

Weekly Report on Nonferrous Metals Industry

# Prices Continue to Rally

CSI Research Department

## Comment:

### Domestic and overseas prices of base metals dropped, while gold price performed well

(i) The latest economic data published by the US last week showed its unsatisfactory domestic economic conditions against the backdrop of a robust rebound in USD; and (ii) the subsequent unsatisfactory Chinese data escalated investors' worries about global economic growth. Last week, 3-month LME prices of lead, zinc, nickel, aluminum, and copper fell 4.81%, 3.85%, 3.73%, 3.70%, and 2.90%, respectively, while LME tin price remained firm and inched up 0.36%. From the domestic perspective, lead, copper, electrolytic aluminum and zinc prices dropped 1.67%, 1.18%, 1.05%, and 0.87%, respectively, while tin and nickel prices gained 1.52% and 0.15%, respectively.

In respect of precious metals, despite rising USD index last week, international and domestic spot gold prices rose 0.84% and 1.76%, respectively, driven by expectations of a consumption peak season and escalating inflation.

Table 1: Domestic and overseas metal prices

Metal	Unit	Price (14 Aug 10)	WoW change (%)	YTD change (%)	2010 average price	2009 average price	Change (%)	
Aluminium	LME 3-month futures price	US\$/tonne	2147	4.3	-3.7	2136	1705	25.3
	Shanghai Changjiang spot price	Rmb/tonne	15250	0.9	-8.0	15577	13974	11.5
Copper	LME 3-month futures price	US\$/tonne	7646	2.5	3.7	7138	5199	37.3
	Shanghai Changjiang spot price	Rmb/tonne	59650	3.4	1.2	57000	42518	34.1
Zinc	LME 3-month futures price	US\$/tonne	2151	2.7	-16.0	2129	1689	26.0
	Shanghai Changjiang spot price	Rmb/tonne	17775	3.0	-14.0	17683	14318	23.5
Lead	LME 3-month futures price	US\$/tonne	2168	3.7	-10.9	2076	1742	19.1
	Shanghai Changjiang spot price	Rmb/tonne	16350	1.9	2.5	15638	13811	13.2
Nickel	LME 3-month futures price	US\$/tonne	21600	2.6	16.6	21095	14781	42.7
	Shanghai Changjiang spot price	Rmb/tonne	169500	2.4	19.8	161271	116027	39.0
Tin	LME 3-month futures price	US\$/tonne	21200	-2.0	25.1	18108	13421	34.9
	Shanghai Changjiang spot price	Rmb/tonne	148500	1.4	17.2	141622	109798	29.0
Gold	International gold spot price	US\$/ounce	1247	0.7	13.7	1168	974	19.9
	Shanghai gold spot price	Rmb/gram	274	1.4	12.0	257	214	19.8

Source: Bloomberg

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## Investment rating system

### Performance of stock or sector relative to MSCI-China Index over next 6 months after research publications

	Rating	Remark
Stock rating	Buy	Relative performance over MSCI-China Index >20%
	Overweight	Relative performance over MSCI-China Index 5% ~ 20%
	Hold	Relative performance over MSCI-China Index -10% ~ 5%
	Sell	Relative performance over MSCI-China Index > -10%
	NR	Not rated
Sector rating	Outperform	Relative performance over MSCI-China Index >10%
	Neutral	Relative performance over MSCI-China Index -10% ~10%
	Underperform	Relative performance over MSCI-China Index > -10%

地址： 香港中环  
 添美道 1 号  
 中信大厦 26 楼

电话： (852) 2237 9250

传真： (852) 2104 6580

电邮： hkresearch@citics.com.hk

网址： <http://www.citics.com.hk>

Address: 26/F CITIC Tower  
 1 Tim Mei Avenue  
 Central, Hong Kong

Tel: (852) 2237 9250

Fax: (852) 2104 6580

Email: hkresearch@citics.com.hk

Web: <http://www.citics.com.hk>