

BNP Paribas Fortis Asian metals monthly

December 2009



BNP PARIBAS
FORTIS



Gold, silver, aluminium,
copper, lead, zinc, steel.

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Strategic view

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Introduction

Chinese demand and speculative investment in commodities have supported a dramatic recovery in prices in 2009 against all expectations at the start of the year. Can this rally be sustained in 2010? Right now we have little hesitation in saying yes. Our confidence in that largely stems from three factors; the absence of other assets offering sufficiently attractive returns; specific supply-demand uncertainties for particular commodities, such as copper; and finally continued Chinese demand strength. Despite this, commodities are unlikely to see such sustained price gains as they did in 2009. The major risk is a recovery of the US currency – continued low US interest rates means this is unlikely but currencies are relative and other areas such as the Eurozone have their problems too.

Gold

Gold's tumble of \$100/oz in early December was spectacular, but in % terms it's only about 7% and half of that is directly explained by a stronger dollar. If it can hold \$1,100/oz further gains are likely. However the fall is a warning about the risks in 2010 if the dollar recovers.

Silver

Silver had a tremendous 2009 although it fell back sharply along with gold in December. If 2010 sees a more entrenched economic recovery silver will again outperform the yellow metal.

Aluminium

Fundamentals point to short to medium term weakness but prices say otherwise. That said, aluminium will probably follow the flow of money being pumped into base metals in general in 2010, but we doubt it will keep pace with the pack, since it is in structural oversupply and demand is yet to discernibly pick up outside of China.

Copper

Copper prices still remain buoyant despite coming off the highs in early December. We anticipate a period of sideways trading into Q1 2010, remaining supported by continued Chinese demand strength and the wall of money buying on the lows and capped by uncertainty over the speed of recovery in the West.

Zinc

Zinc has tracked copper consistently over the past few months and should continue to do so for the next few months. But its short and medium fundamentals are weaker and the market surplus is building. Zinc fortunes in 2010 will therefore depend heavily on OECD recovery and hence the strength of the construction sector, since Chinese consumption has already been priced in.

Lead

We are fairly confident of lead's short-term prospects. Demand for lead-acid replacement batteries should support prices, while its stocks as a measure of days of global consumption is much lower than the rest of the base metals pack. However, rising Chinese refined lead supply could pull the rug from under the market come Q2 2010.

Steel

We expect steel prices will continue to inch up through 2010, but producer discipline will be crucial to avoid market imbalances between supply and demand. We do not expect prices to revert to pre-recession levels until at least 2011, while H1 2010 will be the better half for prices than H2 2010, when we suspect an ever increasing amount of Chinese steel exports will flood the market.

Forecasts

Price forecasts		16 th December	1-month	2-month	3-month	12-month
Gold	\$/oz	1,137.5	1,080-1,200	1,150	1,250	1,000
Silver	\$/oz	17.60	16.80-18.75	18.00	19.50	15.00
Aluminium (3-month)	\$/tonne	2,280	1,900-2,300	1,900	2,000	2,100
Copper (3-month)	\$/tonne	6,996	6,600-7,150	6,550	7,000	6,995
Lead (3-month)	\$/tonne	2,395	2,000-2,450	2,025	2,075	2,500
Zinc (3-month)	\$/tonne	2,401	2,000-2,420	2,095	2,100	2,350
Steel: (3-month) Med	\$/tonne	405	425	480	480	500
Steel: (3-month) Far East	\$/tonne	500	500	520	520	520
		Average/2010	Average/2011	Average/2012	Average/2013	Average/2014
Gold	\$/oz	1,154	954	950	800	800
Silver	\$/oz	18.00	13.8	13.8	10	10
Aluminium (3-month)	\$/tonne	1,985	2,652	2,700	2,750	2,750
Copper (3-month)	\$/tonne	6,970	7,788	7,500	7,500	7,500
Lead (3-month)	\$/tonne	2,087	2,803	2,500	2,400	2,400
Zinc (3-month)	\$/tonne	2,217	2,896	2,500	2,500	>2,400
Steel: (3-month) Med	\$/tonne	1,000	1,200	1,000	1,000	1,000
Steel: (3-month) Far East	\$/tonne	900	1,000	1,000	1,000	1,000

Source: VM Group

(r) = revised estimates from previous report

Market Update

Prices and stock levels 16th December 2009

Prices)		Most recent price	Average over past 12 M	High	Low	Price 1 week ago	WoW (%)	Price 1 month ago	MoM (%)	Price 12 months ago	YoY (%)	Average 2008	Average 2007
Gold	\$/oz	1,137.5	962.5	1,212.5	810.0	1,128.5	1	1,104.0	3	870.0	31	872.6	696.5
Silver	\$/oz	17.60	14.38	19.18	10.29	17.4	1	17.3	2	11.0	60	15.15	13.4
Aluminium	\$/tonne	2,280	1,671	2,284	1,289	2,200.5	4	1,936.5	18	1,470.0	55	2,659	2,662.0
Copper	\$/tonne	6,996	5,010	7,101	2,820	6,835.0	2	6,512.0	7	3,041.5	130	7,030	7,095.9
Lead	\$/tonne	2,395	1,677	2,489	875	2,287.0	5	2,262.0	6	980.5	144	2,136	2,557.9
Zinc	\$/tonne	2,401	1,629	2,408	1,071	2,295.0	5	2,167.0	11	1,070.5	124	1,924	3,243.2
Steel													
Med	\$/tonne	405	363	440	270	410.0	(1)	380.0	7	330.0	23	747	
Far East	\$/tonne	500	401	510	270	500.0	0	500.0	0	330.0	52	695	
LME Stocks		Most recent stocks	Average over past 12 M	High	Low	Stocks 1 week ago	WoW (%)	Stocks 1 month ago	MoM (%)	Stocks 12 months ago	YoY (%)	Average 2008	Average 2007
Aluminium	Tonnes	4,637,475	3,936,521	4,637,475	2,068,925	4,586,125	1	4,537,025	2	2,068,925	124	4,637,475	3,936,521
Copper	Tonnes	474,575	381,690	548,400	256,900	466,075	2	406,450	17	324,175	46	474,575	381,690
Lead	Tonnes	141,925	90,225	141,925	43,850	140,975	1	132,225	7	43,850	224	141,925	90,225
Zinc	Tonnes	456,525	369,906	459,000	233,750	457,325	(0)	434,500	5	233,750	95	456,525	369,906

Source: VM Group

Analysis

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Can China keep it up?

This year has been all about Chinese demand and we expect 2010 to be a repeat performance, albeit one where the recovery in the developed world takes some of the limelight. China's imports and output of base metals has been nothing but extraordinary considering that its export market was on its knees earlier this year thanks to the collapse in demand from recession-hit OECD economies. By far the biggest factor behind China's resurgence has been its huge and aggressive \$585bn two-year infrastructure-focused stimulus package that literally kick-started its industrial sector in Q1 2009 and initiated a massive ramp-up in production and restocking. This soaked up much of the world's surplus base metal stocks, leaving markets concerned that there might not be enough available inventory once the developed world began to recover and restock. Speculation on the short-term and longer-term prospects, together with the search for decent returns in the near zero-interest environment, soon followed, pushing up prices to their current heady levels.

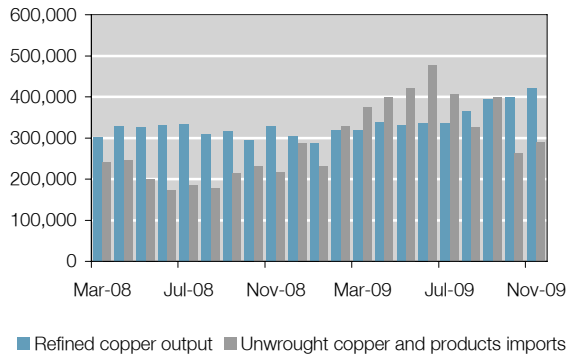
China's implied demand for base metals has been awe-inspiring. China's zinc output could top 4.38 Mt in 2009, up 12% from 2008 and 17% on 2007, while zinc imports may finish 2009 up by 280% year-on-year, at 0.69 Mt, and 360% on 2007. Zinc ingot prices (99.99%) in China are currently at \$2,640/t as of mid-December, some \$340/t over the LME price, and up almost \$1,200/t from the start of the year. For lead, Chinese output is up 16% y-o-y, to an estimated 3.73 Mt in 2009, while imports could finish near 160,000t, up 308% on 2008 and 430% on 2007. Similar to zinc, China's lead ingot price is up 49% from the start of the year, to \$2,307/t, as of mid-December. In nickel, Chinese production may finish up 29% on 2008, to almost 220,000t in 2009, while imports of refined nickel may finish up 111% y-o-y, to more than 245,000t. China's free-market nickel cathode price (99.9%) is up 49% from the start of the year, to \$18,670/t as of mid-December.

For aluminium, China's production has more than recovered the ground lost in the second half of this year, with daily production rates at record highs at the end of Q3 2009 and in Q4 2009. However for the year, primary aluminium output will be similar to 2008 levels, at about 13 Mt, but considering the fact that Chinese output was down 17.4% year-on-year in the five months to May, to 4.56 Mt, the recovery is all the more impressive. 2010 looks set to be a bumper year in which we expect China to yield more than 15 Mt from a total production capacity of more than 17 Mt/y. China's imports of aluminium also soared in 2009 and are likely to finish the year up 168% y-o-y, at more than 2.35 Mt. This is unlikely to be repeated in 2010, owing to higher domestic production and because China is now a net exporter. There also exists the large off-market inventories and, of course, the huge LME and SHFE stockpiles, which also need to be worked off.

It is China's thirst for copper that has fuelled the flames of speculators the most – and hence the base metals rally. Chinese refined output may top 4.27 Mt by the end of this year, up 13% on 2008 and 22% on 2007, while imports of unwrought copper and copper products may rise by as much as 60% on 2008, to 4.2 Mt. China's latest salvo was for imports of unwrought copper and copper products in November to rise more than 10% on the month, to 290,158t, against market expectations of a flat or slight decline. In terms of LME prices for the three-month contract, since the start of 2009 copper has risen by more than 130%, as of mid-December, while in truly paradoxical fashion LME stocks levels have also increased. This is highly unusual alongside rising prices and the negative arbitrage opportunity between Shanghai and LME prices, and must stand as testimony to the degree to which speculative investment interest has flowed into base metals this year.

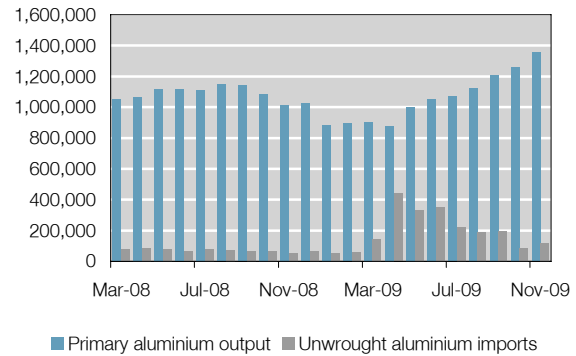
2010 holds more of the same – but with the added boost of improved OECD demand. One caveat is that China is pushing ahead so fiercely with its own domestic production, that it may impact imports at a time when OECD demand remains sluggish. Another risk is the prospect of a stronger dollar. Nevertheless, although we doubt base metals will see the same level of price gains as in 2009, we expect the effective zero interest rate environment in the West and improved physical demand from the developed world plus more of the same from China could see copper challenge \$8,000/t at its peak, zinc \$2,800, lead \$2,700/t, nickel \$25,000/t, tin \$18,000/t and even aluminium \$2,500/t,

China: Refined copper output and imports of unwrought and copper products, Mar 2008-Nov 2009 (tonnes)



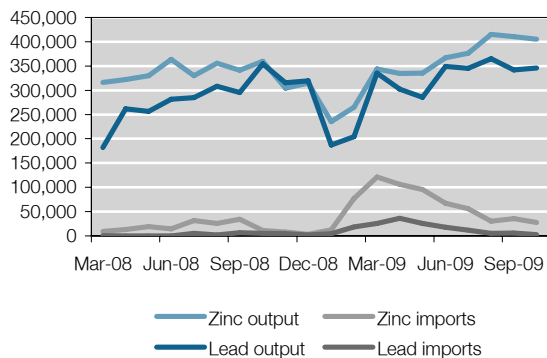
Source: China Customs, NBS

China: Primary aluminium output and imports of unwrought aluminium and aluminium products, Mar 2008-Nov 2009 (tonnes)



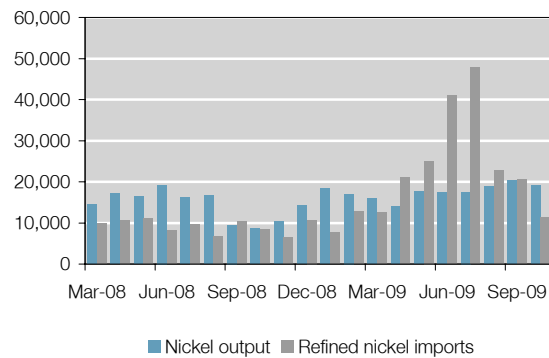
Source: China Customs, NBS

China: Imports and output of lead and zinc, Mar 2008-Oct 2009 (tonnes)



Source: China Customs, NBS

China: Imports and output of nickel, Mar 2008-Oct 2009 (tonnes)



Source: China Customs, NBS

Focus

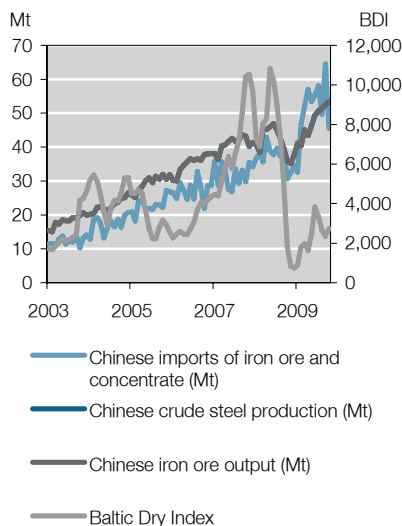
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Chinese iron ore output/imports, steel production and Baltic Dry Index, 2003-Oct 2009



Source: China customs, NBS, BDI

Iron ore: a game of cat and mouse

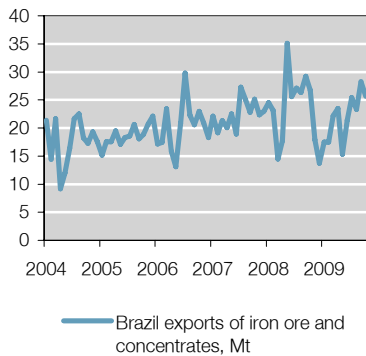
China and the 'big three' iron ore producers – Vale, Rio Tinto and BHP Billiton – have been playing cat and mouse for several years now over annual iron ore contract prices, with all doing their utmost to strengthen their respective bargaining positions. The reality however is that China needs to produce vast quantities of steel in order to push ahead with its developmental goals, while the big three dominate world seaborne supply to the tune of about 70%. There could be little better indication of confidence in the future demand growth of iron ore than the fact that Vale, the Brazilian giant, announced in early October this year that it intended to spend \$1bn on buying 11 bulk carrier vessels from the South Korean shipbuilders Daewoo Shipbuilding & Marine Engineering and STX Offshore & Shipbuilding.

On the demand side China has done little in 2009 to ease perceptions that its need for steel is nothing but healthy. The country's ports at the end of November were clogged with around 190 fully-laden Capesize bulk carriers waiting for berths – about 20% of the world's Capesize fleet and around 32.5 Mt of iron ore and coal – and its steel output is at record high levels. The Baltic Dry Freight Index has soared, largely as a result of this strong demand from China for iron ore. Yet the traditional annual negotiations between Chinese steel makers and their external iron ore suppliers are in disarray. The negotiations for the 2009-2010 contract year – which ought to have been settled in the spring – have not been concluded due to Chinese demands that it receive a greater year-on-year discount than the 33% accepted by other Asian steel makers, and the refusal by iron ore miners to concede. Momentum is now mounting to settle the 2010-2011 contract between Chinese steel mills – now led by Baosteel, as opposed to the China Iron and Steel Association (CISA) – and iron ore miners by as early as 1st January 2010, and possibly for calendar year 2010 – bucking the traditional benchmark system's contract year starting 1st April.

Naturally, China, as the world's largest consumer of iron ore, would like greater control over prices, but with seaborne supply held tightly by the big three, there appears to be little room for special treatment. This concerns the Chinese, especially now that BHP and Rio have formally signed a binding agreement to combine their Western Australian assets in an iron ore production joint venture that could potentially save \$10bn in production and development synergies. Although the JV is committed only to production and development and not the marketing of any end products, China argues that the combination will nevertheless augment BHP's and Rio's already oligopolistic pricing power, since the JV will have more influence on a much larger share of global supply. For Rio and BHP, it is a coup, since it will lower costs and cement their position as world leading iron ore exporters for decades to come.

China is therefore vehemently opposed, as is the majority of the international steel sector, but the tie-in also threatens rival steel maker Vale because of the proximity and therefore lower shipping costs of Australian iron ore to consumer markets in China and the Far East, as opposed to its own. The Pilbara region in Western Australia also holds the potential to expand output significantly and sideline Vale as a major supplier to these markets in years to come, and the BHP-Rio JV only goes to accentuate that possibility. Vale's response has been two-fold. To develop its own shipping fleet and ports to lower freight costs and remain competitive, while also taking minority stakes in local steel makers to ensure continuity of demand.

Brazil exports of iron ore and concentrates, 2004-Oct 2009 (million tonnes)



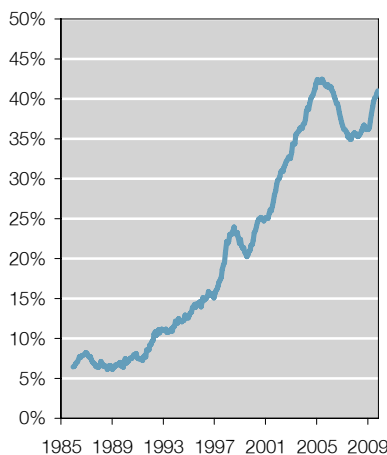
Source: Banco Central do Brasil

But Vale aside, even without the BHP-Rio tie-in in Western Australia, China has much to fret over due to its need to continue boosting its steel output in order to maintain its economic and industrial expansion targets, and the costly, lower-grade and fragmented nature of its own domestic iron ore industry – the world’s largest – puts it clearly on the back foot. 2009 stands as testimony to the poor state of China’s domestic iron ore sector, since many of its mines had to close on weaker prices, while imports of Brazilian, Indian and Australian iron ore have soared.

Chinese shakeout

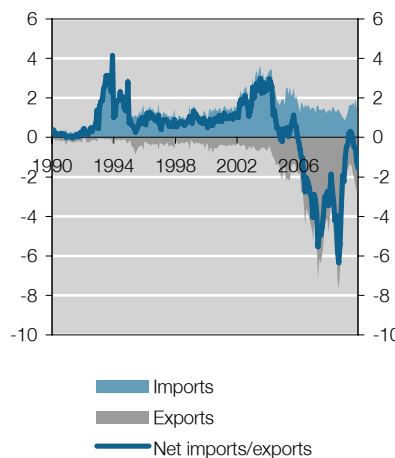
The United Nations Conference on Trade and Development (UNCTAD) forecast in 2008 that as much as 40% of China’s domestic iron ore production might close down in the coming years due to high costs and more competitive seaborne supply due to lower freight costs internationally. UNCTAD coined this transgression of iron ore imports as the ‘great Chinese shakeout.’ In 2009 this accelerated, with seaborne trade to China soaring on cheaper freight costs and uncompetitive domestic output. Chinese imports of iron ore and concentrate were 566 Mt in the first ten months of 2009, up 38% on the same period in 2008 and 62% on 2007. About half of this has been sourced from Australia, from 40% in 2008, while Brazil and India make up about 39%, from 43% in 2008. China’s iron ore production is however up by just 9% on the year and 25% from 2007, to 786 Mt, and the share of imports out of total supply has increased from 36% in 2007 and 2008 to 42% in 2009, and will continue to do so should domestic production continue to fall short of demand and freight costs remain competitive.

China: Share of iron ore imports of total implied iron ore demand, 1985-Oct 2009 (%)



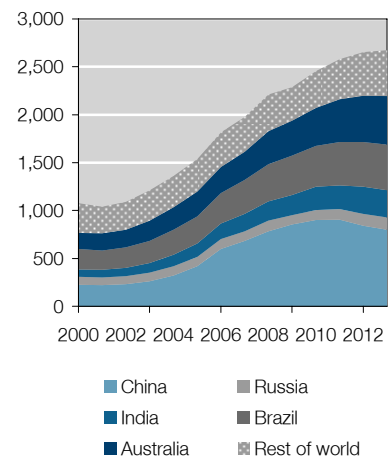
Source: VM Group

Chinese imports and exports of steel products, 1990-Nov 2009 (million tonnes)



Source: VM Group from China Customs

World iron ore production, 2000-2013 (2009-2013 estimated/forecast) (million tonnes)



Source: VM Group

To mitigate this, Beijing is attempting to consolidate much of its steel and iron ore sectors, but to date this has had little effect. Yet Beijing is nevertheless pushing ahead with its hopes to concentrate steel production in the hands of just a few players by 2015, with steel mills with less than 1 Mt/y of capacity forced to consolidate or get snapped up by larger producers. Furthermore, the government is considering tightening environmental standards in order to force more polluting mills to either upgrade or face having their license revoked, while blast furnaces smaller than 400 cubic meters could be closed.

A second line of attack has been China’s courting of smaller international iron ore miners, especially in the Pilbara, with an eye to build up its own seaborne iron ore presence and perhaps oust the oligopoly of the big three. State-owned Sinosteel Corp acquired Australian iron ore explorer Midwest Corp in 2008 for \$1.36bn and in October 2009, Baosteel won approval for its \$261.6m bid for 15% of Aquila Resources, a producer of iron ore and coal. Notably, state-

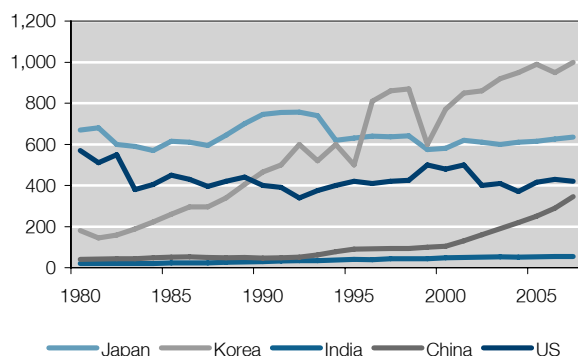
controlled Chinalco bought 9% of Rio in 2008, but when Chinalco subsequently agreed to raise its stake to 18% as part of a \$19.5bn deal to shore up Rio's finances, the Australian firm walked away at the last minute thanks to recovering commodity prices, hostility from shareholders and overtures from BHP on the Pilbara JV. China is also active at Brazil, with Wuhan Iron and Steel acquiring 21.52% in MMX for \$400m in December 2009, while in Venezuela Wuhan concluded of a long-term supply contract with state-run miner Corporación Venezolana de Guayana in November 2009. In Africa, the Belinga iron ore project in Gabon, in which China Machinery and Electric Equipment Export & Import Corp owns 85% and the balance by the Gabon government, demonstrates the scale of China's ambitions. The project has an estimated 500 Mt of proven reserves but is landlocked and requires an enormous amount of capital investment including a 560km railway linking the mine to a deep-water port in Santa Clara and two hydroelectric power plants. The mine could potentially start production in 2011.

But the big three iron ore producers are fighting back. Besides the demise of Chinalco's bid for Rio earlier this year, the termination of China Railway Materials Commercial Corp's (CRMCC) \$27.2m equity investment for a 11% stake in iron ore explorer United Minerals Corp (UMC) in December 2009 symbolises the battle that lies ahead over future iron ore supply sources. Yet again BHP stands on the sidelines, with its \$187m takeover of UMC conditional on it dropping the rights issue to CRMCC. UMC's principal asset is the Railway iron-ore deposit, which adjoins BHP's Mining Area C project in Western Australia.

Emerging urbanisation to drive demand

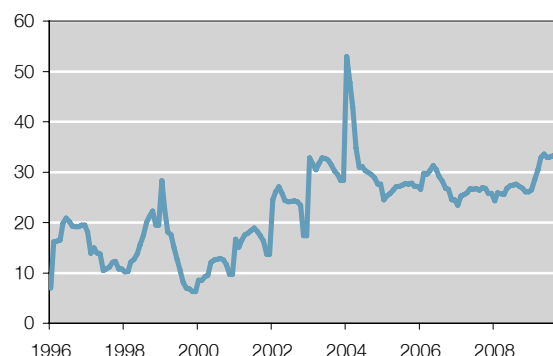
When one considers that China presently has a population of 1.3bn, growing to a projected 1.45bn by 2040, and per capita steel consumption of only a third of that of South Korea, half that of Japan and 75% of that of the US, there is plenty of headroom for its steel output to expand. Construction, which accounts for over half of steel consumption, will be the dominant beneficiary, as an increasing portion of China's population, currently residing in rural locations, will move to the city. This will require, and has required, huge investment in infrastructure from skyscrapers to roads, bridges, railways and airports, all of which on a per capita basis are well below levels in developed economies.

Steel consumption per capita, 1980-2007 (kg/capita)



Source: VM Group

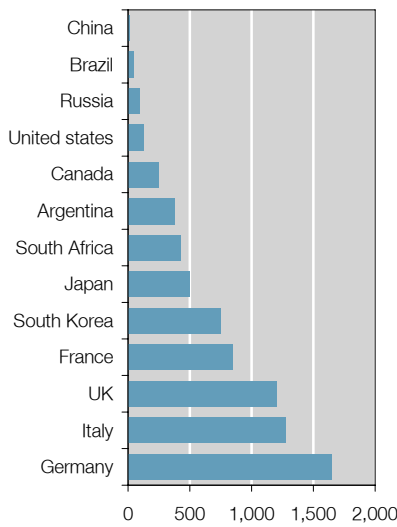
China, urban fixed asset investment, 1996-Nov 2009, growth rate %chg y-o-y



Source: NBS

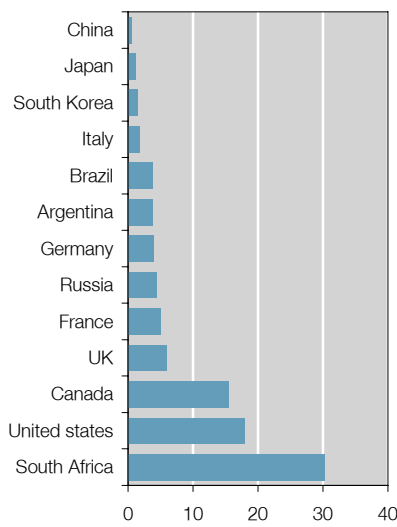
In the period between 2010-2020, the UN estimates that some 150m people in China will urbanise, and another 250m by 2050, meaning that in effect the entire population of the US will need to be accommodated in cities in the next 40 years. This is not only leaves a great deal of expansion for the construction sector, but also China's automobile industry and durable goods sector, all of which require steel and other commodities. We expect Chinese steel production

Railways - km per million population



Source: VM Group

Airports - major airports per million population



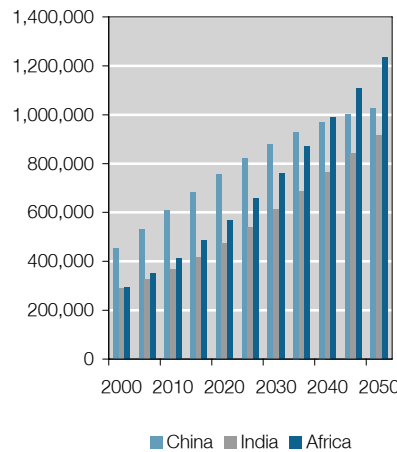
Source: VM Group

will top 1bn tonnes by as early as 2018, assuming an average growth rate of 7% from 2010, and to almost 1.2bn tonnes by 2020.

This brings us to India. Considering steel consumption of 300-400 kg per capita per year to be a decent level of economic development – the world average is a little less than 200 kg/capita – India needs to come up with at least 200 Mt/y if it is to meet the average and another 160 Mt/y to fulfil its developmental ambitions. By, 2020, when the UN predicts India’s population will hit 1.37bn, a further 50 Mt/y of steel will be required and 75 Mt/y by 2050, when its population is expected to exceed 1.6bn. India currently consumes about 45 kg/capita and produces about 55 Mt/y of crude steel. It is certainly feasible, and India has its own world-class iron ore reserves in which to draw on, but its economic expansion may see its imports to China decline in the longer-term, as India will come to depend more on its own raw materials. India was producing about 14 Mt of steel when the economy was opened up in 1991. By 2001 this had doubled, and projections anticipate Indian output to reach 125 Mt by 2012, and as much as 250 Mt by 2020, which would make it the second largest steel maker after China but still less on a per capita basis than that in developed economies.

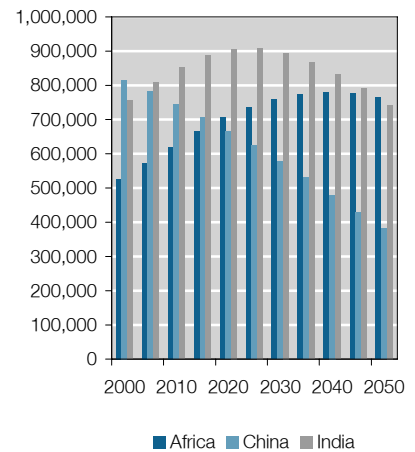
Overall a large jump in the percent of the world’s total population moving to urban areas, especially in China, will precipitate demand for construction materials. The UN forecasts that globally, the migration of rural folk to urban areas in the next decade could amount to some 700m people, rising to 2.9bn by 2050. With such a huge structural shift it is no wonder that the big three iron ore producers are extremely bullish on their prospects and to that of iron ore prices.

Urban population in Africa, China and India, 200-2050 (thousands)



Source: UN

Rural population in Africa, China and India, 200-2050 (thousands)

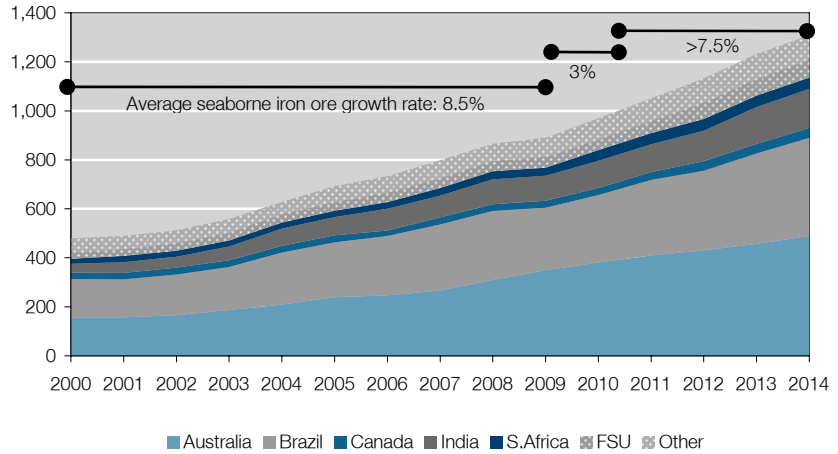


Source: UN

Our demand projections identify that likely steel consumption growth rates in emerging economies, and China’s own problem of high cost, low-grade iron ore, will continue to feed growth in the seaborne iron ore trade for years to come. Average seaborne iron ore trade growth was 8.5% in the period from 2000-2008, and while we expect growth to decline to 3% in 2009, between 2010-2014 trade will grow by an estimated average of 7.5%, to reach almost 1.3bn tonnes in 2014, from 890 Mt in 2008. By far the largest suppliers will be Australia and Brazil, in that order, with Indian ore coming in third. Australian supply will ramp up from 310 Mt in 2008 to almost 500 Mt in 2014, a 60% leap, and Brazilian supply will grow by 48%, to approximately 400 Mt by 2014. Indian trade will add another 60 Mt from the 100 Mt shipped in 2008.

By 2020, seaborne trade could top 2bn tonnes, with the traditional supply centres the main beneficiaries, but also we expect to see the emergence of African supply, with projects in Gabon, Guinea and the Democratic Republic of the Congo of note.

World seaborne iron ore trade, 2000-2011 (2009-2014 forecast) (million tonnes)

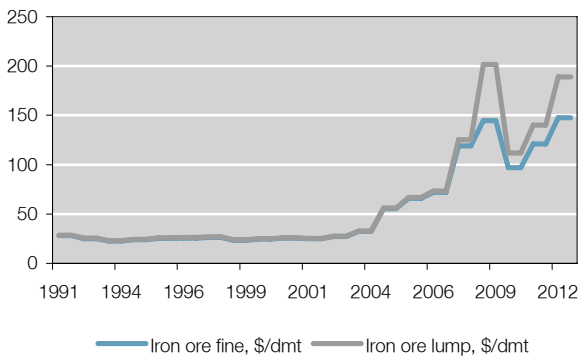


Source: VM Group

Leverage lies with the big three

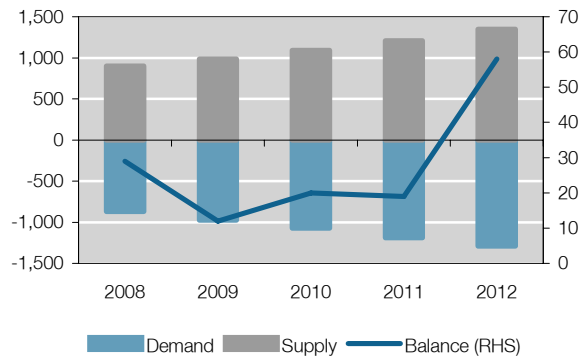
Negotiations over next year’s prices have already begun and China’s steel sector faces the dual threat of a price increase and potential shift from the benchmark system to more flexible and probably more costly pricing mechanisms. BHP hopes to eventually replace the traditional annual pricing system to shorter quarterly contracts, based on the spot market, or index linked, and we suspect Rio and Vale will not take too long to come and support BHP’s stance. The contract year running from 1st April 2010-31st March 2011 will however, we suspect, be predominantly benchmark priced based, purely because the prospects for China’s steel sector and that of the rest of the world are much brighter than in the past 12 months.

Actual and projected contract iron ore prices, 1991-2012 (\$/dmt)



Source: VM Group

Iron ore supply/demand balance, 2008-2012 (2009-2012 forecast) (million tonnes)



Source: VM Group

Strength also lies with BHP, Rio and Vale for now, and ideally they want China to buy at what they consider ‘fair market prices,’ as accepted by many of the other steel powerhouses such as South Korea and Japan. We fully expect China to fight its corner but to eventually concede to a significant rise because the prospects for growth in its steel sector is such that the big three are in an extremely strong position and hold most of the cards. Not only are they in possession of some of the finest iron ore assets but are fully aware that the costs of bringing new sources of supply to the market are prohibitively high due to the

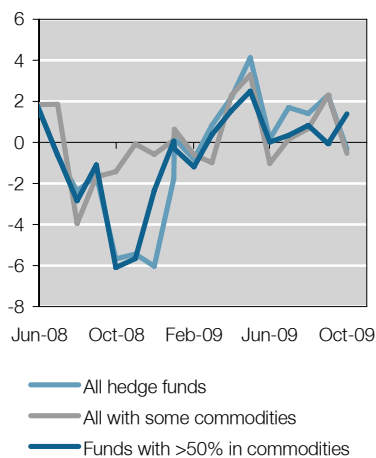
huge capital overheads in bulk mining and transportation. Furthermore, steel consumption is set to continue growing, as China and other emerging economies press ahead with development, while China's domestic iron ore production sits to the right hand side of the cost curve and is of a lower-grade than Brazilian or Western Australian iron ore blends.

Iron ore spot prices for Australian fines to China are currently as much as \$25/dmt over the benchmark set several months ago between the iron ore producers and Asian steel mills, outside of China, and we expect them to continue to rise in the short-term. This will lead to contract prices rising by as much as 25%, to \$121/dmt, for iron ore fines, in our estimates.

Pricing over the next decade will almost certainly be favourable for the big three and any other intrepid miner that can bring on line an iron ore deposit, but we expect China will make increasing strides into Africa and Latin America in search of iron ore assets, while also attempting to tie up as many Australian iron ore explorers and producers as possible. But the long-term winners in China could be the large steel makers. There will be consolidation over the next few years and the current crop of big players such as Baosteel, Angang and Wuhan, to name a few, will benefit by gaining a much more powerful position in regards to pricing.

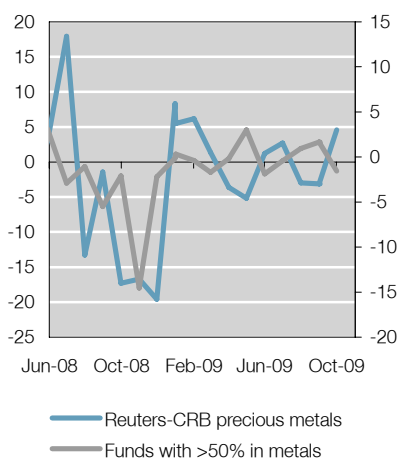
Hedge funds activity

Hedge funds by % in commodities



Source: VM Group from Barclay Hedge Fund Database

Hedge fund returns in metals (% monthly)



Source: VM Group from Barclay Hedge Fund Database

News

- Dec 1st: The Managed Funds Association is said to be “extremely troubled” by provisions in the planned US House regulatory overhaul which would require hedge funds with over \$10bn in assets to contribute to a bailout fund for “too big to fail” companies.
- Nov 27th: The former French foreign minister, Michel Barnier, is appointed as the new European Internal Markets Commissioner, who will oversee the regulatory overhaul of the EU’s financial sector. The appointment has raised concern among those hoping to have the proposed changes affecting hedge funds operating in the region diluted.
- Nov 25th: A further EU report recommending changes to the regulation of alternative investments includes plans for a pan-European regulatory watchdog to monitor financial risk with the ability to stop short-selling, plans to introduce caps on hedge funds’ capital borrowing allowance, and penalties for those who do not follow recommended “down-sized” compensation structures.
- Nov 25th: The European Securities and Markets Authority (ESMA) may seek powers to restrict short-selling and impose temporary bans on market activity, according to a leaked version of a draft report on the establishment of ESMA.
- Nov 24th: Clive Capital, a London-based commodity hedge fund seeded in 2007 with an estimated \$3.5bn under management, making it the world’s largest single commodity fund, has closed to new investors.

Analysis

- October a struggle, but 2009 will prove to be a good year

October was not a good month for the hedge funds in our database, posting a negative average return of 0.33% and commodity-focused funds fared even worse, dropping on average 0.53% (although the funds with most commodities, more than 50% by AUM, actually gained 1.39%). Despite this overall decline the aggregate sample of all hedge funds remains up by 11.2% for the year so far, and this October’s performance should perhaps be put into the context of an average return of negative 5.4% in October 2008. What’s more, the overall recovery for 2009 as a whole will not be seriously derailed by October’s dip; hedge funds that we monitor look set in aggregate terms to end 2009 up by between 12% and 16%. Drilling down, hedge funds focusing on energy in October did better than the rest, up by 1.38%, while metals’ and agricommodity funds fell into negative territory for the first time since July, posting negative returns of 1.56% and 1.88% respectively. For metals this is rather surprising given October saw precious and base metal prices perform well.

Outlook

Does the launch of hedge fund Northlight Capital with \$100m in early December show the way the industry is moving? Its new fee structure scraps the conventional 2 and 20 model (a management fee of 2% of the fund value and a performance fee of 20% of fund profits) for what we suppose should be called “1.5 and 5”. But it doesn’t end there; in a novel twist Northlight’s managers will reinvest 50% of their annual performance fee, and keep this invested until clients start to withdraw their own money. Funds are increasingly keen to appear less cavalier to prospective clients, and to show a willingness to invest their own fees in their risks is very persuasive.

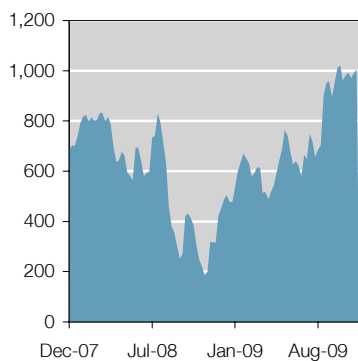
Gold

Gold price (\$/oz)



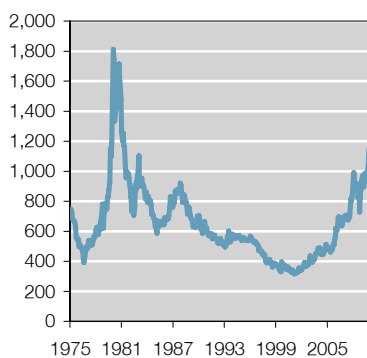
Source: London Bullion Market Association

Comex: Non-commercial net position (tonnes)



Source: VM Group from CFTC, TOCOM

Real price of gold (November 2009 \$/oz)



Source: VM Group

News

- Dec 16th: ETF Securities, who already have a UK and US gold ETF, are to launch a Swiss-based gold ETF. The company says it is the first Swiss-based gold ETF whose bars will meet London 'good delivery' standards.
- Dec 1st: Barrick announced they had closed out the remaining 1.9 Moz of their hedge book. The company had 24.1 Moz hedged at the end of 2001. The move brings global gold hedging down to well under 10 Moz.

Analysis

- A dollar-led correction

Fixing on 15th December 2009 at \$1,122/oz (London, PM) gold was barely changed from where it had stood one month earlier, on 16th November (\$1,130/oz). However in between those dates it had charged over \$1,220/oz in intra-day trading (with a peak London PM fix of \$1,212.50/oz on 2nd December), before falling back. By 18th December it had fallen to \$1,105/oz in early London trading.

A correction had been on the cards – in the November issue of this report we had warned that it might come about on hopes of economic recovery and hence interest rates rising earlier than expected. In a way that is what happened, with strong US employment figures sparking a dollar rally and the gold correction. A fall of around \$100/oz (at its peak) is not a small decline, and even given gold's elevated price it still comes to 8%.

Yet the dollar's move higher was surprisingly large. Between gold's peak on 2nd December and gold's low on 17th December the dollar gained 4.7% against the euro, and 4.1% on its wider index. This means more than half of gold's downward lurch is explained 'mechanically' by the stronger dollar. Going back a little further sees an even larger dollar rally – something shown by the euro price of gold, which between 25th November and 17th December was static at €778/oz despite a dollar price move of \$1,180/oz to \$1,117/oz. Still gold's critics will say it is no success to be measured against the euro, which on those days was retreating from poor economic data and fears of Greece defaulting on its debt. Nevertheless, that gold's correction owes so much to a stronger dollar does put it in some perspective; the worry is that it suggests gold will suffer if the dollar can continue gaining.

Outlook

Gold has enjoyed a tremendous 2009 despite the correction in price towards the end. At present it has held \$1,100/oz, and most of the factors that have propelled it higher – lower interest rates, fear of government indebtedness and bank failures – remain potent. The risk for 2010 is that the heavy level of investment demand in 2009 will need to be maintained for prices to keep gaining, unless other sectors such as jewellery can adjust to these high prices. Short-term London fix: \$1,080/oz-\$1,200/oz.

Market data (November unless stated)

Prices	US\$/oz	Yuan/kg	Yen/gr	ETF investment	Tonnes holdings	Monthly change	Lease rates	1m	3m	6m	12m	Option volatility (end month, %)	
Average	1,130	248,043	3,232	US (2)	1,218.5	29.2	Average	(0.03)	(0.04)	0.11	0.51	1-month	22.75
High	1,193	261,707	3,345	UK (2)	240.8	0.3	High	0.00	0.01	0.17	0.58	3-month	23.70
Low	1,061	232,916	3,081	Aus	14.7	0.4	Low	(0.07)	(0.08)	0.07	0.45	6-month	25.70
				S. Africa	52.7	(0.0)						12-month	28.20
				Swiss	214.5	(2.1)						24-month	28.70
				India (5)	6.4	0.2							
				German	36.1	0.9							

Source: Prices: London Bullion Market Association, Others: VM Group Note: Indian ETF holdings calculated from rupee amounts and thus are approximations only

Silver

Silver price (\$/oz)



Source: London Bullion Market Association

News

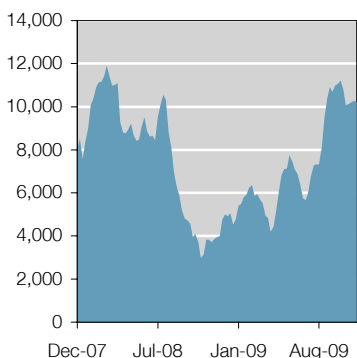
- Dec 15th: Global silver mine production reached 1,747t in October 2009, up 1% month-on-month and 8% year-on-year, according to the World Bureau of Metal Statistics. In the first ten months of 2009, silver mine output reached 17,159t, flat year-on-year.
- Nov 30th: Peru's silver production rose by 6.5% year-on-year, to 332,978kg in October, according to the Energy and Mines Ministry.

Analysis

- Weaker after a tremendous year

Silver soared above \$19/oz in early December, peaking (on the London fix) at \$19.18/oz on 2nd December. It then fell back sharply with gold, in fact more sharply, as its fix on 15th December of \$17.18/oz was 10.4% lower than its peak, compared with gold's 6.1%.

Nymex: Non-commercial net position (tonnes)

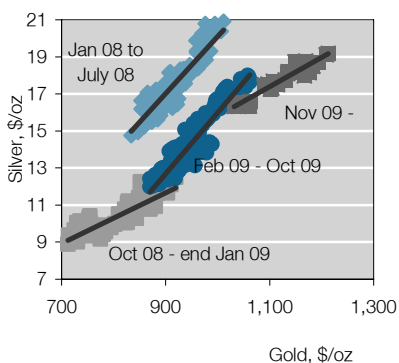


Source: Comex

A decline of more than 10% is sometimes taken as the definition of a 'correction' and although the reasons for silver's fall are the same as gold – a stronger dollar leading to investor liquidation, it fits in with the pattern we have observed in previous editions of this report, which is that silver has underperformed somewhat in Q4 2009. The gold/silver ratio is now 65.3, the same as it was in August when gold was just \$955/oz, breaking the usual pattern that the ratio declines as both metals rise in price.

Having said this silver is still 60% higher in price than at the start of year, much better than gold's 30%, and an amount that will have encouraged investors who got in when it was trading near its lows. Silver's higher price recently has not discouraged investment, with ETF inflows 788t in November (661t of which were in the BGI US ETF), the most since January 2009 and the third highest month on record. Another 114t was bought on 3rd December.

Silver and gold prices



Source: VM Group from company data

Outlook

Silver's retreat from its highs shows just how dependent the metal is on investor sentiment at these levels. The fundamentals absent investment probably point to lower prices, at least until industrial and jewellery demand are firmly in recovery mode. This will take a more entrenched economic recovery than we have at present. Furthermore silver's long-term future, we believe, rests on new industrial applications, and these are much more likely to happen in a recovering economy rather than a depressed one. In the meanwhile, the silver price will take its cues from gold.

Short-term London fix: \$16.80/oz-\$18.75/oz.

Market data (November unless stated)

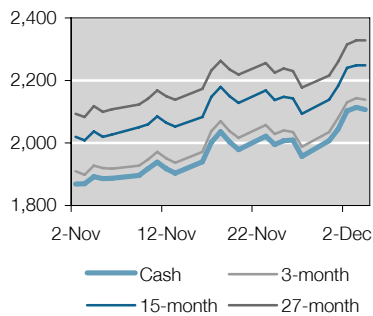
Prices	\$/oz	Yuan/kg	Yen/gr	Lease rates	1m	3m	6m	12m		Imports	Exports	Option volatility (end month,%)
Average	17.9	3,921	51	Average	(0.34)	(0.30)	(0.06)	0.51	USA (Sept)	103,143	123,607	1-month 34.50
High	18.8	4,120	54	High	(0.31)	(0.28)	(0.01)	0.58	Japan (Sept)	304,729	765,183	3-month 36.25
Low	16.4	3,589	47	Low	(0.36)	(0.34)	(0.12)	0.41	China (Sept)	420,964	454,999	6-month 37.50
												12-month 38.75
												24-month 39.25

Source Price: London Platinum and Palladium Market, Others: VM Group

*Includes 'basket' ETF

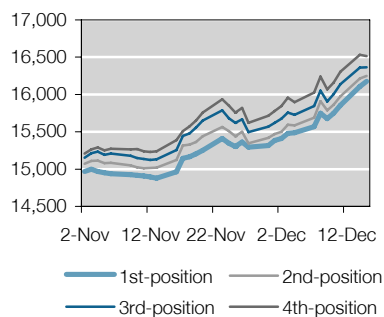
Aluminium

Aluminium price (\$/tonne)



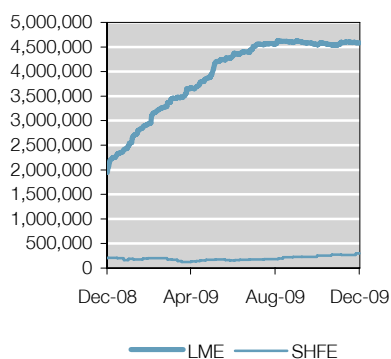
Source: London Metal Exchange

Aluminium price, SHFE (yuan/tonne)



Source: Reuters Ecowin

Aluminium stocks (tonnes)



Source: London Metal Exchange

News

- Dec 14th: Aluminium Corp of China Ltd said it had restarted all of its idled alumina and aluminium production capacity.
- Dec 11th: Chinese imports of primary aluminium, alloy and semi-finished aluminium products surged 39.3% month-on-month, to 120,674t in November, after falling 56% in October.
- Dec 11th: Aluminium stocks held at three key Japanese ports rose for a second consecutive month to 180,500t by the end of November, up 5.4% from October.
- Dec 10th: Italy's Economic Development Ministry has reached a deal on energy supplies with Alcoa to keep its Italian plants working after a regulatory setback.
- Nov 28th: New capacity is expected to boost China's production of primary aluminium by 24.7% on the year, to as much as 17 Mt in 2010.

Analysis

- Prices defy fundamentals

Aluminium prices at about \$2,250/t, as of mid-December, defy logic. With the market awash with excess metal held both on exchange and on off market, mushrooming Chinese production capacity and new supply from the Middle East coming online very soon, prices ought to be nearer \$1,900/t, in our view. Demand has also not returned significantly, with higher premiums only symbolising the near-term tightness in available metal due to the fact that much of the inventory on the LME is locked into term financing deals. LME stocks stood at more than 4.6 Mt on 14th December, which remains at much the same level since August 2009, but cancelled warrants have grown to 188,925t, as of 14th December, from half that in late October, implying that metal is scheduled to leave and that demand may be improving slightly. However, there appears to be far too much excess metal and readily available production capacity for the anticipated restocking phase and subsequent recovery in real demand in the rest of the world ex China to significantly dent the aluminium market surplus for years to come. Global aluminium production reached a daily rate of 105,200t in October, only slightly down from 106,200t in October 2008, but most of this can be attributed to China, since much of the idled capacity in OECD economies is still closed. China's annualised output in November was 16.3 Mt, as predicted, and will put considerable pressure on those Western world smelters that have been behaving much more cautiously.

Outlook

Chinese demand may be strong, and demand elsewhere improving slightly, but the huge inventories of surplus metal and the ramp-up in Chinese production remain very bearish price indicators. We fully expect the aluminium price to correct in the months ahead but would also not be surprised to see it follow the rest of the base metals complex higher, should investment flows continue to prop up prices. Short-term LME three-month price: \$1,900/t-\$2,300/t.

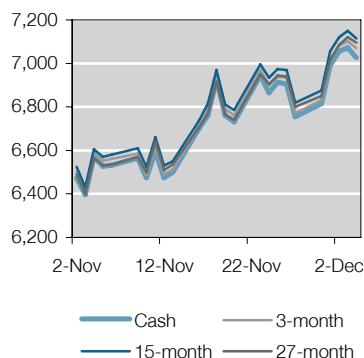
Market data (November unless stated)

Prices (\$/t)	Prices (\$/t)				Stocks (tonnes)	LME	SHFE	Prod (kt)	Sept	Oct	LME Open Interest (contracts)	Interest
	Cash	3-month	15-month	27-month								
Average	1,960	1,993	2,103	2,185	Oct-09	4,555,525	227,261	Europe	629	648	Aluminium	685,644
High	2,103	2,131	2,240	2,315	Nov-09	4,599,700	257,739	Americas	580	604		
Low	1,869	1,898	2,008	2,083				Asia	366	380		
								China	1,219	1,294		
								Other	322	334		
								Total	3,116	3,260		

Source: London Metal Exchange, except Production: International Aluminium Association

Copper

Copper price (\$/tonne)



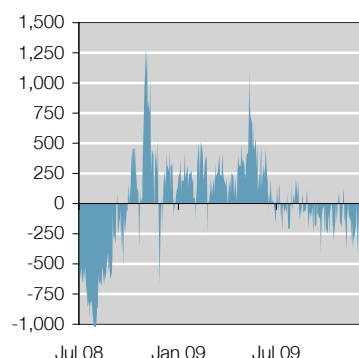
Source: London Metal Exchange

Copper price, SHFE (Yuan/tonne)



Source: Reuters Ecowin

Copper arbitrage (SHFE-LME), \$/t



Source: VM Group

News

- Dec 15th: Chile's copper exports by value totalled \$2.847bn in November compared with \$1.574bn year-on-year and \$2.482bn the previous month.
- Dec 14th: US October copper imports slumped 29% from September to 39,862t, according to the US International Trade Commission.
- Dec 11th: China's November imports of unwrought copper and copper products rose 10.3% on the month, to 290,158t in November.
- Dec 10th: Codelco resumed operations at its Chuquicamata copper mine complex in Chile after union workers lifted a 19-hour blockade.
- Dec 8th: Lundin Mining, minority owner of the Freeport McMoRan-controlled Tenke Fungurume copper-cobalt mine in the Democratic Republic of the Congo's, said the government review of the mining contract may disrupt the operation's development if it is not complete by the end of Q1 2010. The mine currently has the capacity to yield 110,000t/y of copper.

Analysis

- Investment money to support copper

Copper's flirtation into backwardation in the cash to three-month spread suggests that a certain amount of positioning is occurring ahead of Q1 2010, and that sentiment remains optimistic. Certainly, going on copper's price behaviour over the past several months, there can be little doubt that its promising longer-term fundamentals remain at the forefront, while strong Chinese demand – its November imports of unwrought copper and copper products rose 10%, to 290,158t, beating expectations of a decline – will continue to underpin the market. However, its near-term fundamentals are weak.

LME copper stocks have been mounting daily since mid-July, while cancelled warrants remain very low as a proportion of available warrants, implying that stock builds will receive little relief in the short-term. Furthermore, Chinese production is galloping ahead and will likely dampen its appetite for refined imports in 2010 relative to 2009 volumes, and the risk of mine strikes has passed, with all but a few major mines yet to agree new wage deals.

Outlook

The possibility of a significant fall in the copper price has passed, but we would not be surprised to see prices back at sub-\$6,500/t levels in the next month or two. Any lower and we expect buying will be fierce. Much of the excess copper stocks following the collapse in demand from the developed world has been snapped up by China, so when the restocking phase arrives, we expect the copper market to tighten considerably. Copper's cash to three-month flirtation into backwardation implies that nervousness surrounds the near-term availability of physical copper. We estimate the global market will be in an apparent surplus of as much as 300,000t in 2009, as opposed to a surplus of 255,000t. Our forecast for the average LME three-month copper price is \$6,970/t in 2010, with much of the strength coming towards the back-end of H1 2010. Short-term LME three-month price: \$6,600/t-\$7,150/t.

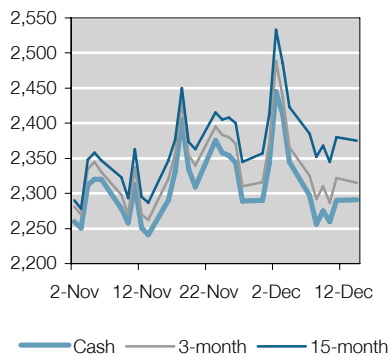
Market data (November unless stated)

Prices (\$/t)	Cash	3-month	15-month	27-month	Stocks (tonnes)	LME	SHFE	SHFE	Contracts traded (average)	LME Open Interest (contracts)
Average	6,706	6,729	6,758	6,724	Oct-09	372,175	96,719	Oct-09	437,847	Copper
High	7,055	7,080	7,120	7,085	Nov-09	441,000	95,976	Nov-09	352,246	
Low	6,396	6,416	6,430	6,400						275,884

Source: London Metal Exchange

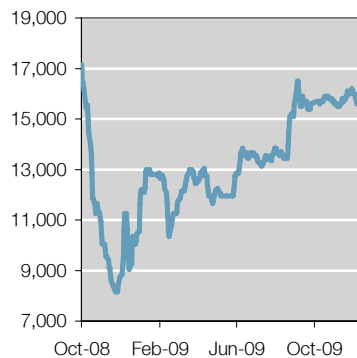
Lead

Lead price (\$/tonne)



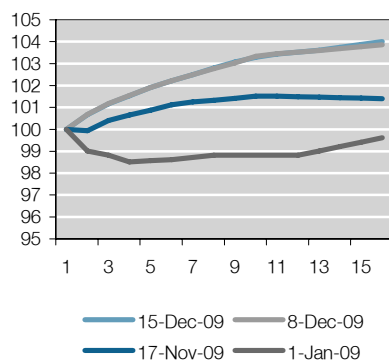
Source: Reuters Ecowin

Chinese lead ingot price, Yuan/tonne



Source: Asian Metal

LME lead spread, 100=spot



Source: LME, VM Group

News

- Dec 16th: The global lead market was in surplus by 51,000t in the first ten months of 2009, according to the International Lead and Zinc Study Group.
- Dec 15th: North American shipments of replacement automotive lead-acid batteries increased by 8.6% on the month and 13.1% year-on-year, to 9,227,613 units in October.
- Dec 14th: China's refined lead output was 335,100t in November, down 3.1% from October and flat year-on-year, according to the National Bureau of Statistics.
- Dec 8th: China restated its standards for classifying electric bicycles, raising fears that the rapidly expanding industry, which drives demand for lead could be hit hard.

Analysis

- Uncertainty ahead

The positives that have kept lead floating like a balloon for the past few months have all but disappeared. China's new lead smelter standards have effectively given the green light for much of the production capacity that was idled following the poisoning events in August to come back online, while China is busily ramping up vast amounts of new lead supply, which will merely increase the global market surplus in 2010 from 2009, and impact its appetite for imports. Furthermore, although China has backed down from reinstating its classification system for large electric bicycles, which have been a prolific consumer of lead-acid batteries for most of 2009, doubts must remain over its longer-term intentions. Under these rules, electric bikes that weighed over 40kg or went faster than 20kph (12.4 mph) would have required owners to obtain driving licences and insurance, which has not been the case up to now. This could have seriously dented electric bikes sales and hence remove a vital end use of lead, with offtake per electric bike at 3-7kg. Production of electric bikes was 681,400 units in October.

LME lead stocks are also rising, and now stand a six-year high of more than 140,000t by mid-December, while cancelled tonnage is just 75t, suggesting that stocks will unlikely see any decline in the short-term. We expect lead to be in surplus by more than 130,000t in 2009, and 110,000t in 2010, but it will largely depend on Chinese demand and to the recovery in automobile sales in the US and EU, which still remain sluggish but nevertheless improving slightly.

Outlook

The lead price will remain well supported for the next couple months on the weight of money buying on the lows and also on the traditional rise in demand for replacement lead-acid batteries in the northern hemisphere winter. But we remain concerned for its prospects from Q2 2010, and suspect it could break its correlation with copper and zinc, and join aluminium as the laggard of the complex. Chinese car sales however could be the important swing factor in determining lead's medium-term prospects, and if the past year is anything to go by then lead could surprise to the upside. Short-term LME three-month price: lead: \$2,000/t-\$2,450/t.

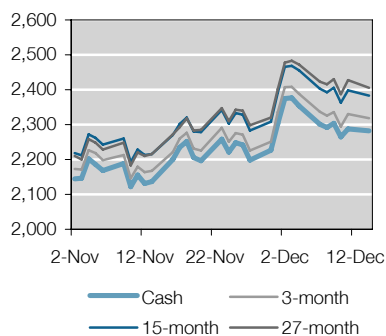
Market data (November unless stated)

Prices (\$/t)	Cash	3-month	15-month	LME stocks	Lead	LME Open Interest (contracts)
Average	2,316	2,340	2,364	Oct-09	129,600	Lead 74,504
High	2,445	2,489	2,533	Nov-09	138,450	
Low	2,241	2,262	2,278			

Source: London Metal Exchange

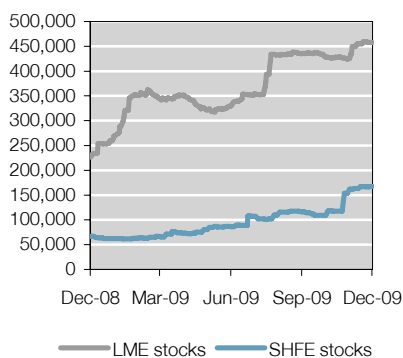
Zinc

LME zinc price (\$/tonne)



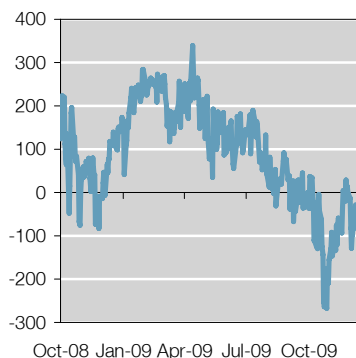
Source: Reuters Ecowin

LME/SHFE stocks, tonnes



Source: LME, SHFE

SHFE/LME differential (incl VAT), \$/tonne



Source: LME, SHFE, VM Group

News

- Dec 16th: The global zinc market was in surplus by 403,000t in the first ten months of 2009, according to the International Lead and Zinc Study Group.
- Dec 8th: Indonesia's PT Earthstone Resources will raise production by a fifth at one of its iron ore mines, to 1.2 Mt in 2010, and plans to expand by acquiring more mines.
- Nov 27th: Japan's refined zinc exports in October were up 33% year-on-year, to 10,348t, with China accounting for 40%.
- Nov 23rd: Peru's Antamina and its trade union signed a new three-year labour contract, ending four months of tense negotiations.

Analysis

- Copper's sidekick, for now

Falling cancelled warrants and steadily climbing LME stocks, notwithstanding the slight decline in mid-December, would normally be very bearish for the zinc price. However, stocks as measured in days of global consumption are still just three weeks, which is much lower than that for aluminium and nickel. Zinc's demand side prospects, albeit sluggish at present, also remain promising for the year ahead, and stocks could be quickly worked off should OECD recovery kick in earnest.

This though is the question, because without any appreciable rise in demand from the developed economies, the ramp up in zinc supply on higher prices will leave China as the consumer of last resort. But with prices at current levels, we doubt that China will trump 2009 import levels, especially since Chinese exports are rising and Shanghai inventories and off market stocks combined stand at more than 1 Mt.

Global zinc output has been rising since Q3, with smelters in Japan, Europe and China all raising output in response to higher prices and the slight increase in demand. But demand has somewhat petered out, probably due to the fact that steel mills have finished restocking before Christmas on still weak galvanised steel demand. We estimate that the global refined zinc market will be in surplus by at least 550,000t in 2009, and OECD demand will need to strengthen considerably in 2010 for this to be eroded, since we expect much of the supply idled in Q4 2008 and Q1 2009 to re-emerge, alongside new supply, if current prices are sustained.

Outlook

Zinc looks a good bet to outperform in 2010, alongside copper, posited on OECD demand strongly recovering. True, its fundamentals look weak and the surplus has grown considerably in Q4 2009. But we remain positive on zinc's longer-term prospects, and that alone, with the wall of money pushing into the base metals, could be enough. However, OECD demand must return and return strongly to avoid another huge surplus in 2010. Short-term LME three-month price: zinc: \$2,000/t-\$2,420/t.

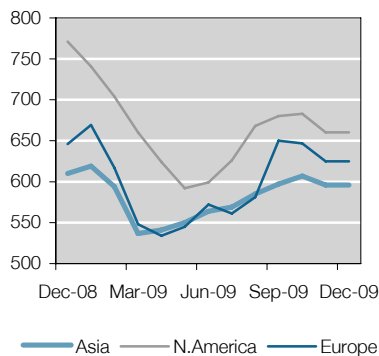
Market data (November unless stated)

Prices (\$/t)	Cash	3-month	15-month	27-month	LME stocks	Zinc	LME Open Interest (contracts)
Average	2,206	2,234	2,283	2,283	Oct-09	428,525	Zinc 234,370
High	2,375	2,407	2,465	2,477	Nov-09	455,275	
Low	2,122	2,146	2,193	2,183			

Source: London Metal Exchange

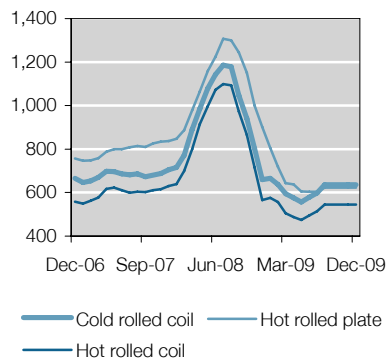
Steel

Composite steel price (\$/tonne)



Source: Reuters Ecowin

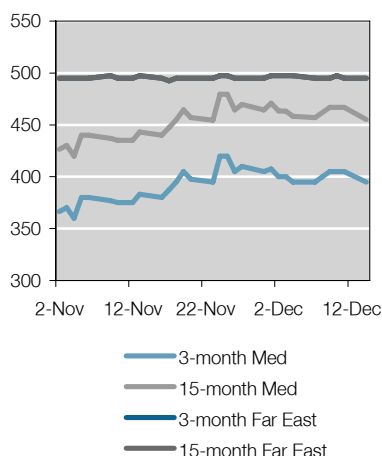
Steel products, world prices (\$/tonne)



Source: MEPS, Reuters Ecowin

Note: "Worlds averages fAsia, N.America ,and Europe

LME steel prices (\$/tonne)



Source: Reuters Ecowin

News

- Dec 14th: The LME said it will launch a global steel contract at the end of April 2010 by merging its two regional contracts, Med and Far East, as the market has become global rather than regional.
- Dec 14th: China's consumption of coke is expected to hit a record high of 344.5 Mt this year, according to the China Coking Coal Association.
- Dec 14th: China said it discovered a 1 billion tonne iron ore deposit in northern Hebei Province.
- Dec 11th: US trade officials called China's decision to put preliminary duties on imports of a US specialty steel product as "unfortunate."

Analysis

- Chinese supply casts shadow

China's spat with the US and other nations over the tit-for-tat imposition of import duties on certain steel products is an unfortunate twist to the problems that have mired the global steel sector during the recession, and threatens to impede the recovery ahead. China accuses the US and others of putting in place 'protectionist' measures against Chinese-made steel products, while the US has been equally critical of China's riposte to set duties on certain high tech US-made steel imports. The exchange between the US and China is neither helpful nor particularly significant at the moment, while the steel industry faces up to what will be sluggish recovery in demand in 2010. However, while any further escalation could be very damaging, but we suspect that common sense will prevail.

Steel prices are set to rise in 2010 alongside the recovery in construction and automobile sales, but the process will be slow and a fine balancing act will need to be achieved in order to match both demand and the rise in Chinese exports. About 60 Mt of China's 570 Mt of steel output in 2009 is surplus to requirements and currently sits in stockpiles in various product form. Should steel output continue to outperform in 2010, then price recovery will be that much harder. This will not only cap Chinese steel prices but also international steel prices, as this excess stock is moved abroad. Global crude steel output rose by 13.1% year-on-year in October, to 112.177 Mt and 4.8% over September. Much of this rise is down to China. Its steel production in October rose to 51.747 Mt, up 2% from September, but has since fallen in November, to 47.26 Mt, largely to appease Beijing's wishes.

Outlook

Judging by the level of inventories in the US, down 40% year-on-year in November to approximately 5.4 Mt, and by extension the EU, the restocking phase ought to be fierce. Whether it will be robust enough to allow much of the idled steel production capacity to be restarted, on top of potential Chinese supply, is questionable. Prices will rise in 2010, but only tentatively. Short-term LME 3-month price: Med \$425/t, Far East \$500/t.

Market data (November unless stated)

Prices (\$/t)	Asia Composite	N.America Composite	Europe Composite	World Composite	LME Open Interest (contracts), latest		
					Med	Far East	
Sep-09	597	680	650	642	Steel	382	4
Oct-09	607	683	647	646			
Nov-09	596	660	625	627			

Source: Reuters Ecowin from MEPS

Note: Composite prices are weighted average of the low transaction values for all carbon steel products in the flat & long categories identified in three regions (EU, Asia, and North America)

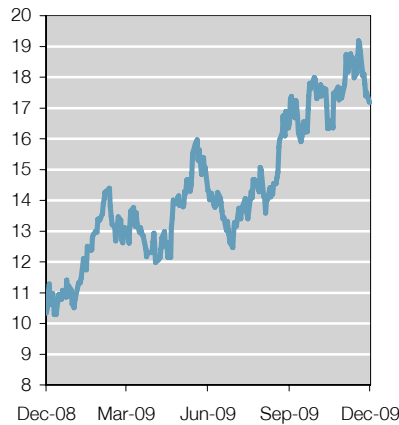
Prices

Gold (\$/oz)



Source: London Bullion Market Association

Silver (\$/oz)



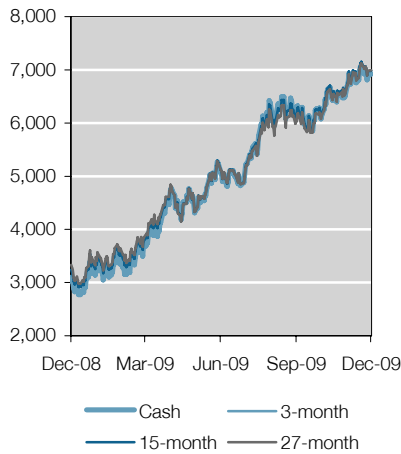
Source: London Bullion Market Association

Aluminium (\$/tonne)



Source: London Metal Exchange

Copper (\$/tonne)



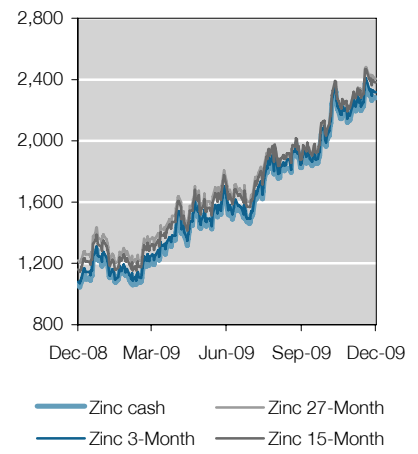
Source: London Metal Exchange

Lead (\$/tonne)



Source: London Metal Exchange

Zinc (\$/tonne)



Source: London Metal Exchange

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