



Prices ease on weaker dataflow

- The global manufacturing PMI fell from 49.9 to 49.6 in November. The weakness was driven mostly by a contraction in activity across Europe and parts of Asia. US jobless claims rose 6,000 to 402,000 in the last week, against forecasts for a fall to 390,000. In better news, US ISM manufacturing rose from 50.8 to 52.7 in November - its strongest level since June. The key forward looking sub-indices were mostly higher. New orders hit its best level since April while production and exports also recorded healthy gains. US construction spending rose by 0.8% in October to an annual rate of \$798.53 billion - a near two year high.
- Despite better US ISM and construction data, base metals mostly fell overnight, except for aluminium. Gold and silver also eased marginally. Spot iron ore, cfr China, bounced 2.1% higher to USD 133.60/t.
- Crude oil benchmarks eased, with Brent falling more than US WTI, as weak China and Eurozone PMIs, plus worse than expected US jobless claims data, stoked global demand worries.
- China's National Development and Reform Commission has increased on-grid power prices and imposed thermal coal price caps (for domestic, 5,500kcal/kg coal ex-Qinhuangdao, from 1 January 2012) in an effort to boost power utility margins and encourage higher output rates ahead of peak winter demand through December, January and February. The thermal coal price cap may limit China's demand for imported thermal coal, *assuming* domestic coal is available for purchase.

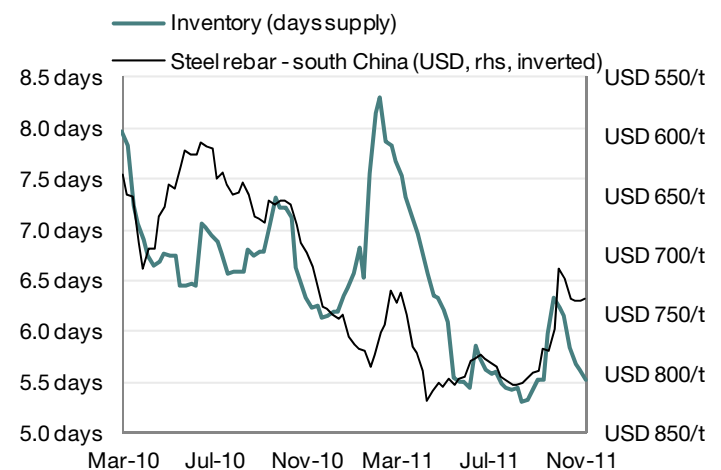
Chart of the Day: China steel inventories remain low, giving support to prices

- Yesterday we noted how daily crude steel output rates in the first twenty days of November have fallen 17%+ from peak rates in June, and how mills were bringing forward maintenance to reduce capacity utilisation in response to weaker final demand. The weak China PMI yesterday, and required reserve ratio cut by the People's Bank of China validates the soft end demand picture.
- Another important element to consider is steel inventories. The chart shows total inventories of wire rod, rebar, hot and cold rolled coil and medium plate across major markets in China on a days of supply basis. Stocks have fallen again after spiking higher in September/October. While weakening final demand means mills and traders don't need to hold as much inventory as in a stronger demand environment, the stock picture does beg the question on potential for a restocking cycle.
- Low stocks are also helping to support steel prices. The chart shows that falling inventories have coincided with rising prices. In fact, raw material costs have fallen more than steel prices recently, implying an increase in steel mill margins in recent weeks.

Overnight Price Moves (full table over)		01-Dec-11	
New York (Dow Jones IA)		12,027	-0.2%
London (FTSE 100)		5,489	-0.3%
AUD/USD (as at 02-Dec-11)		1.0234	0.3%
LME Metals (01-Dec)			
	USD/t	USc/lb	% chg
Aluminium	\$2,138	97	1.7%
Copper	\$7,763	352	-1.2%
Lead	\$2,086	95	-0.3%
Nickel	\$16,721	758	-4.4%
Tin	\$20,068	910	-3.9%
Zinc	\$2,050	93	-1.1%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$133.60		2.1%
Steel Billet (LME)	\$510		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,744.47		-0.1%
Comex (USD/oz) *	\$1,743.80		-0.1%
AUD spot (AUD/oz)	\$1,708.92		0.3%
Silver (USD/oz)	\$32.76		-0.1%
Platinum (USD/oz)	\$1,561.63		0.2%
Palladium (USD/oz)	\$631.75		3.2%
Oil			
NYMEX light sweet crude (USD/bbl) *	\$99.72		-0.6%
Brent (USD/bbl)	\$109.23		-1.9%
Singapore TAPIS (USD/bbl)	\$119.57		-0.2%

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

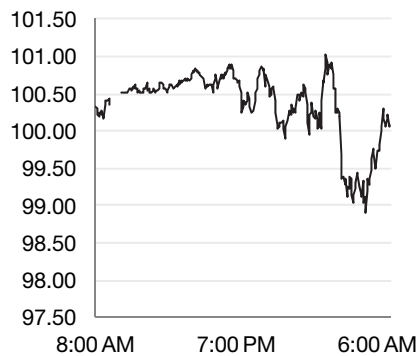
Chart of the Day: Chinese steel inventories and steel price



Source: Shanghai Steelhome, Bloomberg, CBA

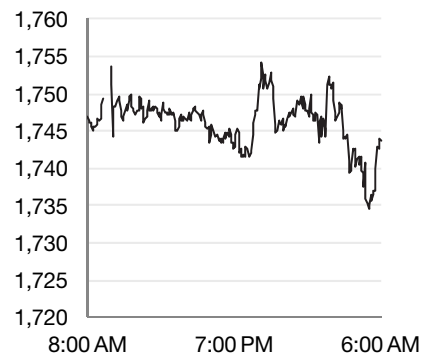


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



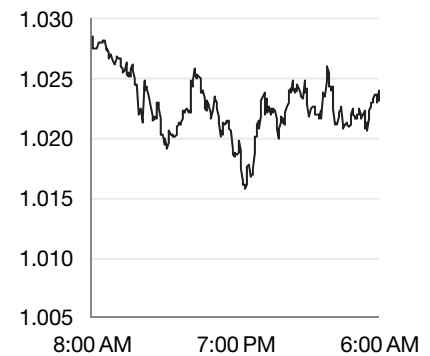
Source: Bloomberg, CBA. 5 min intervals.

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 (01-Dec)			change over			change over				
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bbl	day	week	month
Aluminium	\$2,138	97	1.7%	6.8%	0.6%	NYMEX light sweet crude **	\$99.72	-0.6%	~	6.0%
Copper	\$7,763	352	-1.2%	7.2%	-1.8%	Brent (Dated)	\$109.23	-1.9%	1.3%	-1.6%
Lead	\$2,086	95	-0.3%	5.9%	3.5%	Singapore TAPIS	\$119.57	-0.2%	1.9%	-1.0%
Nickel	\$16,721	758	-4.4%	-2.1%	-9.1%	Dubai	\$107.96	-0.9%	0.1%	2.2%
Tin	\$20,068	910	-3.9%	-1.3%	-8.6%	Refined products, Singapore				
Zinc	\$2,050	93	-1.1%	8.7%	4.5%	Gas Oil (USD/bbl) ***	\$126	0.0%	1.0%	0.6%
Steel Billet	\$510	na	0.0%	0.8%	-1.9%	Jet Fuel (USD/bbl)	\$125	-0.5%	-0.9%	0.6%
						Fuel Oil (USD/t) ****	\$692	0.5%	2.7%	0.9%
Futures (3 mth)						Currencies (as at 02-Dec-11)				
Aluminium	\$2,145	97	1.7%	6.2%	0.0%	AUD/USD (London close)	1.0234	0.3%	5.2%	-1.6%
Copper	\$7,790	353	-1.2%	7.2%	-1.4%	AUD/EUR	0.7602	0.1%	4.3%	1.1%
Lead	\$2,105	95	-0.2%	5.7%	3.4%	AUD/JPY	79.318	-0.3%	5.8%	-2.2%
Nickel	\$16,750	760	-4.3%	-1.9%	-9.1%	AUD/CNY	6.500	-0.6%	5.0%	-0.1%
Tin	\$20,100	912	-3.8%	-1.2%	-8.6%	AUD/KOR	1,151	-1.6%	2.5%	-1.0%
Zinc	\$2,045	93	-1.3%	8.3%	3.8%	EUR/USD	1.344	0.0%	0.8%	-2.8%
Steel Billet	\$525	na	0.0%	0.0%	0.0%	Coal*				
						Newcastle	USD/t			
Stocks			tonnes			Richards Bay	\$111.98	~	-1.5%	-5.0%
Aluminium		4,557,650	-2,700	-7,650	12,800	DES ARA	\$101.72	~	-4.3%	-6.4%
Copper		386,700	75	-9,275	-35,425		\$112.18	~	-2.5%	-5.3%
Lead		369,250	-575	-725	-16,050	Iron ore & Steel				
Nickel		91,074	684	2,598	5,088	Iron ore (62% Fe, cfr China)	USD/t			
Tin		12,150	-340	-1,080	-3,540	China domestic Rebar	\$133.60	2.1%	-5.3%	8.9%
Zinc		741,350	1,500	-1,550	-28,000	East Asia HRC (cfr) *****	\$669.10	0.4%	0.7%	1.1%
Steel Billet		68,445	195	4,875	5,720	US domestic HRC (US/st) *****	\$630.00	0.0%	0.0%	-2.3%
							\$650.00	0.0%	1.6%	1.6%
Precious Metals						Equity & Debt Capital Markets				
Gold	USD/oz (unless stated otherwise)					New York (Dow Jones IA)	12,027	-0.2%	~	-0.1%
Spot	\$1,744.47		-0.1%	3.0%	-1.1%	London (FTSE 100)	5,489	-0.3%	7.1%	-1.0%
Comex *	\$1,743.80		-0.1%	~	-1.2%	Europe (EuroStoxx50)	2,314	-0.7%	10.7%	-1.5%
AUD spot (AUD/oz)	\$1,708.92		0.3%	-1.9%	0.8%	Toronto (Metals & Mining)	4,195	-0.9%	8.6%	-2.5%
Silver	\$32.76		-0.1%	2.8%	-5.2%	Philadelphia Gold & Silver Index	207.1	-0.6%	~	-1.2%
Platinum	\$1,561.63		0.2%	1.3%	-5.0%					
Palladium	\$631.75		3.2%	8.7%	-3.9%	US 2 year bond yield	0.260%	1.6%	-1.5%	8.3%
Natural Gas						US 10 year bond yield	2.107%	1.8%	11.8%	1.6%
Henry Hub (USD/MMBtu) **	\$3.648		2.8%	~	-3.4%					
British NBP (GBP/therm) **	58.68		-2.3%	-3.1%	-10.3%					

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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