TIN REPORT

11th March 2011

Summary

LME Settlement Prices

Cash USD 29,350/-

3 months USD 29,350/-

LME

Tin is currently trading on the systems between USD 29,700 and USD 29,800 basis 3 months. The Cash to 3 months spread is in the range 30 to 40 contango.

Indicative 3 months Chinese Tin prices were trading at RMB 195,292/195,950. In Euros 3 months was trading at €21,491/€21,564. Currently Euro is trading at 1.3820/1.3822 against US Dollar.

LME STOCKS

	WEEK 10(11/03/11)
Total	**18,050 MTS**
Cancelled stocks	**515 MTS**
Freely available stocks	**17,535MTS**

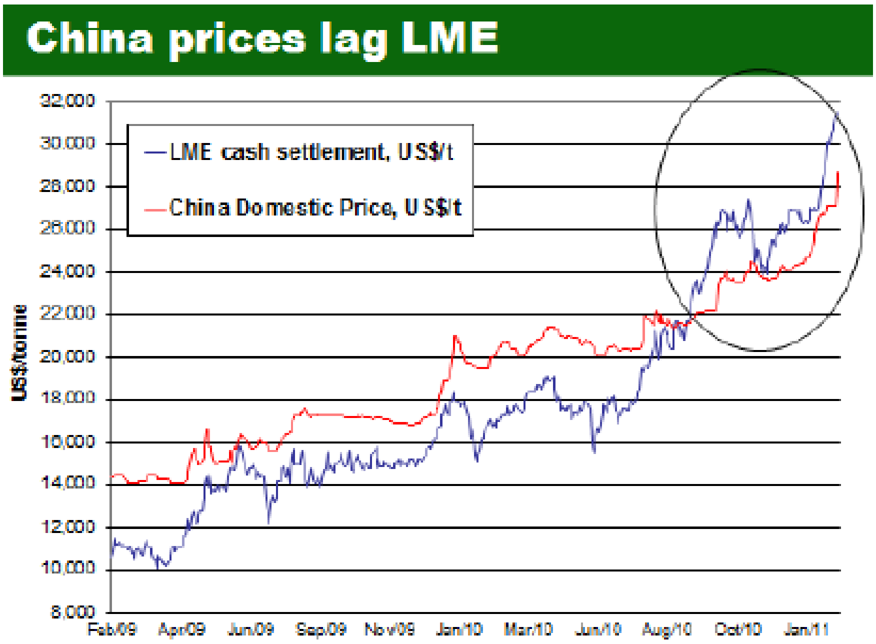
Tin Warehouse Stocks 11 Mar 2011

	Close	In	Out	+/-	On Warrant		Cancelled	
Antwerp	0	0	0	0	0	0	0	0
Baltimore	560	0	0	0	480	0	80	0
Barcelona	0	0	0	0	0	0	0	0
Bilbao	0	0	0	0	0	0	0	0
Busan	70	0	0	0	70	0	0	0
Genoa	0	0	0	0	0	0	0	0
Gwangyang	110	0	0	0	110	0	0	0
Hamburg	0	0	0	0	0	0	0	0
Hull	0	0	0	0	0	0	0	0
Johor	13230	0	100	-100	12935	0	295	-100
Leghorn	0	0	0	0	0	0	0	0
Liverpool	0	0	0	0	0	0	0	0
Long Beach	0	0	0	0	0	0	0	0
Los Angeles	0	0	0	0	0	0	0	0
Mobile, Alabama	0	0	0	0	0	0	0	0
New Orleans	0	0	0	0	0	0	0	0
Rotterdam	125	0	0	0	125	0	0	0
Singapore	3955	40	50	-10	3815	40	140	-50
Trieste	0	0	0	0	0	0	0	0
Tyne & Wear	0	0	0	0	0	0	0	0
Vlissingen	0	0	0	0	0	0	0	0
Total	18050	40	150	-110	17535	40	515	-150

SUPPLY & DEMAND

Tin's recent stellar performance, reaching an all time high of $31,600.00/Mt in February 2011 has abated slightly with the metal now trading in the region of $29,500.00. The recent sell-off seems to have been partly the result of recent news coming out of China that consumer prices rose 4.9 percent in February from a year earlier, exceeding the government's 2011 target for a fifth month. The advance was more than the 4.8 percent median forecast in a Bloomberg News survey of 22 economists. In January, the rise was 4.9 percent. The government has a 4 percent inflation target for the full year. Investors are concerned that monetary tightening to tame inflation may slow the Chinese economy, weakening a global expansion already hampered by elevated unemployment in the U.S. and sovereign debt woes in Europe. In addition, all LME metals have had their bullish sentiment badly dampened by recent events throughout North Africa and the Middles East and the ensuing hike in oil prices which is perceived to hamper further economic growth.

Interestingly, the Chinese market is in surplus. This is a result of carried forward stock from 2009, increased production fuelled by a near doubling of concentrate imports and increases in both primary and secondary Tin production. Stocks in LME warehouses have increased in recent weeks and this is in part due to the fact that Chinese exports of the metal have surged, spurred by the LME premiums over Chinese domestic prices and this is even with 3% import duty and 17% VAT included in the Chinese prices . As you can see from the following table Chinese prices have lagged the LME since Aug/Sep 2010 but the arbitrage is starting to cause some tightening.



(Kettle 2011, p.4 in CRU Monitor TIN)

Higher average prices have stimulated new supply, but this has been mainly from small scale Asian mines and recyclers. On a micro level, Tin producer, Silver Standard Resources gave no indication of likely tin production at its Pirquitas silver-zinc-tin mine in Argentina when announcing its year end 2010 results last week. During the course of 2010 it continuously downgraded its tin production forecasts for last year from 600 tonnes at the start of the year to 45 tonnes in November. At that time the company said that although the tin circuit had been "commissioned and despite it producing a high-grade saleable gravity tin concentrate, tin recovery is poor". No tin production figure for last year was given.

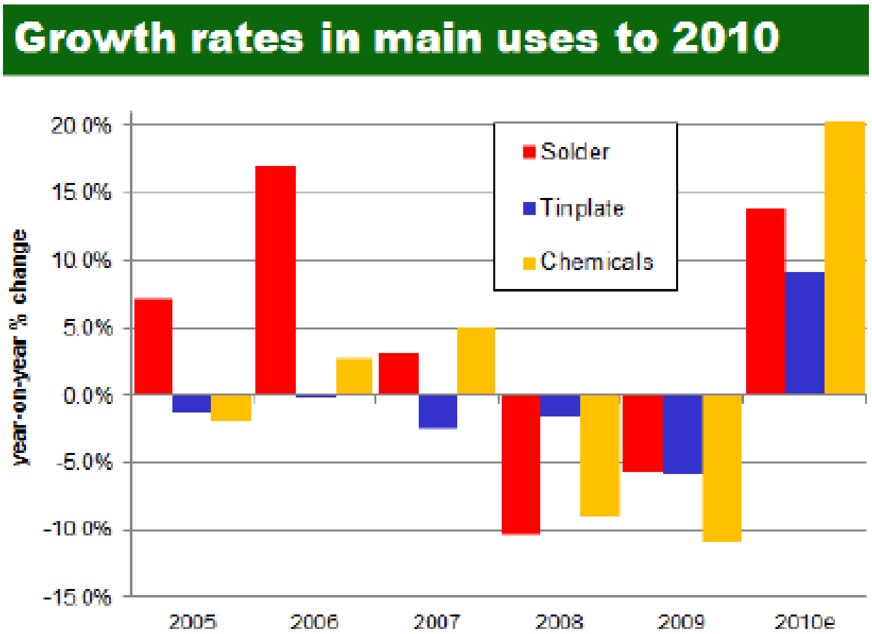
New large scale mining projects are still some way off and are not likely to come on stream for another 2 or 3 years, at the earliest. As a result we still expect to see a global deficit in the order of 10-15,000 metric tonnes for 2011. As you can see from the following table this continues the trend over the last 4 years or so.

Global Tin Supply/Demand Balance					
('000 tonnes)	**2008**	**2009**	**2010**	**2011f**	*% change*
Production	337.1	335.8	351.3	356.0	*1.4%*
DLA Sales	3.9	0.0	0.0	0.0	
Consumption	348.4	320.5	362.7	369.1	*1.8%*
Market Balance	**-7.4**	**15.3**	**-11.4**	**-13.1**	
Reported stocks	32.5	46.1	34.4	24.0	*-30.2%*
Stock Ratio					
(weeks consumption)	4.8	7.5	4.9	3.4	*-31.4%*

(Kettle 2011, p.1 in CRU Monitor TIN)

However, supply of ore to the Tin smelters may be eased slightly by the decision of the Government of the DRC to lift the mining suspension which has been in place in the Provinces of North and South Kivu and Maniema since early September 2010; the key cassiterite mining areas of central Africa. However, US law requires companies to carry out due diligence to establish the country of origin of the affected minerals, and if from the DRC or adjoining countries, to report on the efforts made to track minerals from the region to a specific mine, and determine the conflict status of the material.

The fundamental supply and demand issue that supports the price of Tin at present is further strengthened by technical support from macro funds and other institutional investors outside the end user market. There appears to have been no noticeable substitution into other materials as yet and Tin continues to find ever more uses within the electronics, chemicals and food packaging industries. This is exemplified by the graph below. As is well known, the electronics business is an important customer for all tin producers. The world solder market uses nearly 200,000 tonnes tin, with the Asian solder market alone using 147,000 tonnes i.e. 75% of the global sector total.



(Kettle 2011, p.3 in CRU Monitor TIN)

The big producers within Indonesia continue to cite the monsoon season as causing production issues. However it has been widely reported that the controls over the smaller scale mining operations are relatively lax and this fact coupled with the higher prices may have resulted in these organizations filling some of the gap in production.

In essence the pressure on Tin consumption worldwide continues to outstrip supply, so whilst a short term correction may be over due the long term still looks relatively bullish.

LME TECHNICALS

We turned negative on the close below the now invalidated bullish flag formation at $30,286 on Wednesday. Tin has since taken out our first two downside targets - the 50 DMA and the 38.2% Fibo. With the stochastics and RSI both looking weak, we wonder if tin will have the momentum to close above the 38.2% Fibo level and inside the long-term bullish trading range $29,142. A close below these levels could increase the chance of a move down to the 50% Fibo (28,249) -$28,190 but a close above $29,142 could indicate an attempt to consolidate. We would have to move back to a neutral medium-term position on a close below this level

RESISTANCE (USD) 28,842/30,091 and 30,651
SUPPORT (USD) 29,142/28,775 and 28,249
OUTLOOK / TREND Generally Bullish with Some Consolidation Expected

OPTIONS

11th March 2011
Basis $ 29,210,$29,310 3 MONTHS May 2011

Strike	**CALLS**		**PUTS**	
	BID	OFFER	BID	OFFER
25000	$4408	$4528	$164	$284
27000	$2841	$2961	$592	$712
29000	$1645	$1765	$1390	$1510
31000	$843	$963	$2582	$2702
33000	$374	$494	$4107	$4227

TRADING STRATEGY

As mentioned in the past, we expect the supply of Tin to continue to tail off in both terms of quality and quantity, as new deposits and mining capacity take time to come on stream. In terms of fundamentals, the positives for Tin will continue for quite a while longer but we expect increased volatility in the coming days and weeks. Producers may be inclined to price further forward in anticipation of further setbacks. Only buy on substantial dips.