



Egypt unrest increases risk aversion

- The US economy grew at a 3.2pct annual pace in the December quarter, short of forecasts tipping 3.7pct growth, but personal consumption spending grew more than expected. US consumer sentiment rose from 72.7 to 74.2 in January. Global sharemarkets fell on Friday and demand for safe-haven assets soared as protesters in Egypt pressed for an end to the 30-year rule of President Hosni Mubarak. The US dollar ended mixed against major currencies.
- Base metal prices ended up 0.5%-4.2% on the day, with zinc and aluminium leading the gains. Gold finished 1.7% higher thanks to demand for safe haven assets sparked by civil unrest in Egypt.
- Spot coking coal prices slid for the sixth straight day on Friday as buyers rejected elevated spot offers from flood affected Queensland producers. Despite this, prices for standard and Peak Downs premium coking coals still sit above USD 300/t, according to Platts.
- US crude oil prices rose by over 4pct on Friday on fears that unrest in Egypt could affect oil supplies through the Suez Canal. And Brent crude lifted to 28-month highs. US spot crude on NYMEX rose 4.3% to USD 89.34/bbl. A timely clarification on the situation in Egypt could see the safe haven bid retreat as quickly as it emerged, according to market sources.
- Spot iron ore prices slipped slightly on Friday as the Chinese week-long Lunar New Year holiday festival began.

Chart of the Day: Richards Bay – North Europe spot freight allowance vanishes

- In theory, the delivered Northern Europe (Amsterdam – Rotterdam – Antwerp) spot thermal coal price should trade close to the Richards Bay (fob) spot price plus spot freight rate. The chart shows that for the most part, this holds true. But it does not hold all the time – with the first half of 2010 being a recent example.
- When Richards Bay spot thermal coal trade near or above the delivered Northern Europe thermal coal price, this usually means that demand for spot thermal coal ex-Richards Bay is stronger than demand for delivered spot thermal coal in Northern Europe. This is the case currently, with strong Chinese and Indian demand in particularly responsible for bidding up Richards Bay relative to Northern European markets.
- We expect this to increasingly be the case in future. India's demand for imported thermal coal continues to grow strongly and with their geographic position between South Africa, Indonesia and, to a lesser extent, Australia; we expect Richards Bay spot prices to remain well supported.

OVERNIGHT MARKET SNAPSHOT

28-Jan-11

Dow Jones Industrial average	11,824	-1.4%
AUD/USD	0.9940	0.2%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,464	112 2.3%
Copper	\$9,545	433 1.0%
Lead	\$2,517	114 1.5%
Nickel	\$26,588	1,206 0.5%
Tin	\$29,683	1,346 1.9%
Zinc	\$2,338	106 4.2%

Precious Metals

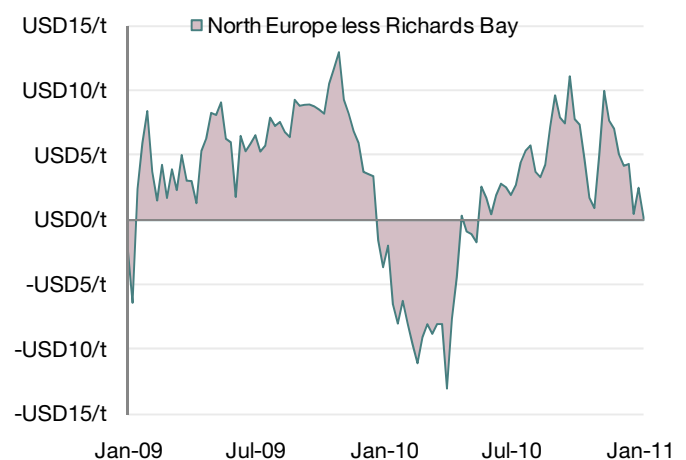
Gold		
Spot (USD/oz)	\$1,336.75	1.7%
Comex (USD/oz)**	\$1,340.70	1.7%
AUD spot (AUD/oz)	\$1,344.65	1.5%
Silver (USD/oz)	\$27.98	3.9%
Platinum (USD/oz)	\$1,796.50	0.6%
Palladium (USD/oz)	\$816.25	1.3%

Oil

NYMEX light sweet crude (USD/bbl)**	\$89.34	4.3%
Brent (USD/bbl)	\$98.55	2.1%
Dubai (USD/bbl)	\$93.32	-0.1%

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

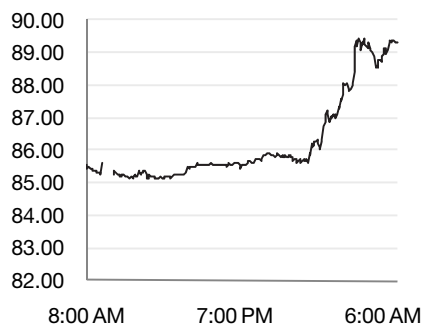
Chart of the Day: Northern Europe spot price less Richards Bay spot price



Source: globalCOAL, Bloomberg, CBA.

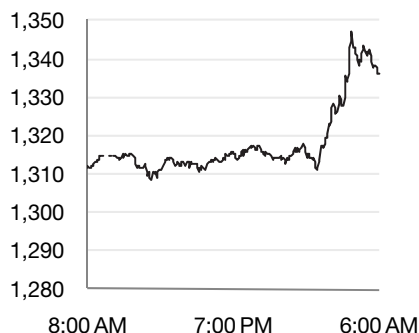


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



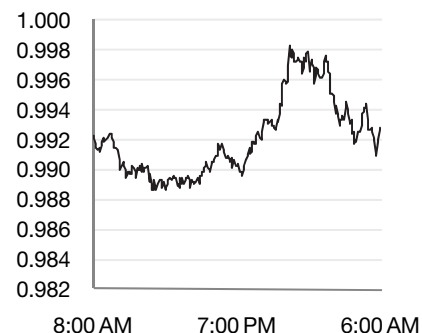
Source: Bloomberg, CBA. 5 min intervals.

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 : 28-Jan-11

LME base metals			change over						change over		
Cash	USD/t	USc/lb	1 day	1 wk	1 mth	Oil	USD/bi	1 day	1 wk	1 mth	
Aluminium	\$2,464	112	2.3%	2.8%	0.1%	NYMEX light sweet crude**	\$89.34	4.3%	1.6%	-2.2%	
Copper	\$9,545	433	1.0%	0.9%	-1.1%	Brent (Dated)	\$98.55	2.1%	1.7%	4.5%	
Lead	\$2,517	114	1.5%	0.3%	-1.8%	Dubai	\$93.32	-0.1%	0.8%	5.4%	
Nickel	\$26,588	1,206	0.5%	1.7%	7.6%	Refined products, Singapore					
Tin	\$29,683	1,346	1.9%	6.8%	10.3%	Gas Oil (USD/bbl)	\$109	0.1%	0.2%	5.1%	
Zinc	\$2,338	106	4.2%	1.6%	-4.4%	Jet Fuel (USD/bbl)	\$112	0.0%	0.4%	6.9%	
LME futures (3 mth)						Fuel Oil (USD/t)	\$545	0.5%	1.3%	6.0%	
	USD/t	USc/lb				<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>					
Aluminium	\$2,472	112	1.9%	2.2%	0.1%	Currencies					
Copper	\$9,530	432	0.9%	0.9%	-0.7%	AUD/USD (London close)	0.9940	0.2%	0.4%	-2.9%	
Lead	\$2,438	111	0.7%	0.5%	-4.4%	AUD/EUR	0.7303	0.9%	0.5%	-4.4%	
Nickel	\$26,620	1,207	0.5%	1.8%	7.6%	AUD/JPY	81.63	-0.7%	-0.1%	-1.7%	
Tin	\$29,650	1,345	1.9%	6.9%	10.2%	AUD/KOR	1,115	1.1%	0.7%	-3.1%	
Zinc	\$2,354	107	4.2%	1.6%	-4.1%	EUR/USD	1.3611	-0.7%	-0.1%	1.7%	
LME stocks			tonnes			USD/JPY	82.12	-1.0%	-0.5%	1.2%	
Aluminium	4,524,675	-6,050	-25,650	247,625		Coal*					
Copper	398,075	800	16,775	20,525		Newcastle	USD/t	\$122.98	~	-5.7%	~
Lead	279,025	2,100	14,850	70,750		Richards Bay	\$116.45	~	-3.6%	~	
Nickel	134,298	-888	-1,398	-1,374		DES ARA	\$116.67	~	-5.4%	~	
Tin	17,635	-85	340	1,360		Iron ore & Steel					
Zinc	710,925	-125	-625	9,500			USD/t				
Precious Metals						Iron ore (62% Fe, cfr China)	\$185.30	-0.2%	-0.2%	8.9%	
Gold	USD/oz (unless stated otherwise)					China domestic Rebar	\$713.63	0.0%	1.5%	3.9%	
Spot	\$1,336.75	1.7%	-0.4%	-5.9%	East Asia HRC (cfr) ***	\$715.00	0.0%	3.6%	15.3%		
Comex**	\$1,340.70	1.7%	0.0%	-5.7%	US domestic HRC (US/st)***	\$805.00	0.0%	3.9%	14.2%		
AUD spot (AUD/oz)	\$1,344.65	1.5%	-0.9%	-3.2%	Freight						
Silver	\$27.98	3.9%	1.7%	-9.5%		Index					
Platinum	\$1,796.50	0.6%	-1.6%	1.5%	Baltic Dry Index	1,137	-4.1%	-17.0%	~		
Palladium	\$816.25	1.3%	-0.9%	1.8%	Baltic Capesize Index	1,368	-2.5%	-12.1%	~		
Natural Gas						Baltic Panamax Index	1,337	-3.2%	-19.0%	~	
Henry Hub (USD/MMBtu)**	\$4.323	0.2%	-8.7%	-1.9%	*Weekly, 28/01 ***Weekly, 25/01						
British NBP (GBP/therm)**	53.73	-2.0%	-2.5%	-12.0%	**Near Month (not adjusted for contract changes)						

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



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