METALS INSIDER

COMPILED ON FRIDAY, SEPTEMBER 24, 2010

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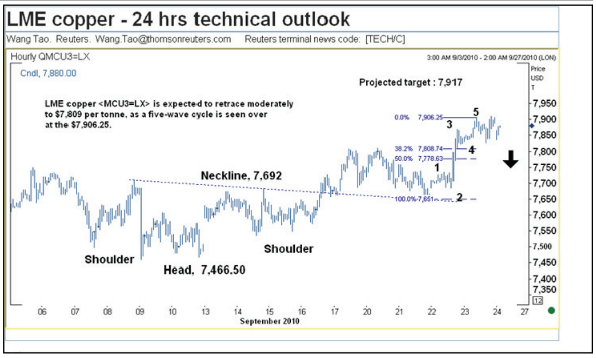

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FUND VIEW-Commodities group breaks up, individuals emerge

Individual commodities have reasserted their identities, ceasing to move en masse, as the wave of investment has slowed and fundamentals of supply and demand have resurfaced. New money moved into a range of commodities, helping to drive a boom that culminated in 2008 when oil hit a record of nearly $150 a barrel.

Click here to read the rest of the story

MARKETS *(Click on the sections below to jump to the full story)*

BASE METALS: London base metals reversed early losses on Friday, rising 0.6 percent on average with copper on track for a 2.6 percent weekly rise, buoyed by losses in the dollar. Three-month copper on the London Metal Exchange rose $28 by 0730 GMT to $7,913, having touched a five-month high of $7,935 on earlier. "There is a lot of bullishness out there on copper. The supply demand situation is constructive going into 2011 and even though we are at the top of ranges, the mood seems biased towards the upside," a trader in Sydney said.

PRECIOUS METALS: Gold rallied to record highs in Europe on Friday, with spot prices knocking on the door of $1,300 an ounce, as expectations grew that further quantitative easing could lead to volatility in the currency markets. Spot gold hit an all-time high of $1,298.25 an ounce and was bid at $1,297.70 an ounce at 0917 GMT, against $1,293.50 late in New York on Thursday. "The U.S. Fed is obviously contemplating, and the market is expecting, some kind of statement on quantitative easing," said Deutsche Bank analyst Daniel Brebner. "The influx of new money in the system raises longer term expectations for inflationary forces"

FOREX: The dollar spiked above 85.00 yen on Friday on talk of intervention by Japanese authorities keen to stem the yen's recent gains, but quickly retreated as doubts emerged about whether they had taken action. That left investors nervous about more intervention and, with risk aversion hitting markets, traders said the Bank of Japan's task of weakening the yen was becoming even tougher. "The price action certainly suggested that the Japanese intervened, but one can't be sure," said Kenneth Broux, markets strategist at Lloyds TSB Financial Markets. "With stock markets retreating and a general pullback in risk appetite, the yen and the Swiss franc will be supported, making the BoJ's job harder."

CLICK HERE TO SEE UPCOMING EVENTS FOR THIS WEEK

FUND VIEW-Commodities group breaks up, individuals emerge

By Barbara Lewis

LONDON, Sept 23 (Reuters) - Individual commodities have reasserted their identities, ceasing to move en masse, as the wave of investment has slowed and fundamentals of supply and demand have resurfaced.

New money moved into a range of commodities, helping to drive a boom that culminated in 2008 when oil hit a record of nearly $150 a barrel.

The synchronised flow continued as recession led to economic stimulus and prompted cheap money to pour into a range of asset classes, but there are signs it has run its course.

New York-registered investment manager Galtere Ltd, which has around a billion dollars under management, sees the start of a decoupling.

"There is no longer one commodity trade where everything rallies and sells off in tandem," said Galtere analyst Paul Caruso in a telephone interview.

"We have seen commodities decouple because they are being driven by supply and demand fundamentals rather than purely investment flows."

The stand-out supportive fundamental this year has been a wheat export ban from drought-hit Russia, which drove European benchmark milling wheat more than 60 percent higher in the five weeks to Aug. 5.

More bearishly, oil markets have battled against record U.S. fuel inventories. "There is a strong case to be made that the most upside opportunities should lie in grains and softs, which are the markets where we recognise the tightest balance sheets," Caruso said.

WEAK DOLLAR/HIGH STOCKS

Crude oil, by contrast, is expected to stay locked in a roughly $70-$80 range, drawing some support from the prospect of more economic stimulus and a sliding dollar, typically bullish for dollar-denominated commodities that become cheaper for holders of other currencies.

"U.S. dollar weakness may support fundamentally weak commodities. However we wouldn't expect dollar weakness to cause a fundamentally weak commodity such as crude oil to spike in the short term," Caruso said.

"U.S. dollar weakness should prevent crude from falling below $68/70 per barrel." Turning to the upside, ample supply would limit gains.

"A glut of stockpiles and spare capacity especially amongst OPEC nations are keeping a lid on the market. Any time crude gets to $80/$82, there's additional supply that can come in."

The expectation of stimulus and dollar weakness has been most bullish for gold , which has hit a series of records within reach of the psychological target of $1,300 an ounce.

Caruso saw potential for further strength in gold, although he said the market had become "very crowded" after huge exchange-traded fund flows.

While range-bound oil has lost its traditional role as an inflation hedge, gold is regarded as relatively safe for investors in the event of either inflation or deflation as the economy emerges from economic trauma.

Galtere takes the view we are currently in a period of "inverse stagflation."

"Developed nations will go through a period of slow growth," Caruso said. "We see commodity real asset inflation driven by emerging market demand but deflation in widgets/financials because of over capacity."

Over the long run, even oil should rise.

"Longer term, the next three, four, five years forward, I think there's a strong case to be made that emerging market demand will work through the inventories/spare capacity (i.e. demand outpaces supply) and I think this will support crude prices."

U.S. data hints economic soft patch may be easing

By Lucia Mutikani

WASHINGTON, Sept 23 (Reuters) - Sales of previously owned U.S. homes climbed in August from a 13-year low, more evidence the economy was stabilizing after a sharp summer slowdown, even though new claims for unemployment benefits rose last week.

Fears that the slowdown could tip the economy back into a new recession were also assuaged by a third report on Thursday showing a gauge of future economic activity increased 0.3 percent in August after a 0.1 percent gain in July.

"The reports are consistent with the view that the mid-year down shift is close to over. We came off the tracks a little bit and we are slowly finding our way back," said Aaron Smith, a senior economist at Moody's Economy.com in West Chester, Pennsylvania.

Sales of existing homes increased 7.6 percent to an annual rate of 4.13 million units, a touch above market expectations. Sales had plummeted 27 percent in July to the lowest level since 1997 after a tax credit for homebuyers expired.

While they rose last month, the pace was still the second lowest in 13 years.

Separately, initial claims for state unemployment benefits increased 12,000 to 465,000, the Labor Department said, breaking two straight weeks of declines. Financial markets had forecast claims steady at 450,000.

Jobless claims graphic: http://link.reuters.com/xyb25p

Existing home sales graphic: http://link.reuters.com/cag25p

NOT DETERIORATING

Stocks on Wall Street ended lower as investors opted to focus on the rise in claims. Prices for U.S. government debt posted modest gains. The dollar fell against the yen.

The recovery from the economy's longest recession since the 1930s fizzled in the second quarter and growth remains sluggish with unemployment stubbornly high.

The Federal Reserve on Tuesday said it was prepared to inject more money into the economy if needed to shore up the recovery and avert a damaging downward spiral in prices.

Stimulating the lethargic economy is also a major challenge for President Barack Obama. A wave of voter anger over the 9.6 percent unemployment rate could cause his Democratic Party to lose control of Congress in mid-term elections on Nov. 2.

Obama's efforts to spur growth and job creation got a lift as a $30 billion small business lending bill cleared Congress. Obama is expected to sign it on Monday.

In a campaign manifesto unveiled on Thursday, Republicans, who are tipped by opinion polls to win control of the House of Representatives and gain Senate seats will vow to slash spending and stop "job-killing tax hikes."

"One of the biggest reason why companies are reluctant to hire is lack of faith that revenue and profitability could be sustained going forward," said Guy Lebas, chief fixed income strategist at Janney Montgomery Scott in Philadelphia.

Analysts were little fazed by the unexpected rise in claims for jobless benefits as they remained well below the nine-month high of 504,000 touched in mid-August, indicating they were not deteriorating. Claims also tend to rise in the week following a holiday.

Last week's claims data covered the survey period for the government's closely watched employment report for September, scheduled for release on Oct. 8.

The four-week average of new jobless claims, considered a better measure of underlying labor market trends, fell 3,250 to 463,250, the lowest since July 31. Analysts noted the moving average was about 21,000 below the reading during the survey period for August payrolls.

"As such, a modest improvement in the four-week moving average points to a moderate increase in September private payrolls," said Yelena Shulyatyeva, an economist at BNP Paribas in New York. The private sector added 67,000 jobs in August.

The rise in existing home sales in August was the latest sign the housing market was starting to stabilize after steep declines following the end of the homebuyer tax credit in April. The increasing sales pace lowered the supply of homes on the market to 11.6 months' worth from 12.5 months in July.

But analysts cautioned progress would be slow in the absence of a significant labor market improvement.

"The report shows some stabilization in the housing sector. However, we are still bouncing along the bottom," said Mitchell Hochberg, principal at Madden Real Estate Ventures in New York. "Shadow inventory and months of supply will keep downward pressure on prices for the foreseeable future."

Dollar jumps on talk Japan resumes intervention

By Masayuki Kitano and Yoshiko Mori

TOKYO, Sept 24 (Reuters) - A sudden slide in the yen against the dollar on Friday stirred suspicions Japanese authorities intervened for a second time this month to try to prevent the currency's strength from worsening a faltering recovery.

Traders in Tokyo reckoned a sharp yen drop was likely due to intervention, though the fall happened at levels where authorities were not expected to act.

Some blamed corporate orders for triggering the move and others a rumour -- later denied -- that Bank of Japan Governor Masaaki Shirakawa planned to resign.

"At first, people thought that was intervention but it seems like the market was driven one-way by Shirakawa's rumour and so on. It was a bit like an accident," said Ayako Sera, market strategist at Sumitomo Trust Bank. "It's like everyone is afraid of ghosts in the market."

(Continued on page 4)

Japan spent an estimated 2 trillion yen ($23 billion) last Wednesday to combat a rise in the currency to a 15-year high against the dollar.

Prime Minister Naoto Kan, just re-elected as leader of the ruling party, faces a divided parliament so is keen to curb the strength in the yen, which has hurt Japan's stock market and sparked the ire of exporters.

Reuters Insider TV on yen http://link.reuters.com/syb35p

For graphic on interventionhttp://link.reuters.com/qep63p

For Japan Treasury buying http://r.reuters.com/wym42p

PDF on the yen: http://r.reuters.com/fac44p

For cross/yen graphic: http://link.reuters.com/tuh34p

But while Japan's unilateral action last week occurred throughout the global trading day and succeeded in driving the dollar up about 3 percent against the yen, Friday's dollar rise quickly faded and there was no sign of follow-through action.

Adding to the intervention doubts, authorities confirmed their yen selling on Sept. 15, but on Friday officials declined to comment.

DOUBTS

Many currency dealers doubt intervention would succeed in reversing the yen's rise, which they argue is driven more by dollar weakness.

The dollar has tumbled across the board on expectations the U.S. Federal Reserve will ease monetary policy by boosting its bond purchases to help revive the faltering recovery.

Japan's unilateratal intervention last week, the first in six years, prompted some grumbles among Group of Seven partners but most have stayed quiet on the issue.

Washington is focused on China, pressuring Beijing to let the yuan rise more quickly.

Indeed, Japanese Prime Minister Naoto Kan and U.S. President Barack Obama did not discuss currency intervention in a meeting in New York, Kyodo news reported, a sign to some that Washington was taking a hands off approach.

The dollar surge happened at midday Tokyo time.

The currency rose to as high as 85.40 yen from about 84.55 yen in a matter of minutes, and several traders said it looked like the Bank of Japan, which acts on behalf of the Ministry of Finance, had been selling yen.

Last Wednesday's intervention drove the dollar up to near 86 yen from a 15-year low of 82.87. But the yen has clawed back about half those losses.

Despite doubts about whether Tokyo intervened on Friday, analysts expect authorities to step into the market if the yen's rise against the dollar accelerates from current levels.

"They sent out a message that they are ready to intervene in the market again if the yen firms beyond what they believe is a proper level," Seiji Adachi, senior economist with Deutsche Securities in Tokyo, said of Japanese authorities.

"In terms of the economy, it is still going to be tough unless they bring the yen down to 90-100 against the dollar. But they probably can't do that. So they are going to just try to stop it going any higher."

NERVOUS TRADING

Showing the uncertainty over whether authorities had intervened, the dollar drifted back toward 84.70 yen as no government confirmation emerged.

After climbing into positive territory on the intervention speculation, Japan's Nikkei share average also drifted lower, closing down 1 percent on the day.

Both Finance Minister Yoshihiko Noda, who has said Tokyo must gain global understanding about its intervention, and the BOJ declined to comment.

Some traders watching the yen's every move speculated Tokyo was trying new tactics to scare dealers and get the biggest effect from their yen selling.

"Rather than saying clearly whether they did or not, they may be trying to make market players jittery," a trader for a Japanese brokerage house said.

So far Japan's yen selling has generated grumbling by some policymakers, but no widespread fallout -- in contrast to the international outcry over the yuan's exchange rate.

Obama urged Chinese Premier Wen Jiabao in New York on Thursday to take rapid steps to address a dispute over the value of China's currency and made clear the United States would protect its economic interests. So far G7 officials have not complained loudly about Japan trying to stem the yen's strength.

In some ways, Japan is fighting the Federal Reserve.

Japan's purchases of dollars come as investors price in the risk of the Fed printing more dollars to purchase bonds in a quantitative easing policy. Such expectations have driven short-term U.S. Treasury yields to record lows.

"The signals from the Fed are countering the bullets fired by the BOJ," Adrian Foster, head of financial markets research with Rabobank International in Hong Kong, said. ($1=85.15 Yen)

Mine capex seen at new peak in 2011, lags metal demand

By Karen Norton and Eric Onstad

LONDON, Sept 23 (Reuters) - Capital spending on new mines is on the rise and could reach a fresh peak next year but supplies of some metals will remain acutely tight for some years as companies play catch-up after the global economic downturn.

Miners hunkered down during the financial crisis and in their quest to save cash and pay off debt, capital expenditure was slashed, delaying numerous projects.

Copper supply in particular will struggle to meet the recovery in demand, with problems including falling ore grades and strikes exacerbated by delays to new production.

"Copper is the one I think that will continue to miss. Companies have been promising X tonnes by Y date at Z cost and unfortunately they are tending to miss on all three of those," said Paul Galloway, analyst at Bernstein Research.

Project remoteness and the need for greater infrastructure spending were other key influences on supply of the metal used in power and construction.

This view was echoed by others.

"We see that copper prices will remain high because of supply tightness," said Damian Brett, project manager at industry consultants Raw Materials Group, citing similar factors.

Bernstein predicts global mining capital expenditure will reach a new record next year, surging 50 percent year-on-year to $113 billion, to edge above the previous record of $110 billion set in 2008.

Record high gold prices have encouraged increased spending on gold projects, but money is also being poured into iron ore, copper and nickel.

The spot gold price reached a record high of $1,296.10 an ounce on Wednesday.

Rio Tinto , which launched an emergency rights issue last year to help pay down its debt burden during the downturn, slashed capex by 37 percent in 2009 to $5.4 billion.

Capex is due to inch up to around $6 billion this year and surge 50 percent to $9 billion in 2011.

Rio has given the green light for its Oyu Tolgoi copper/gold project in Mongolia, the Simandou iron ore project in Guinea and a $1 billion expansion of its flagship Pilbara iron ore operations in Western Australia.

Meanwhile, Xstrata , which plans to spend $14 billion in capex during 2010-2012, boosted attributable capital spending in the first six months of 2010 by 51 percent to $2.0 billion. It aims to increase overall output by 50 percent by 2013.

Despite these spending increases, shortages in new iron ore projects, as well as copper are considered possible.

"The companies should be able to deliver on iron ore expansions because in most cases you're talking about brownfield expansions at existing projects, so that should be more deliverable," said Bernstein's Galloway.

"Greenfield iron ore is a much bigger question mark."

PIPELINE DELAYS

Stockholm-based RMG estimates that out of a total of 2,980 projects which were in the pipeline over the next 10 to 15 years, some 67 are on hold. Around 5 percent of feasibility stage projects have stalled and almost 10 percent of construction phase mines.

For a graphic from RMG on the project pipeline:

http://graphics.thomsonreuters.com/F/09/CMD_MNCPX0910.gif

Bernstein predicts capital spending will reach a new peak as early as next year due to pent up demand.

But RMG says it may take three to five years, boosted in particular by iron ore and coal projects, providing the economic recovery remains on track.

For a graphic from RMG on capital expenditure and new projects that have been started and finished:

http://graphics.thomsonreuters.com/F/09/CMD_CPXPRJ0910.gif

Companies are also constantly on the look out to buy existing mines to reduce their overall outlay.

This was an attractive option, given the average cost of building a new iron ore project was over $110 per tonne and more than $13,000 per tonne for copper, according to Michael Rawlinson, analyst at Liberum Capital.

Meanwhile, the risk of more merger and acquisition activity ultimately pointed to less supply growth, suggested Galloway.

Either way the current rush to bring delayed projects onstream could spell a volte-face by the middle of the decade.

"We will see shortages until around 2014 and then the major metals could potentially be in over-supply," said RMG's Brett.

Brazil still mulling change to mine royalties

RIO DE JANEIRO, Sept 23 (Reuters) - Brazil is studying possible changes to mining royalties but will not formally present them until after Congress approves a separate overhaul of mine licensing, Brazil's mines and energy minister said on Thursday.

Government leaders earlier this year said they did not have immediate plans to hike mine royalties but left the door open to do so, a potential liability for miners such as Brazil's Vale , the world's top iron ore producer.

Mines and Energy Minister Marcio Zimmermann said during a televised forum on Thursday that a study of mining royalties was still being reviewed by the nation's finance ministry.

"It's still trapped in Finance," he said, adding the idea is to present it after the changes to licensing are approved.

Government leaders in March said they plan to require greater investment commitments from mining companies to prevent speculators from buying property and later reselling it without investing in development.

That proposal is slated to be presented to Congress this year.

A sector analyst on Wednesday said Brazil could hike royalties on iron ore to as much as 10 percent from the current 2 percent as countries across the globe seek a greater stake in the booming minerals business.

Ruling Workers' Party head Jose Eduardo Dutra said on Wednesday that the party's candidate Dilma Rousseff, favored to win the Oct. 3 presidential vote, is not considering such a royalty hike.

The threat of higher royalties could help the government boost pressure on Vale to increase investment in steel projects in Brazil, which create jobs and help the local economy but provide less return for shareholders.

Mining industry leaders say higher royalties would make them uncompetitive because Brazil's overall tax burden is much higher than in other country.

This argument may prove less convincing for political leaders as the mining companies continue posting strong profits -- especially as countries such as Chile and Australia move toward higher royalties.

OPINION-The heavy lift of harmonization-CFTC's Chilton

--The author is Bart Chilton, a commissioner at the U.S. Commodity Futures Trading Commission. The opinions represent the view of the author and not that of Reuters --

By Bart Chilton

Now that the U.S. has approved the largest financial regulatory reform ever undertaken, it's time for other nations to join in to ensure more efficient, effective market systems. Here is what we know: free markets without sufficient sideboards led to the global economic collapse.

Banks moved away from traditional lending and into exotic mortgages and foolhardy bets -- like naked credit default swaps -- and ultimately the American taxpayer was left with the bill for bailing out large institutions previously thought of as too big to fail.

Some speculators used futures and derivatives markets like private playgrounds, contributing to record highs in commodity prices in 2008. Free markets are good, but rational free markets with appropriate oversight are much better (and safer).

On Sept. 15, the European Commission (E.C.) issued a legislative proposal for regulating over-the-counter (OTC) markets that looks strikingly similar to the new U.S. law. Staffs at the U.S. Commodity Futures Trading Commission and the E.C. Financial Markets Infrastructure office have been working closely on ways to make our two sets of laws consistent.

Such communication between regulators at the international level is critically important in the brave new world of global electronic markets.

Whether trading occurs in Hong Kong, London or New York, to the extent practical, there needs to be global regulatory harmonization. While important to ensure national interests, without appropriate harmonization of rules, a virtual regulatory race to the bottom could occur.

Traders seeking to "fly under the regulatory radar" may try to choose the least restrictive regulatory environment, even at the expense of necessary oversight and transparency.

In fact, opponents of increased financial oversight in the U.S. have argued that tougher rules and regulations would encourage market migration. They have postulated that if, for example, the U.S. clamped down in certain areas, trading might move to unregulated "dark markets" elsewhere, or to foreign boards of trades.

What if, for example, the new position limit rules on traders in the United States push big speculators to foreign markets that have no such limits? Many analysts agree that could happen.

Likewise, the new law will allow regulators to go after disruptive trading practices. Will the bad actors in financial markets move to jurisdictions with less stringent rules and punishments if they can't disrupt markets here? They might.

That is why it is so exceptionally important, not only for U.S. regulators to get these new rules right, but also that other nations join in the effort to revamp their regulatory regimes to ensure more efficient and effective markets, and detect and deter of fraud, abuse and manipulation.

Of course, individual national rules need not look precisely like those in the United States, but they should be coordinated to a degree so as to avoid regulatory arbitrage. Like the European Commission, many nations are already working on this endeavor, but it may be a heavy lift. That was certainly the case in the United States. Without the personal effort and emphasis of President Obama, the law would have never succeeded.

There is a need and an opportunity to avoid regulatory arbitrage by harmonizing the financial rules of the road. Let's hope that effort moves forward quickly. Consumers around the world, who are affected by these markets every day in the prices they pay, must be assured that the markets themselves are regulated effectively.

Pension fund Calstrs considers $2.5 bln in commods

By Barani Krishnan

NEW YORK, Sept 23 (Reuters) - Investment strategists at Calstrs are recommending that the No. 2 U.S. pension fund invest up to $2.5 billion in commodities in the next three years, which would be among the largest institutional allocations planned for the sector.

They also suggest the $132 billion California State Teachers Retirement System not just invest passively in commodity indexes -- as institutional investors have typically done in the past -- but also in actively-managed hedge funds and physical production of raw materials, according to a paper used earlier this month to brief its pensions board.

"Rather than passively investing in commodities, staff advocates a range of active strategies to potentially hedge inflation, profit from commodity price moves up or down and reduce volatility," Calstrs' investment committee staff said in the paper, a copy of which Reuters obtained on Thursday.

In a more detailed recommendation to the Calstrs board three months after it voted in favor of a commodities investment, the committee recommended allocating up to 1.5 percent of its assets to commodities over three to five years, rising from below $150 million in the first year to nearly $2.5 billion by the third year.

Link to Calstrs paper: http://r.reuters.com/sem25p

An investment staff at Calstrs said the board was to be briefed again on the commodities investment plan in October. "At this point, no decision has been made as yet," the staff said, stressing the plan was still in discussion stage.

The paper presented to Calstrs' board is among the best evidence yet that major institutional investors are still interested in expanding the estimated $300 billion that has been invested in commodity markets over the past decade.

"This shows there is a very strong trend among pension funds to increase their allocation to commodities," said Don Steinbrugge, managing partner at Agecroft Partners, a hedge fund consultancy in Richmond, Virginia.

Despite such appetite, some big investors are also turning cautious on commodities after disappointing returns.

While the first wave of investment years ago had bet commodity markets would offer diversification from equities and bonds, that argument broke down as many markets moved in sync.

Now, more institutions like Calstrs are experimenting with strategies that seek to maximize returns at a time of highly correlated performance and negative roll returns on futures.

Calstrs' investment team advocated a three-pronged strategy comprised of investments in commodity index futures and swaps, hedge funds and trend-following funds, and physical commodity-producing partnerships.

"For example, in the first year of implementation, it is expected that commodities investments would only amount to less than $150 million, but grow to nearly $2.5 billion by the end of Year 3," said the paper, presented by Calstrs investment staff Carrie Lo and Steven Tong and endorsed by Chief Investment Officer Christopher Ailman.

If Calstrs invests as its staff recommend, it would be one of the biggest allocations to commodities made by an institutional investor since the initial $450 million placed into a commodities index fund in 2007 by Calpers, the No. 1 U.S. pensions fund also based in California.

The $200 billion Calpers, or the California Public Employees' Retirement System, grew its commodities portfolio to more than $1 billion by early 2008 as it benefited from record high prices of oil and other raw materials tracked by the the S&P GSCI Commodity Index. But the portfolio lost about half its value during the recession as commodities fell.

Calstrs' investment team recommended using the Dow Jones UBS index for the pensions' index futures portfolio, saying it had a more balanced exposure to the different commodity sectors than the energy-dominant SPGSCI.

Credit Suisse Asia commods unaffected by US team exit

SINGAPORE, Sept 24 (Reuters) - The departure of a group of commodities traders at Credit Suisse in the United States will not have an impact on its Asia-Pacific business, industry sources said on Friday.

George 'Beau' Taylor, who heads global commodities arbitrage trading, has left with his team of seven traders to set up a hedge fund backed by Blackstone Group, the latest shake-up resulting from tough U.S. financial reform.

Credit Suisse joins a long list of banks that are changing their trading businesses to comply with the Volcker rule, part of a broader financial reform law that limits the extent to which banks can bet with their own money.

The departed proprietary trading unit is separate from the Asia commodities unit, which is grouped under fixed income, sources said.

Credit Suisse declined to comment.

The traders' departure is a direct result of the tightening of regulations in the U.S. that has led to Wall Street banks shutting down their proprietary trading desks, as JPMorgan Chase has done, one source familiar with the matter said.

He added that there was no impact on the business in Asia, which is mainly client-oriented.

Alexander Toone, the bank's head of commodities for Asia-Pacific, told Reuters in July that Credit Suisse planned to leverage its strong position in fixed income and equities business in Asia to expand commodities trading.

"With all the regulatory change occurring in the U.S. and Europe, we've seen more and more of the discretionary hedge funds business relocate to Asia," Toone had said.

BofA Merrill lays off 13 global commodities staff -sources

SINGAPORE, Sept 24 (Reuters) - Bank of America Merrill Lynch (BofA) this week laid off 13 staff from its global commodities business, including two from Asia, industry sources said on Friday.

Two more have resigned, taking the total number of departures to 15, the sources said.

When contacted, a BofA spokesman declined comment, saying it was not company policy to comment on staff movements.

The layoffs include a coal trader based in China and one operations staff based in Singapore, while the others are trading-related personnel based in Europe and the United States, the sources said.

"BofA goes through this review process every year, and the lay-offs are a result of its annual review of staff performance. I don't think it reflects their position or ambitions in the commodities market," a source familiar with the matter said.

"They have hired close to four times the amount of people that they have let go, especially in Asia, so I don't quite see it as the bank reducing their presence in the commodities market."

Another source familiar with the matter had said on Monday that Bank of America Corp was laying off less than 5 percent of its investment banking staff and would tell employees about the cuts this week.

The cuts are the first significant organized reduction in the division's workforce since Bank of America bought investment bank Merrill Lynch in January 2009 during the financial crisis, and come as markets have slowed after a torrid start to 2010.

BofA's global commodities business fall under its global banking and markets division, overseen by Tom Montag, who initiated the cuts after a review this year.

Montag has expanded Bank of America's investment banking operation overseas over the last 18 months, though expansion within the division has slowed this summer.

TRADING PLACES

Last week, Chief Executive Brian Moynihan said Montag's division had hired 800 new employees overseas, focusing on Asian and European markets the bank is counting on for future revenue growth.

Even with the layoffs, the division is expected to have more employees at year's end than it did at the end of 2009, the source said.

Russia plans 10 pct copper, nickel export duty-Ifax

MOSCOW, Sept 23 (Reuters) - The Russian government sub-committee for tariff policies on Thursday approved a proposal to raise nickel and copper export duties to 10 percent, Interfax reported citing Norilsk Nickel's CEO.

Currently, Russia has a 5 percent duty on nickel exports and no duty on exports of copper.

"The committee will recommend raising the tariff on nickel to 10 percent and applying a tariff on copper of about 10 percent," Norilsk Nickel chief executive Vladimir Strzhalkovsky told journalists.

Antofagasta may delay project on Chile tax-report

SANTIAGO, Sept 23 (Reuters) - Antofagasta Minerals could delay a copper project worth around $850 million in Chile if Congress approves a bill to hike mining taxes, the firm's top executive said in a local daily newspaper on Thursday.

Chief Executive Marcelo Awad told "El Mercurio" that the Antucoya project is already a tough choice under current regulation and market conditions due to its low ore grades.

"If there is a change in the rules of game, it (Antucoya) could be put in a very vulnerable situation and be postponed," Awad said.

Antucoya, which has mineral resources of 1.5 billion tonnes of copper, is currently at its feasibility study phase and the company had plans to decide next year on whether to move ahead with the mine.

Chile's lower house approved the royalty hike as part of the government's push to raise taxes to help fund the reconstruction of cities ravaged by a massive Feb. 27 quake.

Under the new bill, a sliding scale for royalties will be raised to 5 to 9 percent starting in 2018 from current fixed rates of up to 5 percent, and extend tax invariability until 2025. The new tax hike would initially be voluntary for miners until their royalty contracts expire in around 2017.

The bill could face strong opposition in the senate were a center-left coalition holds a slight majority and demands a steeper tax hike and a shorter tax invariability.

Congress rejected a similar proposal in July.

Gartman turns bullish on copper; eyes Asian growth

NEW YORK, Sept 23 (Reuters) - Independent investor Dennis Gartman said on Thursday he has recently turned bullish on copper based upon growth expectations in Asian economies and a tightening global supply base.

Gartman, known for his commentary on commodities and currencies, said he went long the industrial metal last week, and awaited the opportunity to add to his bullish position.

"We are long of copper, having bought it last week, predicated upon growth in Asia's economies and nothing at this point is set to dissuade us from holding this position," Gartman said in his daily Gartman Letter.

"Indeed, the only question before us is when shall we add to it?"

Copper for December delivery on the COMEX metals division of the New York Mercantile Exchange touched $3.5950 per lb in early trade on Thursday, which marked the highest level for the fourth position futures contract since April 16.

The benchmark December contract is up nearly 30 percent since hitting a recent bottom at $2.77 per lb in early June.

(Graphic: http://link.reuters.com/fah25p)

"Copper is responding to low inventories in China and the notion that the global, rather than the U.S., economy is on the mend and that copper demand shall rise in the face of modestly tightening supplies," he said.

Gartman said he would be content to try and buy the benchmark December COMEX contract Thursday if it were to trade down toward $3.5555.

"If it wants to go higher, we'll not chase it ... yet ... for we are already rather aggressively long, but we do wish eventually to become longer still," he said.

Barclays Capital sees record high copper, tin in 2011

By Melanie Burton and Humeyra Pamuk

LONDON, Sept 23 (Reuters) - Copper and tin prices could hit record high annual average prices in 2011 on a strong consumption outlook and supply tightness, Barclays Capital said on Thursday.

"Copper and tin have the greatest price upside, given that both these metals face severe mine supply constraints," the bank said in a note as it released its most recent global outlook.

For copper in particular, robust demand from China will help drive global inventories to all-time lows early next year, Barclays said, a key driver behind price gains.

Barclays expected copper prices to average $8,000 a tonne in the fourth quarter of this year. Benchmark copper on the London Metal Exchange closed at $7,876 a tonne at 1518 GMT on Thursday. It reached a record high of $8,940 in July, 2008.

Copper stocks held in LME-registered warehouses hit historic lows below 30,000 tonnes in July 2005, just a fraction of the global market forecast at 19 million tonnes this year.

Since February, these stocks have dropped by one third to 380,125 tonnes from February's six-year highs of 555,075 tonnes.

China is the world's top consumer of base metals, accounting for roughly one third of global demand for the metal used in power and construction last year.

Barclays expected tin to average at $22,250 in the fourth quarter of the year, rising to just shy of $27,000 by the end of the second quarter, 2011, due to protracted supply constraints out of top tin exporter Indonesia.

Indonesia's refined tin exports in August fell 5.6 percent from the same month a year ago as heavy rains hampered mining, continuing a trend of declining output this year.

The rains could cut refined tin output by 20 percent this year to around 80-85,000 tonnes, in line with analyst forecasts, Indonesia said. On the LME, tin stood at $23,500 a tonne, down from two-year highs of $23,800 hit last week.

$1,400 GOLD?

Barclays expects gold prices to rise as high as $1,400 per ounce early next year, before falling away as climbing interest rates raise storage costs and erode investor appetite.

Prices won't collapse however, as jewellery consumers step in to plug the gap, Barclays Capital analyst Kevin Norrish said.

"That's where jewellery demand comes in," he said. "Gold is not going back to very low levels. It will probably stay above $1,000," he added. Jewellery demand accounted for around half of total gold demand last year.

Gold held near record highs on Thursday, eyeing a breach of $1,300 an ounce. Meanwhile, there are a "number" of initiatives underway by various investment banks to launch physically backed ETPs for industrial metals, which could add to upside price pressure, Norrish said.

But the products are unlikely to have the same impact as they have in the precious metals markets, because they are not perceived as a store of value during times of economic tumult or inflation.

"An aluminium ETF is not going to capture people's imagination like a gold ETF," he said.

Mid-size quake hits central Chile, no damages

SANTIAGO, Sept 23 (Reuters) - A mid-size quake hit central Chile on Thursday, shaking buildings in the capital Santiago, but producing no reports of damages, emergency officials said.

The U.S. Geological Survey said the 5.3-magnitude quake's epicenter was 41 miles/ 60 km north of Talca, near the region ravaged by a massive 8.8-magnitude earthquake in February.

The quake did not affect operations at key copper mines in the area such as Codelco's Teniente and Andina mines. The country's top refineries were also producing normally after the tremor, a spokewoman with state oil firm Enap said.

Indonesia's Antam to up stake in Eramet nickel project

JAKARTA, Sept 24 (Reuters) - Indonesian state miner PT Aneka Tambang Tbk will boost its stake to 40 percent in a nickel project run by Eramet in eastern Indonesia, from 10 percent currently, Antam's president director said on Friday.

Eramet, the world's sixth-largest nickel producer, is exploring the Weda Bay large nickel deposit in eastern Indonesia.

"We have an agreement with Eramet to increase our stake up to 40 percent," Antam's President Director Alwin Syah Loebis told Reuters.

"The process can start gradually next year after a feasibility study," he said, declining to disclose the source of financing for the plan.

Shares in Antam closed up 1.11 percent at 2,275 rupiah, compared to a 1.81 percent gain in the broader market.

Russia Norilsk Nickel says investors should support board

MOSCOW, Sept 23 (Reuters) - Russian mining giant Norilsk Nickel said on Thursday its board of directors recommends shareholders vote against a proposal to terminate the board at the October 21 EGM.

"The Board of Directors recommends to shareholders to vote against on the first item of the EGM agenda and to disapprove pre-term termination of the powers of the Board members elected at the Annual General Meeting of shareholders (the AGM), which was held on June 28, 2010," it said in a statement.

Should shareholders vote in favour of the resolution they will vote for new board members.

Under this scenario, the miner recommends shareholders vote for the 13 candidates already serving on the board.

EU steel makers request duties on Chinese oil pipes

BRUSSELS, Sept 23 (Reuters) - German steel maker Salzgitter and Spain's Tubacex have warned EU regulators Chinese trade is hurting their profit margins and called for fresh tariffs on Chinese steel pipes.

Market dumping of Chinese stainless steel tubes used in oil and gas drilling and piping has forced crisis-struck European producers into a price-war, the producers warned in a complaint to the European Commission, the EU's executive branch.

"The Community industry managed to keep its market share practically constant, but was forced for that to drastically lower its prices and profitability," says the complaint, which was seen by Reuters. It said China's "huge" production overcapacity poses a long-term threat.

The European Commission is expected to respond by launching an investigation into the allegations this month, EU diplomats say.

This could lead to interim import duties as early as next June, which could be followed by five-year duties in December 2011.

The producers are also monitoring exports by producers in India, South Korea and Ukraine, according to the complaint.

(Continued on page 12)

Nippon Steel chief: H2 business outlook murkier

TOKYO, Sept 24 (Reuters) - The president of Nippon Steel Corp said the outlook for the October-March second half has become murkier in recent months due to a double whammy of the yen's advance and the end of the government's economic stimulus measures at home.

"We are worried the government's decision to end some of its stimulus measures in September may affect domestic demand in the second half," Shoji Muneoka, president of the world's fourth-biggest steelmaker, told a group of reporters on Friday.

"As demand from the construction sector hasn't improved, domestic demand will likely remain flat at best, while the strong yen could curtail export volumes," he said.

Tokyo ended subsidies on eco-friendly cars this month.

Nippon Steel, along with smaller rival JFE Holdings Inc , the world's fifth-biggest steelmaker, derives nearly half of its steel revenue from exports to Asian countries including South Korea, China and Thailand.

Japanese steelmills have been cutting back on exports since around May after China's destocking caused a price decline in the region.

A strong yen boosts the dollar-based export price of Japanese steel, eroding its price edge.

Muneoka also said the company aims to avoid price cuts on its steel products in the second half as it has not yet fully passed on the high raw materials costs incurred earlier this year.

Rio Tinto to spend $230 mln on Pilbara expansion

SYDNEY, Sept 24 (Reuters) - Global miner Rio Tinto said on Friday it will spend $230 million to raise the capacity of its iron ore operations in Australia's Pilbara region by 5 million tonnes to 230 million tonnes a year by the first quarter of 2012.

The investment is in addition to the $91 million approved earlier this year to add 5 million tonnes to take capacity to 225 million tonnes, Rio Tinto said in a statement.

This round of investment will go to expanding the Dampier Port and raise ship loading capacity and rail stock, it said.

"This incremental capacity will add substantial value and will position our integrated Pilbara operations well as we finalise plans on how best to move to a 330 Million tonnes capacity and beyond," the statement said.

Rio Tinto and fellow miner BHP Billiton have proposed to combine their Pilbara operations into a $116 billion iron ore joint venture in hopes of saving more than $10 billion through synergies.

However, the deal has been delayed by regulatory reviews, raising speculation that the joint venture could be scrapped by the end of this year, the companies' own deadline for securing approvals.

Rio shares were 0.5 percent lower at A$75.65 in early trade compared to a 0.9 percent fall for the benchmark.

Talison Lithium completes Salares buy, lists on TSX

TORONTO, Sept 22 (Reuters) - Shares in Talison Lithium retreated slightly in their first day of trading on the Toronto Stock Exchange, after the company completed it purchase of Salares Lithium to create the world's largest pure-play lithium producer.

Shares in the Australian miner were down 5.3 percent at C$3.55 on Thursday morning, after opening at C$3.75. The company was previously unlisted.

Talison acquired Salares, which was listed on the TSX Venture Exchange, and used the Canadian lithium explorer to go public, moving the combined shares to the main Toronto exchange.

Salares last traded on July 15 and closed at 62 Canadian cents on the TSX Venture Exchange. The new listing was over 472 percent higher.

Lithium metal is primarily used in lithium-ion batteries, which power everything from mobile phones to laptop computers.

Car makers, eager to capitalize on the small size and big power surge of lithium batteries, have already started signing off-take agreements with lithium producers.

"Talison is excited to have completed the merger and looks forward to accelerating the development of the highly prospective 'Salares 7' project," Chief Executive Peter Oliver said in a press release.

Salares 7 is a 39,404 hectares lithium brine project in the Atacama region of Chile, some 860 km (534 miles) north of Santiago. Major diversified lithium players Soquimich and Rockwood operate in the Atacama region.

Talison also produces lithium from a hard rock deposit in Western Australia.

The Perth-based company had previously attempted a dual-listing IPO on the Toronto and Australian stock exchanges in 2009, but dropped that plan because of pricing.

($1=$1.03 Canadian)

Japan min hears China rare earth exports halted

TOKYO, Sept 24 (Reuters) - Tokyo has heard from some trading companies that rare earth exports to Japan from China have been blocked, but China has told it that there is no such ban, Japan's trade minister said on Friday.

The comment comes after a New York Times report that China has banned exports of rare earth metals to Japan, the latest development amid heightening tensions between Asia's two biggest economies.

The two sides are locked in a dispute over Japan's detention of a Chinese fishing boat captain whose trawler collided earlier this month with a Japanese patrol boat, while Japan confirmed on Friday that four Japanese nationals had been detained in China on suspicion of violating Chinese law.

"China has not done anything like an official embargo.

(Continued on page 13)

That's what we've heard from China's trade ministry," Akihiro Ohata, head of the Ministry of Economy, Trade and Industry, told reporters on Friday.

"We've heard from trading firms that (the reported rare earth export suspension) is happening, so we're checking what's going on," he said.

A Chinese trade official on Thursday denied the New York Times report.

The report, which was sourced to unnamed industry experts, said an initial trade embargo on all exports of rare earth minerals would last through the end of this month.

Rare earth elements have a variety of technological and industrial applications.

METALS-Copper at 5-mth high; on track for 2.6 pct weekly rise

SINGAPORE, Sept 24 (Reuters) - London base metals reversed early losses on Friday, rising 0.6 percent on average with copper on track for a 2.6 percent weekly rise, buoyed by losses in the dollar.

Three-month copper on the London Metal Exchange rose $28 by 0730 GMT to $7,913, having touched a five-month high of $7,935 on earlier.

Sentiment saw a minor knock Thursday, after a bigger-than-expected rise in U.S. initial unemployment claims and a sluggish rise in sales of previously owned homes. But the weaker dollar and prospects of tight supply helped the market turn around when Western traders came in.

"There is a lot of bullishness out there on copper. The supply demand situation is constructive going into 2011 and even though we are at the top of ranges, the mood seems biased towards the upside," a trader in Sydney said.

Volumes at 1,394 lots were slim with China closed for holidays.

Markets in Japan, Hong Kong and South Korea reopened on Friday after public holidays on Thursday. China, shut since Wednesday, is still off for the Mid-Autumn Festival and will only reopen on Monday.

When Shanghai closed on Tuesday, LME copper stood at $7,700.

"In my opinion $7,700 was high and I would expect the Chinese to return to the market as sellers on the LME. I am a little surprised quite how strong the rallies have been in August and September," Ben Westmore, commodity economist at National Australia Bank, said.

"Base metals seem to have decoupled from fundamentals and we need a short-term moderation. I have pushed out my timeline for that into October from September, but it's hard to get a feeling for the timing. The LME week rhetoric is likely to be heavily positive, but I still don't think $8,000 is justified right now."

The dollar ticked down versus the euro, with the single currency at $1.330 versus $1.3312 .

LME copper stocks fell by 1,975 tonnes to 380,125 tonnes near their lowest since November. Inventories fell across four of the six major metals contracts.

PRECIOUS-Gold hits record, silver reaches 30-yr peak

By Jan Harvey

LONDON, Sept 24 (Reuters) - Gold rallied to record highs in Europe on Friday, with spot prices knocking on the door of $1,300 an ounce, as expectations grew that further quantitative easing could lead to volatility in the currency markets.

Spot gold hit an all-time high of $1,298.25 an ounce and was bid at $1,297.70 an ounce at 0917 GMT, against $1,293.50 late in New York on Thursday.

U.S. gold futures for December delivery hit a record $1,300.00 an ounce and were later at $1,299.10 an ounce, up $2.80. Silver also reached its strongest in 30 years at $21.40 an ounce, tracking gains in gold.

Gold has risen more than 4 percent so far this month and hit record highs for five consecutive sessions to Wednesday, extending gains after the Federal Reserve indicated it may consider further quantitative easing, undermining the dollar.

"The U.S. Fed is obviously contemplating, and the market is expecting, some kind of statement on quantitative easing," said Deutsche Bank analyst Daniel Brebner. "The influx of new money in the system raises longer term expectations for inflationary forces"

"If you look at peripheral Europe, you have sovereign risks which have been increasing for both Ireland and Portugal. There is a likelihood that there will be some kind of move by the European Central Bank to resolve that challenge."

"These two things, and the likelihood that the dollar will continue to erode in value... (mean) there is real potential that we will see higher prices," he added. "We could see some significant moves in gold and silver over the next quarter."

Gold priced in Japanese yen also rose to its highest since late June at 110,335 yen an ounce after the yen slipped sharply on talk of a second intervention by Japanese authorities to stem the currency's gain.

Against a basket of six currencies, the dollar weakened however, falling 0.2 percent. Dollar weakness lifts gold's appeal as an alternative asset and makes dollar-priced commodities more expensive for holders of other currencies.

SILVER HITS HIGHEST SINCE 1980

From a technical perspective, gold is poised for further gains after an 18 percent rally so far this year. Reuters' technical analyst Wang Tao said the metal could reach $1,539 an ounce by the end of the year, based on technical indicators.

Silver prices are also well-positioned after breaking through technical resistance at $21.20 and $21.35 to rally to their highest since 1980. It was later at $21.34 an ounce against $21.14.

The metal has seen strong investor interest as gold has rallied, with holdings of the world's largest silver-backed exchange-traded fund, the iShares Silver Trust, rising to an all-time high of 9,582.59 tonnes on Thursday.

"A sizeable factor underlying the current performance of the precious metals sector as a whole arrives from portfolio managers who, in an effort to erode less impressive market returns earlier in the year, are putting money to work in gold, but also silver, platinum and palladium," said UBS analyst Edel Tully in a note.

"While gold's investor audience continues to evolve, the rest of the precious metals have been on the receiving end of 'new' interest over the past two months."

"This goes some way to explain the sizeable increase in futures positioning across the metals but can also explain the turnaround in silver ETF demand," she said.

Among other precious metals, platinum was at $1,644 an ounce against $1,638.10, while palladium was at $554.55 against $550.95.

FOREX-Dlr/yen spikes on intervention talk, euro jumps

By Anirban Nag

LONDON, Sept 24 (Reuters) - The dollar spiked above 85.00 yen on Friday on talk of intervention by Japanese authorities keen to stem the yen's recent gains, but quickly retreated as doubts emerged about whether they had taken action.

That left investors nervous about more intervention and, with risk aversion hitting markets, traders said the Bank of Japan's task of weakening the yen was becoming even tougher.

The dollar rose as high as 85.40 yen from about 84.55 before talk of intervention emerged, climbing more than one yen from 84.34 yen. It later retreated to 84.26 yen, a one-week low and down 0.1 percent for the day.

"The price action certainly suggested that the Japanese intervened, but one can't be sure," said Kenneth Broux, markets strategist at Lloyds TSB Financial Markets.

"With stock markets retreating and a general pullback in risk appetite, the yen and the Swiss franc will be supported, making the BoJ's job harder."

Japanese officials stayed silent on whether they had intervened. Top currency diplomat Rintaro Tamaki declined to comment, Jiji news agency reported, and the Bank of Japan and the government also had no comment.

Japan intervened for the first time in six years last week in repeated action that pushed the yen down from a 15-year high of 82.87 per dollar and shunted it above 85.

The dollar stayed above 85.00 yen until the Federal Reserve signalled this week that it might take more quantitative easing steps, putting widespread selling pressure on the greenback and casting doubt over how effective solo intervention can be.

"At these levels, one can expect the Japanese to intervene," said Lee Hardman, currency economist at BTM-UFJ. "Certainly the stronger fundamentals support a stronger yen, but I guess the Japanese authorities will be keen to draw a line in the sand."

UPWARD PRESSURE ON YEN AND EURO

The dollar's jump came after it had fallen to 84.26 yen on Thursday, its lowest since Japan intervened last week, and traders said major Japanese banks were bidding up the dollar.

"Rather than saying clearly whether they did or not, they may be trying to make market players jittery," said one Japanese brokerage trader in Tokyo, who thought Japan probably did intervene on Friday.

"They are probably changing their methods, with the aim of dampening dollar-selling interest," the trader said.

Some dealers speculated an apparent lack of complaint by U.S. President Barack Obama about last week's intervention when he met Japanese Prime Minister Naoto Kan late on Thursday was seen as tacit approval by Washington of Japan's action.

Obama, who urged Chinese premier Wen Jiabao to take more action on the yuan, did not mention currencies when he met Kan, Kyodo news agency reported.

For cross/yen graphic

http://link.reuters.com/tuh34p

For graphic on intervention

http://link.reuters.com/qep63p

For Insider Link: http://link.reuters.com/syb35p

The dollar faced resistance at 85.66 yen, its 55-day moving average, which has acted like trendline resistance since June. Traders said there was options-related selling in dollar/yen with option expiries at 85 yen later on Friday to drive trade.

Some traders said a rumour Bank of Japan Governor Masaaki Shirakawa might resign also helped the dollar. The BOJ said there was no truth to the rumour.

The greenback has been under pressure in part due to shrinking yield gaps between the dollar and the yen.

As the dollar weakened, the euro rose 0.5 percent to $1.3380 , helped by strong German IFO numbers and moving closer to a five-month high of $1.3441 struck on Wednesday.

Euro/yen also gained 0.7 percent to 113.06 yen, with the euro having jumped as high as 113.75 and proving resilient to lingering euro zone sovereign debt problems.

The euro was also firmer against the Swiss franc , rising 0.4 percent to 1.3168 francs, aided in part by talk that Nestle may increase its stake in L'Oreal. That was later denied.

Week of Sept 20 to Sept 24, 2010:

Monday, Sept 20:
No Major Data Releases

Tuesday, Sept 21:
US: Aug Housing Starts
Result:10.5%; Previous: +0.4% (rev from 1.7%)

US: Federal Reserve Interest Rate Decision
Result: Unchanged at 0-0.25%

Wednesday, Sept 22:
Euro zone: July Industrial Orders
Result: -2.4%; Previous: +2.4% (rev from 2.5%)

Thursday, Sept 23:
France: Sept Business Climate Index
Result: 98.0; Previous: 97.0 (rev from 98.0)

Euro zone: Sept Manufacturing PMI (Flash)
Result: 53.6; Previous: 55.1

US: Weekly Jobless Claims
Result: 465k; Previous: 453k (rev from 450k)

US: Aug Existing Home Sales
Result: +7.6%; Previous: -27.0% (rev from -27.2)

US: Aug Leading Indicators
Result: +0.3%; Previous:+0.1%

Friday, Sept 24:
Germany: Sept Ifo Index
Result: 106.8; Previous: 106.7

US: Aug Durable Goods—1230 GMT
Expected: -0.7%; Previous: +0.4%

US: Aug New Home Sales—1400 GMT
Previous: -12.4%

Week of Sept 27 to Oct 1, 2010:

Monday, Sept 27:
Japan: Aug Exports—0000 GMT
Previous: +23.5% (Y/Y)

Tuesday, Sept 28:
UK: Q2 GDP (Final)—0830 GMT
Previous Estimate: +1.2%

US: Case-Shiller July Housing Index—1300 GMT
Previous: +0.3%

Japan: Q3 Tankan—2350 GMT
Expected: 6.0; Previous: 1.0

Wednesday, Sept 29:
Italy: Sept Business Confidence—0730 GMT
Previous: 100.5

Euro zone: Sept Business Climate Index—0900 GMT
Previous: 0.61

Japan: Aug Industrial Production—2350 GMT
Previous: +0.3%

Thursday, Sept 30:
Japan: Aug Housing Starts—0500 GMT
Previous: +4.3% (Y/Y)

Euro zone: Sept Inflation (Flash)—0900 GMT
Expected: +1.8% (Y/Y); Previous: +1.6% (Y/Y)

US: Q2 GDP (Final)—1230 GMT
Previous Estimate: +1.2% (a)

US: Weekly Jobless Claims—1230 GMT
Previous: 465k

US: Chicago Fed Sept PMI—1345 GMT
Expected: 56.0; Previous: 56.7

Friday, Oct 1:
China: NBS Sept PMI—0200 GMT
Previous: 51.7

China: HSBC Sept PMI—0300 GMT
Previous: 51.9

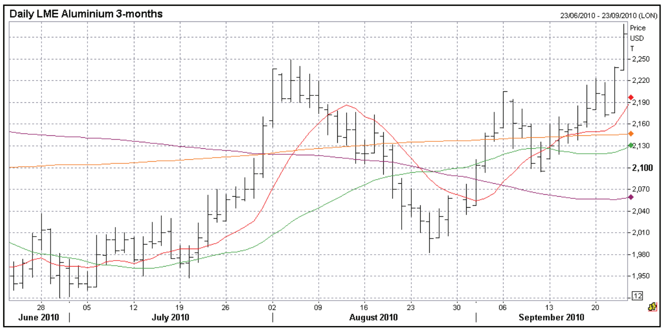
Euro zone: Sept Manufacturing PMI—0758 GMT
Flash Estimate: 53.6; Previous: 55.1

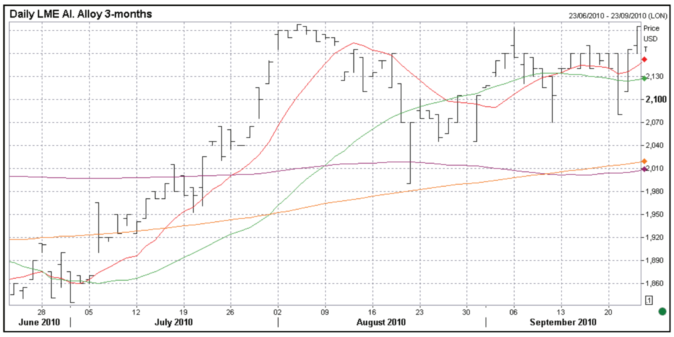
US: Aug Construction Spending—1400 GMT
Expected: -0.4%; Previous: -1.0%

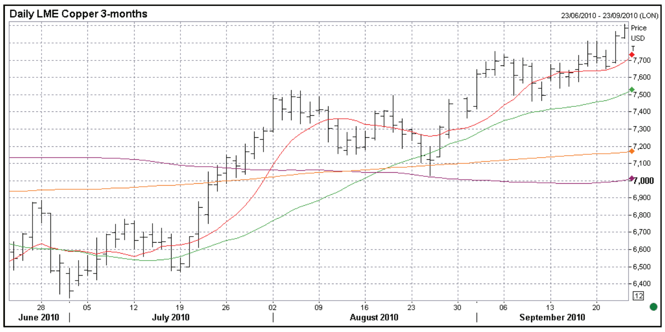
US: Sept ISM Manufacturing Index—1400 GMT
Expected: 55.0; Previous: 56.3

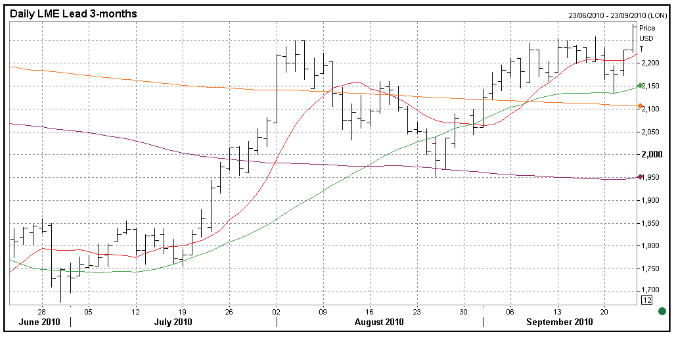
US: Sept Vehicle Sales
Expected: 11.5m (a); Previous: 11.43m (a)

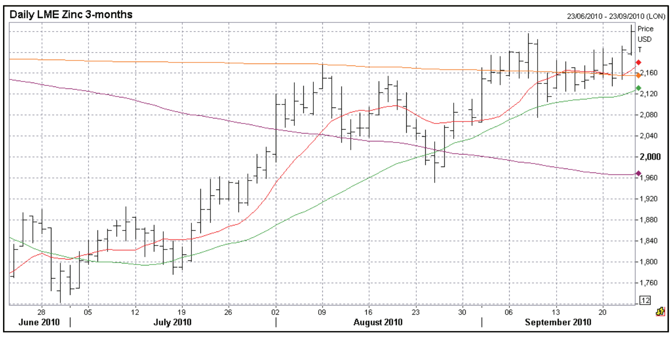
LME ANALYTIC CHARTS











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