



New Indian iron ore export bans loom

- Spot iron ore prices rose another 0.7% yesterday to USD 174.60/t. India's largest iron ore producing state of Orissa is submitting plans to ban iron ore exports to the central government, to preserve supply for domestic use. A ban would follow the bans imposed in Karnataka State, and dramatically reduce spot iron ore supply and boost prices.
- US wholesale inventories fell by 0.2% in November - the first fall in 11 months. Economists had tipped a 1% gain. At the same time wholesale sales rose by 1.9%, ahead of forecasts for a 1.5% rise. Both results provided further encouragement about the economic recovery process. And chain store sales in the latest week were up 2.8% on a year ago. The US dollar ended mixed against major currencies.
- Base metal prices were flat to higher overnight, with lead ending unchanged but copper and nickel doing best. The gold price ended higher on renewed safe haven demand as concerns on Portugal's sovereign debt intensified.
- BHP Billiton's Escondida mine in Chile has agreed to a new mining royalty scheme. The old royalty of 4% or 5% of operating profits will move to a sliding scale of 4%-9% through to 2012.
- US crude oil prices rose on Tuesday in response to supply concerns. The Trans Alaska Pipeline remained closed on Tuesday and is expected to restart on Saturday. And Norway's Statoil said its Snorre and Vigdis fields in the North Sea were shut on Tuesday in response to a gas leak.
- Thermal coal prices rose USD 10/t to over USD 140/t yesterday on intensifying supply disruptions.

Chart of the Day: China's real bank lending exceeds 2010 targets

- China's real bank lending growth eased to just under 15% yoy in December 2010, well down from earlier peaks of almost 35% in 2009 and early 2010 (refer to chart). Total bank lending (new loans net of repayments) rose by RMB 7.9trn over 2010, higher than targets for RMB 7.5trn which were set earlier in 2010.
- The stronger growth in total bank lending underscores the need for China's authorities to monitor inflation closely over coming months. An enlarged money supply usually correlates closely with higher inflation in subsequent months and years. The authorities have steadily tightened monetary and credit conditions in recent months and we think this will continue through 1H 2011.
- Nevertheless, current run rates of real bank lending growth are consistent with industrial production growth in the range of 10%-15%. This is consistent with ongoing steady commodity demand, and in line with our expectation.

OVERNIGHT MARKET SNAPSHOT

11-Jan-11

| | | |
|------------------------------|----------|--------------|
| Dow Jones Industrial average | 11,657 | 0.2% |
| AUD/USD | 0.9876 | -0.7% |
| LME base metals | | |
| | USD/t | USc/lb % chg |
| Aluminium | \$2,483 | 113 0.5% |
| Copper | \$9,522 | 432 2.1% |
| Lead | \$2,614 | 119 0.0% |
| Nickel | \$24,665 | 1,119 3.5% |
| Tin | \$26,561 | 1,205 1.1% |
| Zinc | \$2,393 | 109 1.0% |

Precious Metals

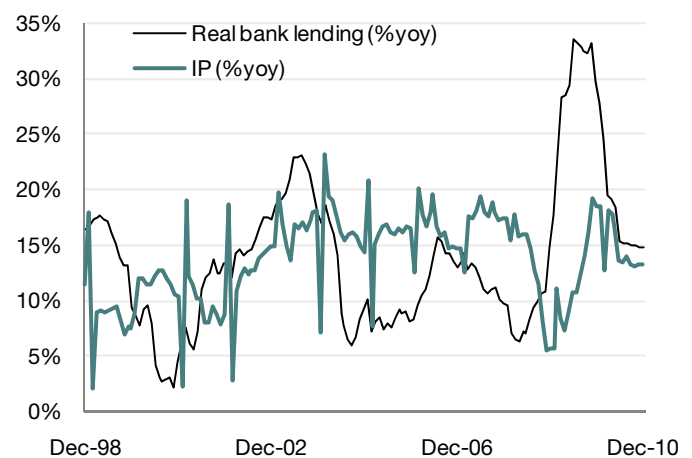
| | | |
|---------------------------|------------|------|
| Gold | | |
| Spot (USD/oz) | \$1,383.07 | 0.5% |
| Comex (USD/oz)** | \$1,383.90 | 0.7% |
| AUD spot (AUD/oz) | \$1,402.36 | 1.5% |
| Silver (USD/oz) | | |
| | \$29.55 | 1.5% |
| Platinum (USD/oz) | | |
| | \$1,768.75 | 1.6% |
| Palladium (USD/oz) | | |
| | \$783.00 | 4.0% |

Oil

| | | |
|-------------------------------------|---------|------|
| NYMEX light sweet crude (USD/bbl)** | \$90.70 | 1.6% |
| Brent (USD/bbl) | \$96.83 | 1.7% |
| Dubai (USD/bbl) | \$91.78 | 1.7% |

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

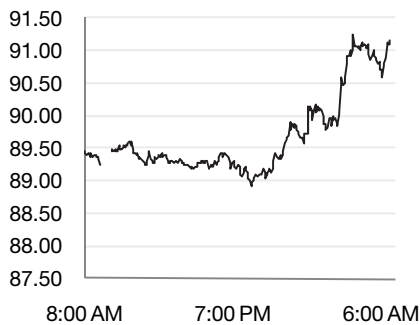
Chart of the Day: China real bank lending growth consistent with IP growth of 10%-15%



Source: LME, PCoC, Bloomberg, CBA.

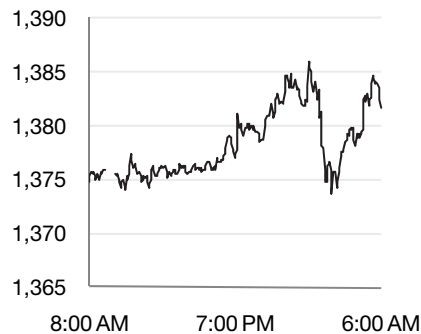


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



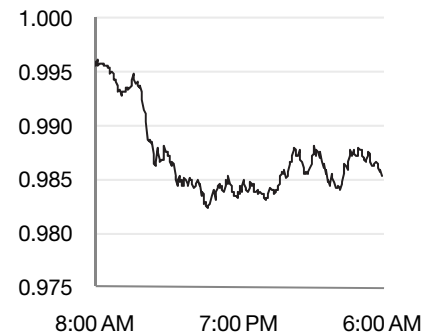
Source: Bloomberg, CBA. 5 min intervals.

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 : 11-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 | \$2,483 | 113 | 0.5% | 0.4% | 6.4% | NYMEX light sweet crude** | \$90.70 | 1.6% | 1.5% | 2.7% | | |
| Copper | \$9,522 | 432 | 2.1% | -1.1% | 3.3% | Brent (Dated) | \$96.83 | 1.7% | 4.1% | 6.5% | | |
| Lead | \$2,614 | 119 | 0.0% | -0.6% | 7.3% | Dubai | \$91.78 | 1.7% | 0.3% | 3.1% | | |
| Nickel | \$24,665 | 1,119 | 3.5% | -1.8% | 0.9% | Refined products, Singapore | | | | | | |
| Tin | \$26,561 | 1,205 | 1.1% | 0.8% | 1.1% | Gas Oil (USD/bbl) | \$107 | 1.7% | 0.3% | 4.0% | | |
| Zinc | \$2,393 | 109 | 1.0% | -2.7% | 4.6% | Jet Fuel (USD/bbl) | \$108 | 1.6% | 1.3% | 4.5% | | |
| LME futures (3 mth) | | | | | | Fuel Oil (USD/t) | \$529 | 1.0% | 1.1% | 4.3% | | |
| | USD/t | USc/lb | | | | <i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i> | | | | | | |
| Aluminium | \$2,497 | 113 | 0.4% | 0.5% | 6.2% | Currencies | | | | | | |
| Copper | \$9,510 | 431 | 2.0% | -0.7% | 3.8% | AUD/USD (London close) | 0.9876 | -0.7% | -1.6% | -1.3% | | |
| Lead | \$2,595 | 118 | 0.2% | -0.5% | 5.9% | AUD/EUR | 0.7615 | -0.9% | 1.0% | 2.1% | | |
| Nickel | \$24,700 | 1,120 | 3.5% | -1.8% | 0.8% | AUD/JPY | 82.30 | 0.0% | 0.2% | -1.4% | | |
| Tin | \$26,550 | 1,204 | 1.0% | 0.8% | 1.1% | AUD/KOR | 1,110 | -1.0% | -1.8% | -2.7% | | |
| Zinc | \$2,405 | 109 | 1.1% | -2.6% | 4.6% | EUR/USD | 1.2969 | 0.2% | -2.6% | -3.3% | | |
| LME stocks | | | tonnes | | | USD/JPY | 83.33 | 0.7% | 1.9% | -0.1% | | |
| Aluminium | | 4,393,700 | 24,200 | 118,725 | 110,100 | Coal* | | | | | | |
| Copper | | 379,650 | 1,350 | 1,975 | 28,750 | Newcastle | USD/t | \$129.90 | ~ | 1.1% | ~ | |
| Lead | | 211,675 | 1,300 | 3,125 | 8,500 | Richards Bay | | \$125.16 | ~ | -1.3% | ~ | |
| Nickel | | 135,864 | -942 | -1,026 | 4,890 | DES ARA | | \$129.50 | ~ | -1.2% | ~ | |
| Tin | | 16,890 | 200 | 515 | 1,265 | Iron ore & Steel | | | | | | |
| Zinc | | 710,150 | 9,200 | 8,725 | 10,300 | | USD/t | | | | | |
| Precious Metals | | | | | | Iron ore (62% Fe, cfr China) | | \$174.60 | 0.7% | 2.1% | 4.2% | |
| Gold | USD/oz (unless stated otherwise) | | | | | China domestic Rebar | | \$693.56 | 0.9% | 1.0% | 0.3% | |
| Spot | | \$1,383.07 | 0.5% | 0.2% | -0.9% | East Asia HRC (cfr) *** | | \$660.00 | 2.7% | 2.7% | 9.1% | |
| Comex** | | \$1,383.90 | 0.7% | 0.4% | -1.4% | US domestic HRC (US/st)*** | | \$752.50 | 4.5% | 4.5% | 14.2% | |
| AUD spot (AUD/oz) | | \$1,402.36 | 1.5% | 2.1% | 0.3% | Freight | | | | | | |
| Silver | | \$29.55 | 1.5% | -0.7% | 0.3% | | Index | | | | | |
| Platinum | | \$1,768.75 | 1.6% | 0.6% | 3.6% | Baltic Dry Index | | ~ | ~ | ~ | ~ | |
| Palladium | | \$783.00 | 4.0% | 0.6% | 3.0% | Baltic Capesize Index | | ~ | ~ | ~ | ~ | |
| Natural Gas | | | | | | Baltic Panamax Index | | ~ | ~ | ~ | ~ | |
| Henry Hub (USD/MMBtu)** | | \$4.477 | 1.8% | -4.1% | 5.2% | <i>*Weekly, 07/01 ***Weekly, 11/01</i> | | | | | | |
| British NBP (GBP/therm)** | | 55.47 | 1.0% | -4.9% | -1.1% | <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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Equities Research

Head of Research Product

Mark Storey +612 9118 1198

Banks / Insurance

Ben Zucker (Banks) +612 9118 1185
 Jeff Cai (Banks) +612 9118 1186
 Cindy Dowling (Banks) +612 9118 7582
 Naveen Patney (Insurance) +612 9118 6391

Basic Materials

Michael Ward* +612 9118 1139
 Athlene Piech +612 9118 1195
 Ryan Gerhardy +612 9118 1197

Economics

Michael Blythe +612 9118 1101
 James McIntyre +612 9118 1100

Healthcare

Natalie Kelly +613 9675 7107
 Bruce Du +613 9675 6244

Media & Telecommunications

Alice Bennett +613 9675 7118
 Dominique d'Avrincourt* +613 9675 6933
 Nathan Burley +613 9675 7029

Property

David Lloyd +612 9118 1192
 James Druce +612 9118 1193

Resources

Andrew Hines +613 9675 7443
 Lachlan Shaw +613 9675 8618
 Andrew Knuckey +613 9675 6791
 Luke Smith +613 9675 7117
 Paul Hodsman +613 9675 8532
 Tomas Vasquez +613 9675 6059

Retail, Food & Beverage

Andrew McLennan +612 9118 1199
 Jordan Rogers +612 9118 1177
 Amy Toepfer +612 9118 1182

Small Companies

Nick Maclean +613 9675 7972
 Wassim Kisirwani +612 9118 1187

Transport / Developers & Contractors

Matt Crowe (Transport) +612 9118 1189
 Andre Fromyhr (Transport) +612 9118 1188
 Ben Brownette (D&C) +612 9118 1190
 Amy Toepfer (D&C) +612 9118 1182

Utilities & Toll Roads

Paul Johnston* +613 9675 7101
 Paul Mason +613 9675 7275

Quantitative Research & Database

Nizar Torlakovic +612 9118 1178
 Hendrik Botha +612 9118 1200
 Luke Hartigan* +612 9118 6393

Publishing +612 9118 1183

Fax (Sydney) +612 9118 1000
 Fax (Melbourne) +613 9675 7622

CommSec Retail

Craig James +612 9312 0265
 Savanth Sebastian +612 8223 7130

To contact any of our staff via email, type: first.name.surname@cba.com.au

*Except: Dominique d'Avrincourt – dominique.davrincourt@cba.com.au
 Luke Hartigan – lhartigan@cba.com.au
 Michael Ward – michael.ward1@cba.com.au
 Paul Johnston – paul.a.johnston@cba.com.au
 Michael Robson - michael.robson@asb.co.nz
 Nick Tuffley – nick.tuffley@asb.co.nz
 Jane Turner – jane.turner@asb.co.nz
 Christina Leung – christina.leung@asb.co.nz

Institutional Equities

Executive General Manager Institutional Equities & Debt Capital Markets

David Hancock +612 9118 1441

Co-head Cash Equities

Peter Wade +612 9118 1448
 Lance Jenkins +612 9118 1447

Equity Research Sales – Sydney

Angus Esslemont +612 9118 1471
 Christine Leonard +612 9118 1442
 Rod Hardwick +612 9118 1444
 Rodney Walker +612 9117 7888
 Sarah Beeby +612 9118 1018
 Will Corkill +612 9118 1461
 Melissa George (Desk Manager) +612 9118 1446

Corporate Access

Amanda Chamberlin +612 9118 1443

Equity Research Sales – Melbourne

Boyd Carter +613 9675 6815
 Wayne Murray +613 9675 7495
 Nicolas Thompson +613 9675 6618

Sales Trading

Andrew Tyrrell +612 9118 1451
 Jarred Rubin +612 9117 7887
 Justin Rooney +612 9118 1453
 Nicolas Thompson +613 9675 6618
 Paul Welsh +612 9118 1450
 Rod Ellis +612 9118 1452
 Michael Robson* +64 9374 8693

Equity Trading

Alex Stanford +612 9118 1456
 Andrew Millward (Electronic) +612 9118 1457
 Anthony Brownlow (Electronic) +612 9118 1463
 Hun Low (Electronic) +612 9118 1458
 Jeremy Weber +612 9118 1454
 Mark Ashton +612 9118 1405
 Matt Bromfield +612 9118 1455

Hybrid Sales

Damien Berlioz +612 9118 1460

Asian Sales

Toll Free (HK) +800 901 636
 Toll Free (Sing) +800 616 1949

Fax (Melbourne) +613 9675 7622

Global Markets Research

Commodities

Luke Mathews +612 9118 1098
 Lachlan Shaw +613 9675 8618

Foreign Exchange

Richard Grace +612 9117 0080
 Joseph Capurso +612 9118 1106
 Peter Dragicevich +612 9118 1107
 Andy Ji +65 6349 7056

Fixed Income

Adam Donaldson +612 9118 1095
 Philip Brown +612 9118 1090
 Michael Bors +612 9118 1108
 Steve Shoobert +612 9118 1096
 Winnie Chee +612 9118 1104
 Tally Dewan +612 9118 1105
 Kevin Ward +612 9118 1960
 Alex Stanley +612 9118 1125

Economics

Michael Blythe +612 9118 1101
 Michael Workman +612 9118 1019
 John Peters +612 9117 0112
 James McIntyre +612 9118 1100
 Chris Tennent-Brown +64 9374 8819
 Nick Tuffley* +64 9374 8604
 Jane Turner* +64 9374 8185
 Christina Leung* +64 9369 4421

Fax (Sydney) +612 9118 1010
