



## Bernanke re-commits to QE2

- The US Federal Reserve chairman Ben Bernanke gave testimony to Congress on Wednesday. While Bernanke is encouraged by recent economic data, he notes that unemployment remains too high. Bernanke vowed to complete the second round of quantitative easing and was not concerned about the potential for higher inflation despite rising global commodity prices. The US dollar ended mixed against most currencies overnight.
- Base metal prices ended flat to lower overnight on lingering concerns that China's interest rate hike Tuesday evening will crimp metals demand. Lead and zinc fell the most while copper ended 1.4% lower and aluminium slipped 0.8%. Both copper and aluminium stocks increased overnight.
- British copper tube producer Abacus Tubes, and Wolsely, the world's largest plumber and building supply merchant, commented that only limited copper substitution has occurred in response to record high copper prices to date. A slow pace of substitution is a function of the costly re-tooling process often required. But once the switch is made, the expensive re-tooling process means that it is unlikely to be reversed.
- US crude prices slipped 0.2% overnight but UK Brent gained. US crude oil inventories rose as expected, but distillate inventories rose when a fall was expected, and gasoline stocks rose almost twice as much as forecast, not helped by an unexpected up-tick in refinery utilisation rates. Meanwhile, an escalation of civil unrest in Egypt stoked supply security fears in European energy markets.
- Spot iron ore prices (delivered China port) rose following the end of the Lunar New Year festival holidays. The Indian Supreme Court is expected to rule on the validity of iron ore export bans any day now. An overturn of these bans will increase supply and could pressure prices lower.

## Chart of the Day: US gasoline demand down, stocks up

- Latest US Department of Energy weekly oil stocks show a sizeable increase in US gasoline stocks to well above recent six year average highs (refer to chart). An unexpected up-tick in refinery utilisation rates and weak demand drove the lift in inventories. Recent severe winter storms which paralysed substantial portions of transport infrastructure in the US probably continued to impact markets.
- Despite the harsh winter storms, gasoline demand still remains lacklustre in the US, reinforcing the view that the US household sector remains in a fragile state. We do expect a gradual recovery in gasoline demand in the US over 2011 and into 2012 as unemployment gradually improves and house prices eventually bottom out.

## OVERNIGHT MARKET SNAPSHOT

09-Feb-11

Dow Jones Industrial average	12,211	-0.2%
AUD/USD	1.0111	-0.6%
<b>LME base metals</b>		
	USD/t	USc/lb % chg
Aluminium	\$2,524	114 -0.8%
Copper	\$9,933	451 -1.4%
Lead	\$2,538	115 -2.7%
Nickel	\$28,356	1,286 0.0%
Tin	\$31,215	1,416 -0.6%
Zinc	\$2,437	111 -2.2%

## Precious Metals

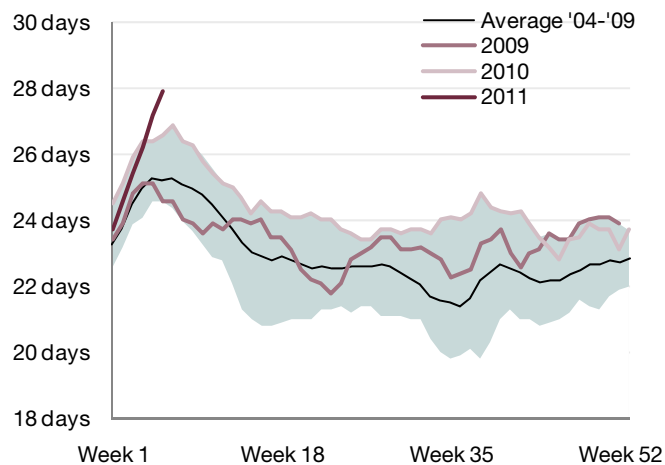
<b>Gold</b>		
Spot (USD/oz)	\$1,362.40	-0.1%
Comex (USD/oz)**	\$1,364.80	0.1%
AUD spot (AUD/oz)	\$1,348.70	0.3%
<b>Silver (USD/oz)</b>		
	\$30.15	-0.6%
<b>Platinum (USD/oz)</b>		
	\$1,854.00	-0.3%
<b>Palladium (USD/oz)</b>		
	\$827.25	-1.3%

## Oil

NYMEX light sweet crude (USD/bbl)**	\$86.77	-0.2%
Brent (USD/bbl)	\$101.76	1.7%
Dubai (USD/bbl)	\$96.92	1.6%

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

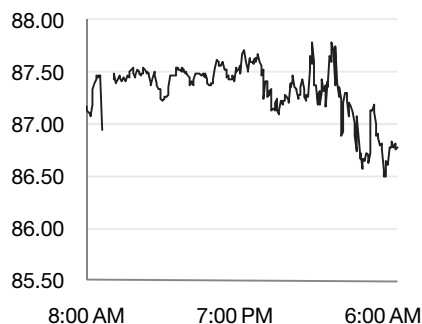
## Chart of the Day: US gasoline inventories (in days' consumption) well above six year highs



Source: US DOE, Bloomberg, CBA.

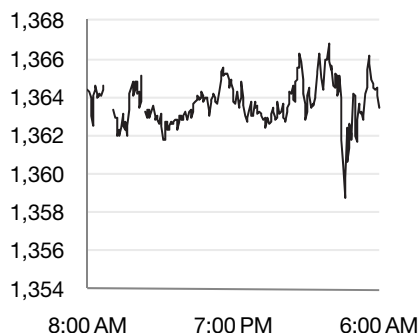


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



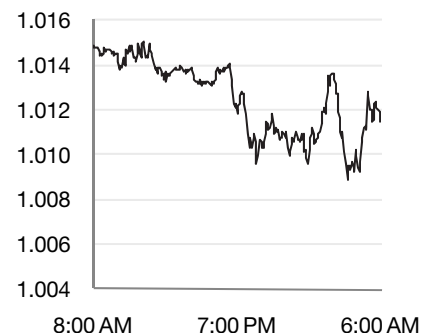
Source: Bloomberg, CBA. 5 min intervals.

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.

## PROVISIONAL PRICES AS AT : 09-Feb-11

LME base metals			change over						change over		
Cash	USD/t	USc/lb	1 day	1 wk	1 mth	Oil	USD/bl	1 day	1 wk	1 mth	
Aluminium	\$2,524	114	-0.8%	0.5%	1.4%	NYMEX light sweet crude**	\$86.77	-0.2%	-4.5%	-5.5%	
Copper	\$9,933	451	-1.4%	-0.3%	2.5%	Brent (Dated)	\$101.76	1.7%	-0.3%	4.6%	
Lead	\$2,538	115	-2.7%	-3.8%	-5.4%	Dubai	\$96.92	1.6%	0.5%	2.7%	
Nickel	\$28,356	1,286	0.0%	1.4%	10.0%	<b>Refined products, Singapore</b>					
Tin	\$31,215	1,416	-0.6%	1.7%	15.3%	Gas Oil (USD/bbl)	\$114	1.0%	0.8%	4.9%	
Zinc	\$2,437	111	-2.2%	-0.7%	-1.2%	Jet Fuel (USD/bbl)	\$117	0.8%	0.3%	5.9%	
						Fuel Oil (USD/t)	\$592	0.3%	0.9%	10.6%	
						<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>					
LME futures (3 mth)						<b>Currencies</b>					
	USD/t	USc/lb				AUD/USD (London close)	1.0111	-0.6%	0.4%	1.7%	
Aluminium	\$2,545	115	-0.8%	0.8%	1.6%	AUD/EUR	0.7375	-1.0%	0.9%	-2.9%	
Copper	\$9,925	450	-1.3%	-0.2%	2.4%	AUD/JPY	83.24	-0.2%	1.2%	0.7%	
Lead	\$2,520	114	-1.9%	-1.8%	-5.3%	AUD/KOR	1,119	-0.1%	0.7%	1.4%	
Nickel	\$28,375	1,287	0.0%	1.3%	10.0%	EUR/USD	1.3709	0.3%	-0.6%	4.8%	
Tin	\$31,255	1,418	-0.5%	2.0%	15.6%	USD/JPY	82.36	0.5%	0.8%	-1.0%	
Zinc	\$2,458	111	-2.1%	-0.7%	-0.8%	<b>Coal*</b>					
						Newcastle	USD/t	\$127.43	~	3.6%	~
						Richards Bay		\$120.77	~	3.7%	~
						DES ARA		\$122.48	~	5.0%	~
LME stocks			tonnes			<b>Iron ore &amp; Steel</b>					
Aluminium	4,600,650	39,225	75,100	192,300							
Copper	396,400	4,375	2,625	18,225							
Lead	292,975	1,125	8,125	81,000							
Nickel	132,330	-606	-1,842	-2,766							
Tin	18,260	-500	355	1,145							
Zinc	709,450	-375	-625	-575							
Precious Metals											
Gold	USD/oz (unless stated otherwise)										
Spot	\$1,362.40	-0.1%	2.0%	-1.8%							
Comex**	\$1,364.80	0.1%	2.5%	-1.5%							
AUD spot (AUD/oz)	\$1,348.70	0.3%	2.0%	-3.1%							
Silver	\$30.15	-0.6%	6.3%	1.6%							
Platinum	\$1,854.00	-0.3%	1.1%	2.9%							
Palladium	\$827.25	-1.3%	1.6%	2.1%							
Natural Gas											
Henry Hub (USD/MMBtu)**	\$4.060	0.5%	-8.3%	-10.4%							
British NBP (GBP/therm)**	53.11	-1.1%	-2.4%	-6.3%							
						<i>*Weekly, 04/02 ***Weekly, 08/02</i>					
						<i>**Near Month (not adjusted for contract changes)</i>					

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



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