



Oil up as Saudi troops enter Bahrain

- Crude oil spot in New York ended flat but the front month future rallied as Saudi Arabian troops entered Bahrain, after the kingdom requested Saudi assistance. Crude prices had been trading lower on fears of lower Japanese oil demand in the immediate term but escalating tensions in Bahrain quickly revived the bid.
- The OECD leading economic indicator rose from 102.8 to 103.1 in January with gauges for most industrialised economies strengthening in the month except China, India and Brazil. China's M2 money supply and new yuan loans for February came in below expectations yesterday. The US dollar eased against the Euro on renewed inflation concerns.
- Base metal prices ended mostly higher, except for nickel. A weaker US dollar supported the bid. Meanwhile, falls in short-term demand for copper and aluminium in Japan, due to earthquake-induced manufacturing shutdowns, continue to impact sentiment. Japanese industry needs time to assess earthquake and tsunami damage to key manufacturing facilities, along with broader logistics issues, before a clearer picture emerges on exactly how Japan's demand for metals will fare over coming months. Our current expectation is for an immediate term fall in demand followed by increased demand over 6-12-18 months as reconstruction gets underway.
- Gold finished higher on continued risk aversion demand.
- Spot iron ore prices slipped another 0.7% to USD166.30/t as traders continued to fret over immediate term likely falls in Japan's iron demand. Sumitomo Metal's 4Mtpa Kishima #1 blast furnace will be offline for an extended period after it sustained major damage from Friday's earthquake.

Chart of the Day: China's port iron ore stocks ease from record highs

- Spot iron ore prices have fallen over 12% in the last month to USD166.30/t (delivered China port) as of yesterday. The falls have been driven by Chinese mills baulking at making large purchases at current record or near-record high prices. Another leg lower in iron ore spot prices followed the Japan earthquake as traders reflected a strong likelihood of some short-term disruption to iron ore usage.
- Chinese mills have been able to stay on the sidelines of iron ore spot markets due to high stock levels – both reported port stocks (refer to chart) and unreported stocks at mills and traders. However, stocks won't be able to sustain current record daily steel production rates for long. Either stocks will decline (which may be underway if recent stock movements are any guide) or imports will increase. Either way, we would expect Chinese buyers won't be able to remain on the sidelines of spot markets for too much longer.

Overnight Price Moves (full table over)	14-Mar-11	
New York (Dow Jones IA)	11,993	-0.4%
London (FTSE 100)	5,775	-0.9%
AUD/USD	1.0091	-0.5%

LME Metals (14-Mar)	USD/t	USc/lb	% chg
Aluminium	\$2,525	115	0.5%
Copper	\$9,173	416	0.0%
Lead	\$2,534	115	3.9%
Nickel	\$25,800	1,170	-0.5%
Tin	\$29,863	1,355	1.4%
Zinc	\$2,302	104	2.2%

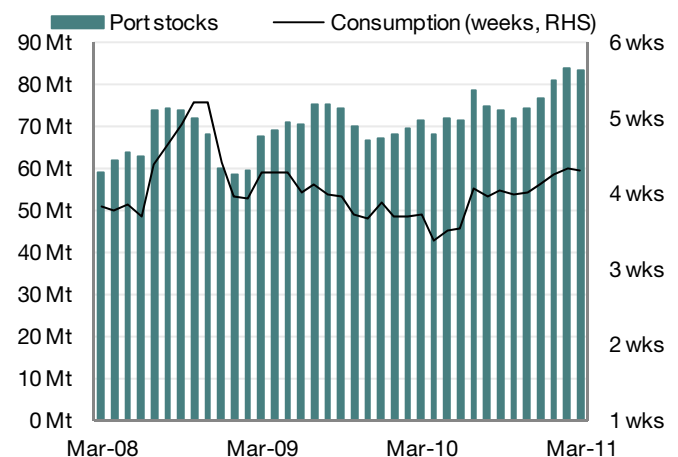
Iron ore & Steel	USD/t	% chg
Iron ore (62% Fe, cfr China)	\$166.30	-0.7%
Steel Billet (LME)	\$542	0.0%

Precious Metals			% chg
Gold			
Spot (USD/oz)	\$1,424.47		0.5%
Comex (USD/oz) *	\$1,424.00		0.2%
AUD spot (AUD/oz)	\$1,410.49		0.9%
Silver (USD/oz)	\$35.87		-0.1%
Platinum (USD/oz)	\$1,756.50		-1.4%
Palladium (USD/oz)	\$746.00		-1.8%

Oil			% chg
NYMEX light sweet crude (USD/bbl) *	\$101.19		0.0%
Brent (USD/bbl)	\$113.37		0.4%
Singapore TAPIS (USD/bbl)	\$114.92		-2.0%

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

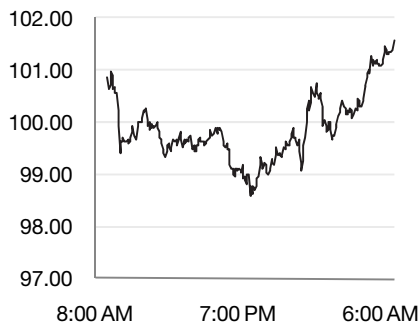
Chart of the Day: China's port iron ore stocks ease from record highs



Source: Antaike, WSA, Bloomberg, CBA.

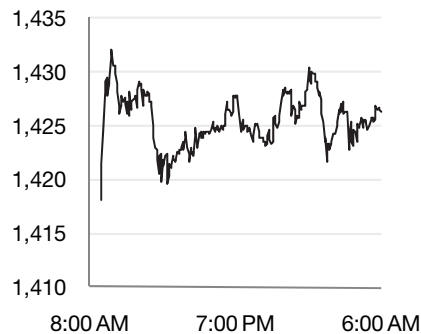


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



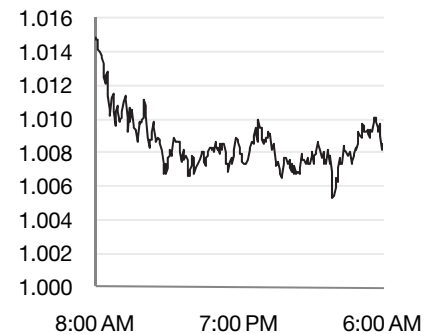
Source: Bloomberg, CBA. 5 min intervals.

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 (14-Mar)			change over						change over		
Cash	USD/t	US\$/lb	day	week	month	Oil	USD/bi	day	week	month	
Aluminium	\$2,525	115	0.5%	0.0%	1.4%	NYMEX light sweet crude **	\$101.19	0.0%	-4.0%	19.3%	
Copper	\$9,173	416	0.0%	-3.3%	-9.9%	Brent (Dated)	\$113.37	0.4%	-1.1%	10.8%	
Lead	\$2,534	115	3.9%	-2.2%	-4.3%	Singapore TAPIS	\$114.92	-2.0%	-3.8%	9.3%	
Nickel	\$25,800	1,170	-0.5%	-6.0%	-10.6%	Dubai	\$106.19	-2.4%	-4.5%	9.6%	
Tin	\$29,863	1,355	1.4%	-2.8%	-7.9%						
Zinc	\$2,302	104	2.2%	-1.7%	-7.9%	Refined products, Singapore					
Steel Billet	\$542	na	0.0%	-0.2%	-1.3%	Gas Oil (USD/bbl) ***	\$129	0.1%	-1.3%	12.7%	
						Jet Fuel (USD/bbl)	\$131	0.3%	-1.5%	12.3%	
						Fuel Oil (USD/t) ****	\$652	0.3%	1.5%	7.6%	
Futures (3 mth)						Currencies					
Aluminium	\$2,558	116	0.5%	0.0%	1.8%	AUD/USD (London close)	1.0091	-0.5%	-0.1%	0.5%	
Copper	\$9,190	417	0.0%	-3.3%	-9.5%	AUD/EUR	0.7213	-1.1%	-0.3%	-3.0%	
Lead	\$2,519	114	3.8%	-2.4%	-4.6%	AUD/JPY	82.37	-0.7%	-0.7%	-1.4%	
Nickel	\$25,825	1,171	-0.5%	-6.0%	-10.6%	AUD/CNY	6.63	-0.5%	0.0%	0.1%	
Tin	\$29,900	1,356	1.4%	-2.8%	-7.9%	AUD/KOR	1,137	-0.1%	0.6%	0.9%	
Zinc	\$2,330	106	2.4%	-1.7%	-7.6%	EUR/USD	1.3990	0.6%	0.2%	3.7%	
Steel Billet	\$570	na	2.9%	2.7%	0.9%						
Stocks		tonnes				Coal*	USD/t				
Aluminium		4,585,750	-4,550	-16,500	-8,975	Newcastle	\$129.60	~	0.1%	5.8%	
Copper		426,000	125	-1,150	24,225	Richards Bay	\$119.74	~	0.6%	3.7%	
Lead		288,150	-100	-1,950	-7,425	DES ARA	\$123.35	~	2.4%	4.5%	
Nickel		127,986	-438	-1,398	-2,436						
Tin		17,960	-90	205	365	Iron ore & Steel	USD/t				
Zinc		733,925	-150	8,400	24,850	Iron ore (62% Fe, cfr China)	\$166.30	-0.7%	-3.8%	-12.2%	
Steel Billet		51,155	0	0	-2,730	China domestic Rebar	\$689.49	-0.6%	-2.3%	-5.4%	
						East Asia HRC (cfr) *****	\$742.50	0.0%	1.7%	2.4%	
						US domestic HRC (US/st) *****	\$865.00	0.0%	2.4%	2.4%	
Precious Metals						Equity & Debt Capital Markets					
Gold	USD/oz (unless stated otherwise)					New York (Dow Jones IA)	11,993	-0.4%	-0.8%	-2.2%	
Spot	\$1,424.47		0.5%	-0.5%	4.6%	London (FTSE 100)	5,775	-0.9%	-3.3%	-4.7%	
Comex *	\$1,424.00		0.2%	-0.7%	4.4%	Europe (EuroStoxx50)	2,852	-1.1%	-2.7%	-5.5%	
AUD spot (AUD/oz)	\$1,410.49		0.9%	-0.3%	3.9%	Toronto (Metals & Mining)	4,285	-0.8%	-5.2%	-3.6%	
Silver	\$35.87		-0.1%	-0.1%	17.1%	Philadelphia Gold & Silver Index	206.4	-0.2%	-3.5%	-0.8%	
Platinum	\$1,756.50		-1.4%	-3.5%	-4.0%						
Palladium	\$746.00		-1.8%	-5.4%	-10.6%	US 2 year bond yield	0.597%	-7.4%	-14.8%	-29.5%	
						US 10 year bond yield	3.364%	-1.2%	-4.3%	-7.1%	
Natural Gas											
Henry Hub (USD/MMBtu) **	\$3.919		0.8%	-0.2%	-0.2%						
British NBP (GBP/therm) **	63.30		5.8%	7.3%	19.7%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 11/03 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 08/03



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