -0.2% | -0.1% | |
| AUD spot (AUD/oz) | \$1,411.10 | | 1.1% | 1.8% | 6.1% | Europe (EuroStoxx50) | 2,949 | -0.7% | -1.2% | -1.8% | |
| Silver | \$35.61 | | 4.1% | 6.6% | 22.2% | Toronto (Metals & Mining) | 4,564 | 0.8% | 2.7% | 3.0% | |
| Platinum | \$1,842.25 | | 0.7% | 2.0% | -0.1% | Philadelphia Gold & Silver Index | 215.9 | 0.4% | 1.7% | 4.2% | |
| Palladium | \$812.00 | | -0.2% | 2.7% | -0.3% | | | | | | |
| Natural Gas | | | | | | US 2 year bond yield | 0.685% | -10.3% | -4.3% | -8.4% | |
| Henry Hub (USD/MMBtu) ** | \$3.809 | | 0.8% | -4.9% | -11.6% | US 10 year bond yield | 3.492% | -1.8% | 2.3% | -4.0% | |
| British NBP (GBP/therm) ** | 56.87 | | 1.8% | 4.2% | 3.7% | | | | | | |

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly,04/03 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly,01/03



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