

## Oil high, metals under the pump...

- Base metals ended 0.5-3.1% lower overnight on the official close, with zinc, lead, nickel and copper faring worst. Markets are increasingly wary that the longer oil prices remain high (or increase further), the more likely world economic recovery will be slowed. Gold continued to move up overnight on safe haven demand.
- US consumer credit surged by \$5.01b in January, well ahead of analyst expectations and marked the fourth straight monthly gain. Revolving credit, which includes credit cards, fell by \$4.35b, while non-revolving credit (including loans for big ticket items like cars) increased by \$9.26b - the sixth straight monthly gain. The US dollar rose against the Aussie but range traded against the Euro.
- China's biggest nickel producer, Jinchuan Group Ltd., intends to acquire additional overseas copper assets in places such as the Philippines, Canada and South Africa to lift equity reserves to 20m tonnes by 2015. In 2010, Jinchuan produced 400,000 tonnes copper and 130,000 tonnes nickel.
- US crude oil ended higher overnight while UK Brent slipped as unconfirmed rumours emerged that Colonel Qaddafi may be seeking an exit deal. Sustained prices above USD100/bbl will act to constrain economic recovery in developed economies.
- ArcelorMittal, Vale, Xstrata, Peabody, Mitsui and a Korean consortium have been shortlisted to develop the first stage of Mongolia's 6b tonne Tavan Tolgoi coal deposit.
- Spot iron ore prices, delivered China, fell 2.2% to USD172.80/t overnight as talk emerged of Chinese steel mills selling iron ore back into the spot market. Iron ore prices are now down almost 7% over the last month.

### Chart of the Day: Anglo American settles at USD330/t for June quarter premium coking coal

- Platts reports that Anglo American settled at USD330/t for its premium German Creek brand coking coal contract price applying to sales in the June quarter. It's not clear how carryover tonnes are being treated. The news follows BHP Billiton's offer last week to settle June quarter premium coking coal contracts at USD325/t, or contracts for the month of April at USD300/t.
- The settlement by Anglo is unusual in that it breaks with tradition whereby BHP Billiton Mitsubishi Alliance settles first - as the largest coking coal supplier - for the rest of the industry to follow later. However, with the ongoing growth in a number of coking coal spot indices, the availability of an accepted and increasingly transparent spot price signal should allow more fragmentation in how prices are set over the coming quarters.

Overnight Price Moves (full table over)	07-Mar-11	
New York (Dow Jones IA)	12,092	-0.6%
London (FTSE 100)	5,974	-0.3%
AUD/USD	1.0101	-0.4%

LME Metals (07-Mar)	USD/t	USc/lb	% chg
Aluminium	\$2,566	116	-0.9%
Copper	\$9,841	446	-1.3%
Lead	\$2,620	119	-1.9%
Nickel	\$28,530	1,294	-1.5%
Tin	\$31,745	1,440	-0.5%
Zinc	\$2,411	109	-3.1%

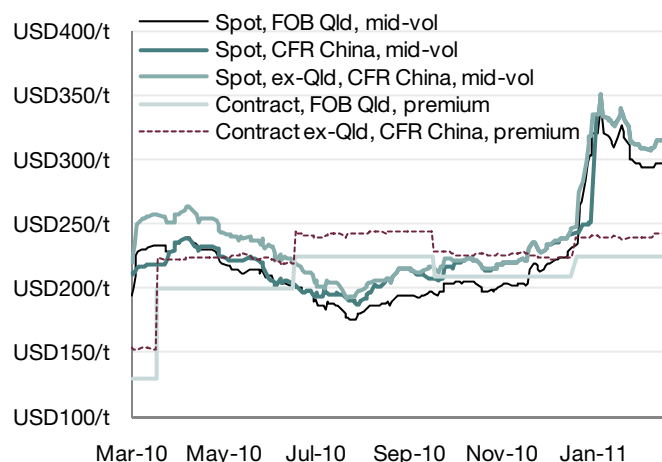
Iron ore & Steel	USD/t	% chg
Iron ore (62% Fe, cfr China)	\$172.80	-2.2%
Steel Billet (LME)	~	~

Precious Metals			% chg
Gold			
Spot (USD/oz)	\$1,436.95		0.4%
Comex (USD/oz) *	\$1,436.20		0.5%
AUD spot (AUD/oz)	\$1,420.51		0.7%
Silver (USD/oz)	\$36.08		1.3%
Platinum (USD/oz)	\$1,821.00		-1.2%
Palladium (USD/oz)	\$792.75		-2.4%

Oil			% chg
NYMEX light sweet crude (USD/bbl) *	\$105.10		0.7%
Brent (USD/bbl)	\$115.03		-0.6%
Singapore TAPIS (USD/bbl)	\$119.50		0.4%

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

### Chart of the Day: Spot coking coal prices – premium contracts in line with spot prices



Source: Platts, Bloomberg, CBA.





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