

## China raises interest rates

- China's central bank yesterday raised the one-year lending rate by 25 basis points to 6.06% and the one-year deposit rate to 3.0%. There is widespread expectation that the central bank will likely need to increase interest rates further in coming months, with a report forecast to show that inflation expanded at the fastest pace in 30 months which leaves household wealth being eroded. It's the third time since October 2010 that the central bank has increased official interest rates and follows numerous other Asian central banks lifting official interest rates this year.
- European shares were mixed overnight in response to China's decision to lift interest rates. The FTSEurofirst index fell by 0.1%, but the UK FTSE rose 0.7% and the German Dax was up 0.5%. In London trade, mining shares were higher with Xstrata up by 1.7%, Rio Tinto up 1.9% and BHP Billiton up 0.8%. US sharemarkets rose again with investors shrugging off China's decision to lift interest rates. Shares in McDonalds rose by 3.0% after the fast-food giant announced that January same store sales beat market expectations. The Dow Jones index was up 0.6%, the S&P 500 up 0.4% and the Nasdaq was higher by 0.5%.
- Gold futures have climbed to a two-week high on demand for a hedge against rising inflation and consumer prices, after the move by China's central bank to lift interest rates. Gold futures for April delivery rose US\$15.90 or 1.2% overnight to settle at US\$1,364.90 an ounce. The gold price was also supported by the announcement from JPMorgan that it will accept gold bullion as collateral for trading.
- Copper has fallen from a record high in New York as the higher borrowing costs in China, the world's largest consumer, signalled slower economic growth and weakened demand for the metal. Copper futures for March delivery shed 0.1% to close at US\$4.57 a pound on the Comex overnight. The day before, copper reached an all-time high of US\$4.63 a pound, representing a price increase of 57% in the past 12 months.
- Oil prices fell for a fourth straight trading session overnight, also in response to the Chinese move on interest rates and fears it will curb demand. Oil for March delivery decreased US\$0.54 to settle at US\$86.94 a barrel on the New York Mercantile Exchange.

### OVERNIGHT MARKET SNAPSHOT

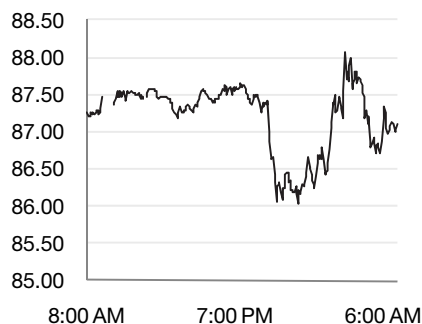
08-Feb-11

Dow Jones Industrial average	12,233	0.6%
AUD/USD	1.0144	0.1%
<b>LME base metals</b>		
	USD/t	USc/lb % chg
Aluminium	\$2,545	115 0.5%
Copper	\$10,070	457 0.2%
Lead	\$2,609	118 -1.1%
Nickel	\$28,365	1,287 0.3%
Tin	\$31,400	1,424 0.3%
Zinc	\$2,491	113 0.1%
<b>Precious Metals</b>		
Gold		
Spot (USD/oz)	\$1,364.13	0.9%
Comex (USD/oz)**	\$1,363.70	1.2%
AUD spot (AUD/oz)	\$1,344.81	0.9%
Silver (USD/oz)	\$30.32	3.1%
Platinum (USD/oz)	\$1,859.75	1.1%
Palladium (USD/oz)	\$838.25	2.5%
<b>Oil</b>		
NYMEX light sweet crude (USD/bbl)**	\$86.94	-0.6%
Brent (USD/bbl)	\$100.02	0.9%
Dubai (USD/bbl)	\$95.37	-0.8%

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

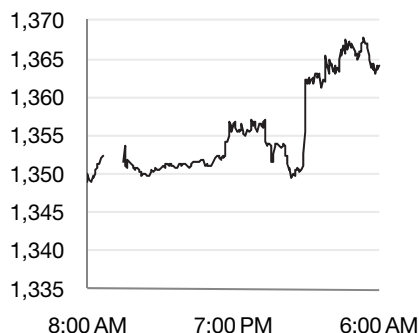


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



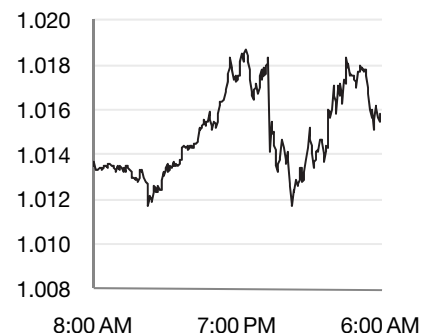
Source: Bloomberg, CBA. 5 min intervals.

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 : 08-Feb-11

LME base metals			change over						change over		
Cash	USD/t	US\$/lb	1 day	1 wk	1 mth	Oil	USD/bl	1 day	1 wk	1 mth	
Aluminium	\$2,545	115	0.5%	0.2%	2.5%	NYMEX light sweet crude**	\$86.94	-0.6%	-4.2%	-4.6%	
Copper	\$10,070	457	0.2%	1.0%	5.8%	Brent (Dated)	\$100.02	0.9%	-1.0%	3.4%	
Lead	\$2,609	118	-1.1%	-0.6%	-0.2%	Dubai	\$95.37	-0.8%	-0.2%	3.9%	
Nickel	\$28,365	1,287	0.3%	1.4%	15.0%	<b>Refined products, Singapore</b>					
Tin	\$31,400	1,424	0.3%	4.0%	18.2%	Gas Oil (USD/bbl)	\$113	0.4%	1.3%	6.2%	
Zinc	\$2,491	113	0.1%	1.6%	4.1%	Jet Fuel (USD/bbl)	\$116	0.2%	1.0%	7.4%	
<b>LME futures (3 mth)</b>						Fuel Oil (USD/t)	\$590	0.5%	4.2%	11.4%	
	USD/t	US\$/lb				<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>					
Aluminium	\$2,565	116	0.6%	0.5%	2.7%	<b>Currencies</b>					
Copper	\$10,060	456	0.1%	1.2%	5.8%	AUD/USD (London close)	1.0144	0.1%	0.3%	2.8%	
Lead	\$2,569	117	-0.5%	1.1%	-1.0%	AUD/EUR	0.7444	-0.2%	1.8%	-2.2%	
Nickel	\$28,380	1,287	0.3%	1.4%	14.9%	AUD/JPY	83.54	0.1%	1.6%	1.7%	
Tin	\$31,400	1,424	0.3%	4.1%	18.3%	AUD/KOR	1,117	-0.1%	-0.1%	0.7%	
Zinc	\$2,511	114	0.1%	1.6%	4.4%	EUR/USD	1.3627	0.3%	-1.5%	5.0%	
<b>LME stocks</b>						USD/JPY	82.35	0.0%	1.2%	-1.1%	
	tonnes				<b>Coal*</b>						
Aluminium	4,561,425	-1,200	35,575	167,725	USD/t						
Copper	392,025	-1,500	-1,900	12,375	Newcastle	\$127.43	~	3.6%	~		
Lead	291,850	2,450	9,150	80,175	Richards Bay	\$120.77	~	3.7%	~		
Nickel	132,936	108	-1,506	-2,928	DES ARA	\$122.48	~	5.0%	~		
Tin	18,760	-15	925	1,870	<b>Iron ore &amp; Steel</b>						
Zinc	709,825	-250	-450	-325	USD/t						
<b>Precious Metals</b>						Iron ore (62% Fe, cfr China)	\$185.70	0.1%	0.1%	6.4%	
	USD/oz (unless stated otherwise)				China domestic Rebar	\$713.63	~	~	2.9%		
Gold					East Asia HRC (cfr) ***	\$725.00	0.3%	0.3%	9.8%		
Spot	\$1,364.13	0.9%	1.9%	-1.3%	US domestic HRC (US/st)***	\$845.00	0.0%	0.0%	12.3%		
Comex**	\$1,363.70	1.2%	1.8%	-1.5%	<b>Freight</b>						
AUD spot (AUD/oz)	\$1,344.81	0.9%	1.6%	-3.9%	Index						
Silver	\$30.32	3.1%	6.2%	2.7%	Baltic Dry Index	~	~	~	~		
Platinum	\$1,859.75	1.1%	1.6%	5.0%	Baltic Capesize Index	~	~	~	~		
Palladium	\$838.25	2.5%	1.9%	6.8%	Baltic Panamax Index	~	~	~	~		
<b>Natural Gas</b>						<i>*Weekly, 04/02 ***Weekly, 08/02</i>					
Henry Hub (USD/MMBtu)**	\$4.060	-1.1%	-6.6%	-9.4%	<i>**Near Month (not adjusted for contract changes)</i>						
British NBP (GBP/therm)**	53.71	-0.8%	1.2%	-3.2%							

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



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