



## Central Banks “ease the squeeze” ...

- The world's major central banks acted jointly on Wednesday to provide cheaper US dollar liquidity to European banks. The surprise emergency move included the US Federal Reserve, the European Central Bank, and the central banks of Canada, Britain, Japan and Switzerland. In a joint statement they confirmed having agreed to lower the cost of existing dollar swap lines by 50 basis points from December 5. Other measures include providing bi-lateral swap arrangements - so that any of the central banks can provide liquidity in any other currency. China's central bank cut the reserve requirement ratio for its commercial banks by 50 basis points for the first time in nearly three years.
- The US ADP private sector employment report showed that US companies created 206,000 jobs in November - the biggest gain in nearly a year. The Chicago PMI index rose to 62.6, well ahead of forecasts for 58.5. Industrial production rose more than expected in Japan in October.
- Base and precious metals rallied strongly. Spot iron ore – cfr China – was broadly unchanged.
- Crude oil benchmarks finished higher but gains were capped by a bearish US inventory report. Total crude inventories rose by 3.9mmbbls last week, against forecasts for a 0.05mmbbl increase. Distillate inventories gapped 5.5mmbbls higher last week, against expectations for a 1.25mmbbl fall, even as refinery utilisation unexpectedly fell.
- The Bureau of Meteorology expects 50-150mm of rain across most of Queensland's coal producing regions in the next 8 days. The rainfall outlook suggests a 50%-60% change of above average rainfall December through February, but average or below average rainfall in the last 3 months means the coal sector starts the traditional wet season drier than last year.

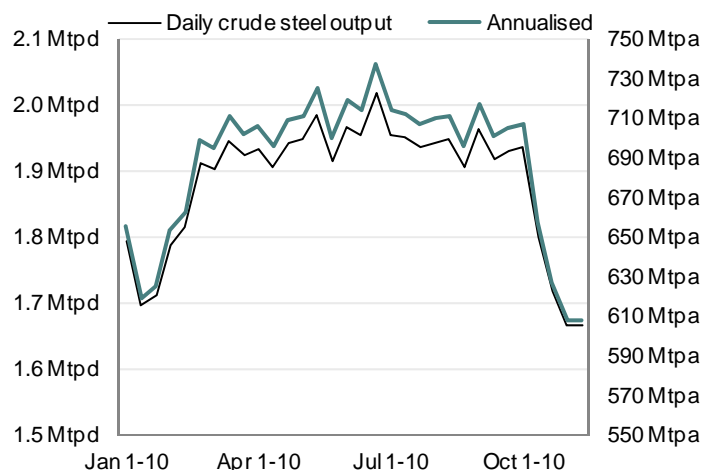
## Chart of the Day: China daily steel output slumps in November

- China's daily crude steel output was 1.664Mtpd (1<sup>st</sup> to 20<sup>th</sup> of November), 17% lower than 2011 highs recorded in June. The output slump reflects weaker final demand. Rescheduled maintenance has been sufficient to avoid shutdowns so far. But order books have eased ahead of winter. Steel production may remain fragile through 1Q12.
- Should daily output rates hold current levels for the rest of the year, 2011 crude steel output would total 683Mt – some 9% higher than the official 626Mt produced in 2010, but below earlier estimates of 700Mt (or more) this year. We've held our forecast at 694Mt for several months now.
- A lower steel production rate in 1Q12 would carry implications for 2012 output totals. We forecast crude steel output of 725Mt in 2012, vs 694Mt this year (or growth of 4.4%). A weaker 2011 result could threaten our 2012 forecast. Recent easing of credit conditions will support activity and steel demand – the question is, to what extent?

Overnight Price Moves (full table over)		30-Nov-11	
New York (Dow Jones IA)		11,969	3.6%
London (FTSE 100)		5,505	3.2%
AUD/USD (as at 01-Dec-11)		1.0274	0.2%
<b>LME Metals (30-Nov)</b>			
	USD/t	USc/lb	% chg
Aluminium	\$2,103	95	6.0%
Copper	\$7,860	357	5.3%
Lead	\$2,091	95	4.0%
Nickel	\$17,492	793	2.6%
Tin	\$20,875	947	1.5%
Zinc	\$2,073	94	6.0%
<b>Iron ore &amp; Steel</b>			
	USD/t		% chg
Iron ore (62% Fe, cfr China)		\$130.90	0.1%
Steel Billet (LME)		\$511	0.0%
<b>Precious Metals</b>			
Gold			
Spot (USD/oz)		\$1,748.78	1.9%
Comex (USD/oz) *		\$1,745.80	1.9%
AUD spot (AUD/oz)		\$1,705.63	-0.3%
Silver (USD/oz)		\$32.88	2.9%
Platinum (USD/oz)		\$1,559.00	1.5%
Palladium (USD/oz)		\$613.00	4.7%
<b>Oil</b>			
NYMEX light sweet crude (USD/bbl) *		\$100.53	0.7%
Brent (USD/bbl)		\$111.44	0.1%
Singapore TAPIS (USD/bbl)		\$119.76	0.9%

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

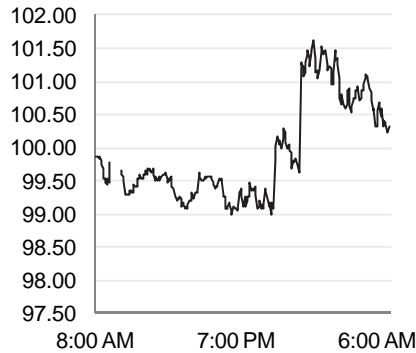
## Chart of the Day: China daily steel output and annualised rates



Source: CISA, Reuters, CBA

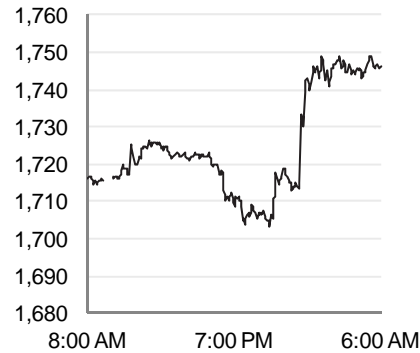


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



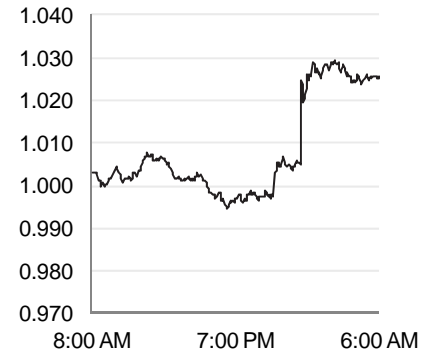
Source: Bloomberg, CBA. 5 min intervals.

Figure 2: Gold (spot, US/oz) intraday price



Source: Bloomberg, CBA. 5 min intervals.

Figure 3: Australian dollar (USD/AUD) intraday price



Source: Bloomberg, CBA. 5 min intervals.

## Overnight Market Price Snapshot

LME Metals (30-Nov)			change over			change over				
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bbl	day	week	month
Aluminium	\$2,103	95	6.0%	4.8%	-0.1%	NYMEX light sweet crude **	\$100.53	0.7%	4.9%	8.7%
Copper	\$7,860	357	5.3%	9.0%	-0.1%	Brent (Dated)	\$111.44	0.1%	3.9%	1.7%
Lead	\$2,091	95	4.0%	5.5%	4.4%	Singapore TAPIS	\$119.76	0.9%	1.6%	-2.1%
Nickel	\$17,492	793	2.6%	2.7%	-5.7%	Dubai	\$108.90	0.3%	0.4%	2.6%
Tin	\$20,875	947	1.5%	3.5%	-4.9%	<b>Refined products, Singapore</b>				
Zinc	\$2,073	94	6.0%	8.3%	8.0%	Gas Oil (USD/bbl) ***	\$126	1.0%	-0.2%	-0.7%
Steel Billet	\$511	na	0.0%	-0.4%	-3.5%	Jet Fuel (USD/bbl)	\$126	1.3%	-0.7%	-0.5%
						Fuel Oil (USD/t) ****	\$688	0.6%	2.2%	-0.5%
<b>Futures (3 mth)</b>						<b>Currencies (as at 01-Dec-11)</b>				
Aluminium	\$2,110	96	5.7%	4.2%	-0.8%	AUD/USD (London close)	1.0274	0.2%	5.8%	-0.3%
Copper	\$7,885	358	5.3%	8.9%	0.0%	AUD/EUR	0.7642	0.2%	5.2%	1.9%
Lead	\$2,110	96	3.9%	5.2%	4.2%	AUD/JPY	79.531	1.9%	5.9%	-1.2%
Nickel	\$17,500	794	2.6%	2.8%	-5.8%	AUD/CNY	6.541	2.3%	6.0%	-0.2%
Tin	\$20,900	948	1.6%	3.5%	-5.0%	AUD/KOR	1,170	2.3%	4.0%	1.2%
Zinc	\$2,071	94	5.8%	8.2%	7.5%	EUR/USD	1.345	0.9%	0.6%	-2.2%
Steel Billet	\$525	na	0.0%	0.5%	-0.9%	<b>Coal*</b>	USD/t			
<b>Stocks</b>		tonnes				Newcastle	\$111.98	~	-1.5%	-5.0%
Aluminium		4,560,350	-2,650	-8,025	13,675	Richards Bay	\$101.72	~	-4.3%	-6.4%
Copper		386,625	-3,900	-10,900	-36,650	DES ARA	\$112.18	~	-2.5%	-5.3%
Lead		369,825	-1,875	-1,400	-16,775	<b>Iron ore &amp; Steel</b>	USD/t			
Nickel		90,390	612	4,104	3,852	Iron ore (62% Fe, cfr China)	\$130.90	0.1%	-8.1%	8.7%
Tin		12,490	-85	-760	-3,405	China domestic Rebar	\$666.21	0.0%	-0.1%	0.3%
Zinc		739,850	-1,575	-4,850	-33,325	East Asia HRC (cfr) *****	\$630.00	0.0%	0.0%	-2.3%
Steel Billet		68,250	0	4,680	5,200	US domestic HRC (US/st) *****	\$650.00	0.0%	1.6%	1.6%
<b>Precious Metals</b>						<b>Equity &amp; Debt Capital Markets</b>				
Gold	USD/oz (unless stated otherwise)					New York (Dow Jones IA)	11,969	3.6%	6.3%	1.1%
Spot	\$1,748.78	1.9%	3.3%	0.6%	London (FTSE 100)	5,505	3.2%	7.1%	0.4%	
Comex *	\$1,745.80	1.9%	2.9%	0.9%	Europe (EuroStoxx50)	2,330	4.3%	11.1%	1.7%	
AUD spot (AUD/oz)	\$1,705.63	-0.3%	-2.2%	1.1%	Toronto (Metals & Mining)	4,167	5.0%	7.1%	-0.9%	
Silver	\$32.88	2.9%	3.6%	-4.1%	Philadelphia Gold & Silver Index	205.8	5.6%	8.5%	1.0%	
Platinum	\$1,559.00	1.5%	0.7%	-2.8%	US 2 year bond yield	0.252%	-1.6%	-4.5%	10.5%	
Palladium	\$613.00	4.7%	4.6%	-6.0%	US 10 year bond yield	2.074%	4.1%	10.0%	4.4%	
<b>Natural Gas</b>										
Henry Hub (USD/MMBtu) **	\$3.564	-1.9%	3.0%	-4.9%						
British NBP (GBP/therm) **	60.08	3.2%	-1.8%	-7.9%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly,25/11 \*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly,29/11



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