

IEA – oil price poses economic risk

- OPEC is facing growing calls to boost oil production as crude prices in certain Asian and African markets surpass US\$100 a barrel for the first time in over 2 years. Nigeria's Bonny Light grade, a key gauge on West African oil, rose to US\$100.12 a barrel on January 17, while Malaysia's Tapis and Indonesia's Minas breached that level to close at US\$103.36 and US\$103.21 respectively. The International Energy Agency (IEA) warned on January 18 that three-digit oil prices risk damaging the global economic recovery, and that OPEC should lift production. Brent futures, used to price two-thirds of the world's oil climbed 0.6% to US\$97.17 a barrel, representing a 30% gain over the past year.
- Meanwhile, European Central Bank President Jean-Claude Trichet said the bank sees no signs that higher commodity prices are feeding into wage increases and signalled it's prepared to look through a temporary jump in inflation. "All central banks, in periods like this where you have inflation threats that are coming from commodities, have to go through the hump and be very careful that there are no second round effects" Trichet told the Wall Street Journal last week.
- A key leading index for the US economy hit a 36-week high on Friday. The Economic Cycle Research Institute leading index rose from 128.1 to 128.9 in the week to January 14. However US share markets were mixed on Friday. The Dow Jones lifted, driven by a 7.1% gain in shares of General Electric following its better-than-expected earnings. But technology stocks fell, weighing on the Nasdaq. At the close of trade, the Dow Jones index was up 0.4% with the S&P 500 up 0.2% but the Nasdaq was lower by 0.6%. Over the week the Dow Jones rose for the eighth straight week, up 0.7%. But the S&P lost 0.8% and Nasdaq fell 2.4%.
- European shares rose on Friday. A strong earnings report from General Electric encouraged investors as did news that Spain plans to part nationalise its savings banks. Mining stocks also rose in London in response to higher metal prices. Shares in BHP Billiton rose by 0.5% and Rio Tinto edged 0.1% higher. The FTSEurofirst index rose by 0.8%, with the UK FTSE and German Dax both higher by 0.5%.
- Copper prices rebounded from the biggest drop in 2 months on signs that the global economic recovery will strengthen, rising by 1.0% to close at US\$4.31 a pound. However gold prices fell on Friday marking the 3rd straight weekly loss on speculation that borrowing costs will increase as the global economy recovers, eroding the metal's appeal as an alternative investment. Gold futures closed 0.3% lower at US\$1,342.7 an ounce.

OVERNIGHT MARKET SNAPSHOT

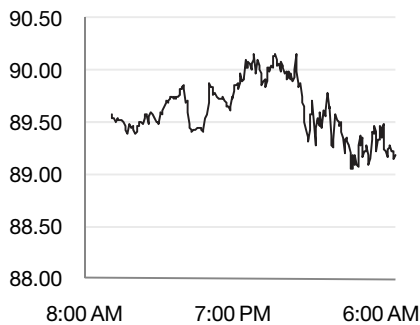
21-Jan-11

Dow Jones Industrial average	11,872	0.4%
AUD/USD	0.9898	0.3%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,396	109 0.5%
Copper	\$9,460	429 1.0%
Lead	\$2,510	114 1.2%
Nickel	\$26,138	1,186 1.5%
Tin	\$27,795	1,261 2.9%
Zinc	\$2,302	104 -0.5%
Precious Metals		
Gold		
Spot (USD/oz)	\$1,342.68	-0.3%
Comex (USD/oz)**	\$1,341.00	-0.4%
AUD spot (AUD/oz)	\$1,356.43	-0.6%
Silver (USD/oz)	\$27.51	0.0%
Platinum (USD/oz)	\$1,826.50	0.8%
Palladium (USD/oz)	\$823.25	1.4%
Oil		
NYMEX light sweet crude (USD/bbl)**	\$87.96	-1.0%
Brent (USD/bbl)	\$96.95	1.2%
Dubai (USD/bbl)	\$92.60	-0.3%

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

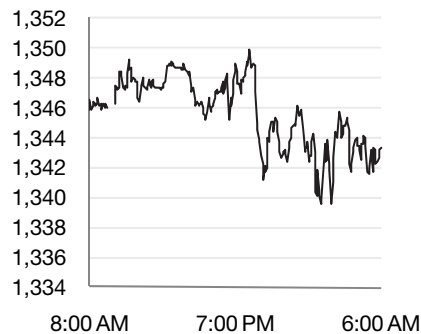


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



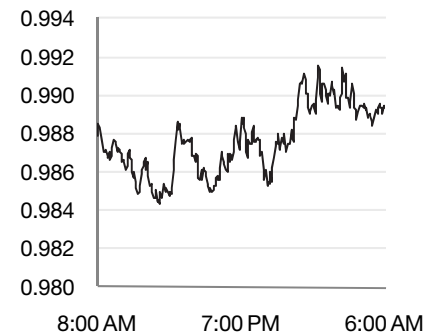
Source: Bloomberg, CBA. 5 min intervals.

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 : 21-Jan-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	\$2,396	109	0.5%	-2.3%	-0.3%	NYMEX light sweet crude**	\$87.96	-1.0%	-3.9%	~	
Copper	\$9,460	429	1.0%	-2.1%	0.7%	Brent (Dated)	\$96.95	1.2%	-1.2%	4.3%	
Lead	\$2,510	114	1.2%	-7.4%	3.3%	Dubai	\$92.60	-0.3%	-0.4%	1.1%	
Nickel	\$26,138	1,186	1.5%	1.1%	8.5%	Refined products, Singapore					
Tin	\$27,795	1,261	2.9%	3.4%	3.5%	Gas Oil (USD/bbl)	\$109	-0.1%	0.1%	3.9%	
Zinc	\$2,302	104	-0.5%	-5.9%	0.2%	Jet Fuel (USD/bbl)	\$111	0.0%	0.8%	4.9%	
LME futures (3 mth)						Fuel Oil (USD/t)	\$538	-0.9%	0.0%	4.1%	
	USD/t	USc/lb				<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>					
Aluminium	\$2,419	110	0.5%	-2.1%	0.3%	Currencies					
Copper	\$9,441	428	0.9%	-2.2%	1.0%	AUD/USD (London close)	0.9898	0.3%	0.1%	-1.5%	
Lead	\$2,425	110	-0.5%	-9.5%	-0.2%	AUD/EUR	0.7266	-0.8%	-1.6%	-5.1%	
Nickel	\$26,160	1,187	1.5%	1.1%	8.3%	AUD/JPY	81.73	-0.2%	-0.3%	-1.8%	
Tin	\$27,745	1,258	2.9%	3.3%	3.5%	AUD/KOR	1,109	0.2%	0.6%	-4.0%	
Zinc	\$2,318	105	-0.5%	-5.7%	0.4%	EUR/USD	1.3621	1.1%	1.7%	3.8%	
LME stocks			tonnes			USD/JPY	82.57	-0.5%	-0.4%	-0.4%	
Aluminium	4,550,325	64,000	115,325	275,050		Coal*					
Copper	381,300	775	5,075	10,575		Newcastle	~	~	~	~	
Lead	264,175	-175	53,200	56,325		Richards Bay	~	~	~	~	
Nickel	135,696	-1,428	-606	-1,182		DES ARA	~	~	~	~	
Tin	17,295	30	45	1,685		Iron ore & Steel					
Zinc	711,550	0	1,825	12,925			USD/t				
Precious Metals						Iron ore (62% Fe, cfr China)	\$185.70	0.2%	4.2%	8.7%	
Gold	USD/oz (unless stated otherwise)					China domestic Rebar	\$702.90	0.4%	0.8%	1.9%	
Spot	\$1,342.68	-0.3%	-1.4%	-2.8%		East Asia HRC (cfr) ***	\$690.00	0.0%	4.5%	14.0%	
Comex**	\$1,341.00	-0.4%	-1.4%	~		US domestic HRC (US/st)***	\$775.00	0.0%	3.0%	16.5%	
AUD spot (AUD/oz)	\$1,356.43	-0.6%	-1.5%	-1.4%		Freight					
Silver	\$27.51	0.0%	-3.4%	-5.5%			Index				
Platinum	\$1,826.50	0.8%	0.8%	5.5%		Baltic Dry Index	1,370	-1.7%	-4.8%	-22.7%	
Palladium	\$823.25	1.4%	3.4%	7.8%		Baltic Capesize Index	1,556	-0.6%	-2.4%	-33.7%	
Natural Gas						Baltic Panamax Index	1,650	-3.5%	-14.2%	-10.6%	
Henry Hub (USD/MMBtu)**	\$4.736	0.9%	5.7%	~		<i>*Weekly, 21/01 ***Weekly, 18/01</i>					
British NBP (GBP/therm)**	55.12	-1.3%	-0.3%	-6.3%		<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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