



Gold, silver, oil and Bin Laden fall...

- The US announced yesterday that Osama Bin Laden had been killed in Pakistan. While commodity exchanges in London and Asia were shut for holidays, oil, gold and silver prices all ended lower as markets withdrew some degree of geopolitical / terrorism 'risk premia'.
- The US ISM manufacturing index eased from 61.2 to 60.4 in April but ahead of economist forecasts centred on a result near 60. All key components softened, however the measure of input prices hit a 3-year high. Meanwhile US construction spending rose by 1.4% in March after falling 2.4% in February. It was the largest gain in spending in 11 months and well ahead of forecasts centred on a 0.4% gain.
- The US Federal Reserve's latest Senior Loan Officer survey highlights strengthening demand for commercial loans and weakening demand for residential loans. In particular, strong demand for commercial real estate loans could be expected to see investment in structures pick up in the months and quarter ahead which is positive for ongoing US economic recovery and, ultimately, jobs growth.
- The London Metal Exchange was again closed on Monday following the public holiday on Friday for the marriage of Prince William and Kate Middleton. The last trade occurred last Thursday where metal prices rose modestly, the exception being lead and copper, down up to 0.5pct.
- Gold prices fell in both spot and forward markets, with Comex one month futures ending 0.7% lower at USD1,546.10/oz. Meanwhile, spot silver prices capitulated 8.9% on the day, closing at USD43.62/oz, and helping to deliver the gold-to-silver price ratio a little closer to long term averages (refer to chart of the day below).
- Crude oil prices traded lower overnight on the news that Osama Bin Laden had been killed in Pakistan, and the weaker US ISM report. US crude finished 0.4% down while UK Brent ended 1.5% lower.

Chart of the Day: Gold-to-silver price ratio looks out of historical whack – silver correction likely...

- The ratio of gold-to-silver prices had typically traded at a long run (35 year) historical average of just under 60 times but currently, due to record high silver prices, the ratio is almost at half those levels (refer chart).
- We think silver could be due a correction. The metal is not fundamentally tight, being produced mostly as a by-product of polymetallic deposits such as lead-zinc-copper-gold. And jewellery/fabrication demand will be coming under pressure at current prices. Finally, as a store of value / investment, we suspect gold carries more favour than silver.

Overnight Price Moves (full table over)		02-May-11	
New York (Dow Jones IA)		12,811	0.4%
London (FTSE 100)		~	~
AUD/USD		1.0971	0.8%
LME Metals (29-Apr)			
	USD/t	USc/lb	% chg
Aluminium	~	~	~
Copper	~	~	~
Lead	~	~	~
Nickel	~	~	~
Tin	~	~	~
Zinc	~	~	~
Iron ore & Steel (29-Apr)			
	USD/t	% chg	
Iron ore (62% Fe, cfr China)	~	~	
Steel Billet (LME)	~	~	
Precious Metals			
Gold			
Spot (USD/oz)		\$1,546.15	-1.1%
Comex (USD/oz) *		\$1,546.10	-0.7%
AUD spot (AUD/oz)		\$1,413.02	-0.8%
Silver (USD/oz)		\$43.64	-8.9%
Platinum (USD/oz)		\$1,862.25	-0.5%
Palladium (USD/oz)		\$773.75	-2.5%
Oil			
NYMEX light sweet crude (USD/bbl) *		\$113.52	-0.4%
Brent (USD/bbl)		\$124.21	-1.5%
Singapore TAPIS (USD/bbl)		~	~

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

Chart of the Day: Gold-to-silver price ratio



Source: Bloomberg, CBA.



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

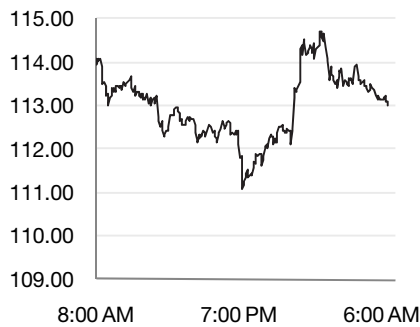


Figure 2: Gold (spot, US/oz) intraday price

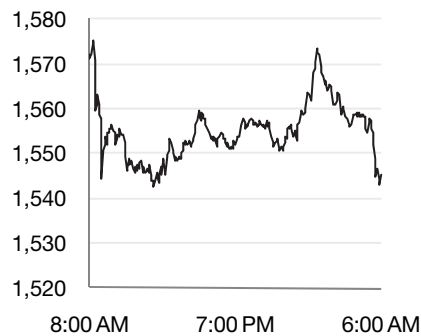
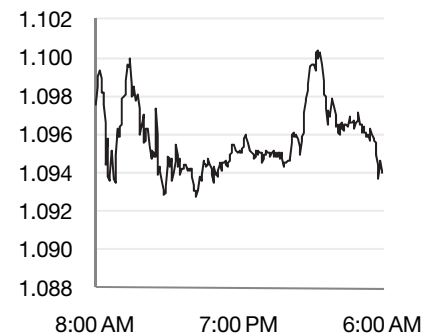


Figure 3: Australian dollar (USD/AUD) intraday price



Source: Bloomberg, CBA. 5 min intervals.

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Overnight Market Price Snapshot

LME Metals (29-Apr)						Oil				
Cash	USD/t	USc/lb	change over			USD/bbl	change over			
			day	week	month		day	week	month	
Aluminium	~	~	~	~	~	NYMEX light sweet crude **	\$113.52	-0.4%	1.5%	4.7%
Copper	~	~	~	~	~	Brent (Dated)	\$124.21	-1.5%	0.4%	2.9%
Lead	~	~	~	~	~	Singapore TAPIS	~	~	~	~
Nickel	~	~	~	~	~	Dubai	~	~	~	~
Tin	~	~	~	~	~	Refined products, Singapore				
Zinc	~	~	~	~	~	Gas Oil (USD/bbl) ***	~	~	~	~
Steel Billet	~	~	~	~	~	Jet Fuel (USD/bbl)	~	~	~	~
Futures (3 mth)						Fuel Oil (USD/t) ****	~	~	~	~
Aluminium	~	~	~	~	~	Currencies				
Copper	~	~	~	~	~	AUD/USD (London close)	1.0963	-0.1%	2.4%	5.9%
Lead	~	~	~	~	~	AUD/EUR	0.7370	-0.5%	0.3%	1.2%
Nickel	~	~	~	~	~	AUD/JPY	88.96	-0.1%	1.4%	2.3%
Tin	~	~	~	~	~	AUD/CNY	7.12	0.0%	1.8%	5.1%
Zinc	~	~	~	~	~	AUD/KOR	1,168	-0.1%	1.0%	3.7%
Steel Billet	~	~	~	~	~	EUR/USD	1.4874	0.5%	2.1%	4.6%
Stocks						Coal*				
		tonnes				USD/t				
Aluminium	~	~	~	~	~	Newcastle	\$122.27	~	0.7%	0.9%
Copper	~	~	~	~	~	Richards Bay	\$123.80	~	0.4%	2.2%
Lead	~	~	~	~	~	DES ARA	\$127.55	~	0.0%	0.2%
Nickel	~	~	~	~	~	Iron ore & Steel (29-Apr)				
Tin	~	~	~	~	~	USD/t				
Zinc	~	~	~	~	~	Iron ore (62% Fe, cfr China)	~	~	~	~
Steel Billet	~	~	~	~	~	China domestic Rebar	\$731.65	0.8%	2.0%	5.1%
Precious Metals						East Asia HRC (cfr) *****	\$725.00	0.0%	0.0%	-0.7%
Gold	USD/oz (unless stated otherwise)					US domestic HRC (US/st) *****	\$865.00	0.0%	-0.3%	-1.1%
Spot	\$1,546.15	-1.1%	2.6%	7.8%		Equity & Debt Capital Markets				
Comex *	\$1,546.10	-0.7%	2.5%	8.0%		New York (Dow Jones IA)	12,807	0.0%	2.6%	3.3%
AUD spot (AUD/oz)	\$1,413.02	-0.8%	0.5%	2.1%		London (FTSE 100)	~	~	~	~
Silver	\$43.64	-8.9%	-7.0%	13.1%		Europe (EuroStoxx50)	3,009	-0.1%	~	1.8%
Platinum	\$1,862.25	-0.5%	2.0%	4.2%		Toronto (Metals & Mining)	4,414	-2.4%	-2.6%	-2.4%
Palladium	\$773.75	-2.5%	1.6%	-1.4%		Philadelphia Gold & Silver Index	215.4	-3.1%	-2.2%	-0.2%
Natural Gas						US 2 year bond yield	0.605%	0.0%	-5.5%	-20.6%
Henry Hub (USD/MMBtu) **	\$4.692	-0.1%	6.9%	9.4%		US 10 year bond yield	3.279%	-0.3%	-2.6%	-4.1%
British NBP (GBP/therm) **	57.89	0.0%	1.6%	-8.7%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 29/04 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 26/04



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Equities Research

Head of Research

Mark Storey +612 9118 1198

Banks/Insurance

Ben Zucker (Banks) +612 9118 1185

Jeff Cai (Banks) +612 9118 1186

Cindy Dowling (Banks) +612 9118 7582

Ross Curran (Insurance) +612 9118 1181

Naveen Patney (Insurance) +612 9118 6391

Basic Materials

Michael Ward* +612 9118 1139

Economics

Michael Blythe +612 9118 1101

James McIntyre +612 9118 1100

Healthcare

Natalie Kelly +613 9675 7107

Bruce Du +613 9675 6244

Media & Telecommunications

Alice Bennett +613 9675 7118

Dominique d'Avrincourt* +613 9675 6933

Nathan Burley +613 9675 7029

Property

David Lloyd +612 9118 1192

James Druce +612 9118 1193

Resources/Energy

Andrew Hines +613 9675 7443

Lachlan Shaw (Commodities) +613 9675 8618

Andrew Knuckey (Metals & Mining) +613 9675 6791

Tomas Vasquez (Metals & Mining) +613 9675 6059

Paul Hodsman (Metals & Mining) +613 9675 8532

Luke Smith (Energy) +613 9675 7117

Retail, Food & Beverage

Andrew McLennan +612 9118 1199

Jordan Rogers +612 9118 1177

Amy Toepfer +612 9118 1182

Small Companies

Nick Maclean +613 9675 7972

Wassim Kisirwani +612 9118 1187

Transport / Developers & Contractors

Matt Crowe (Transport) +612 9118 1189

Andre Fromyhr (Transport) +612 9118 1188

Ben Brownette (D&C) +612 9118 1190

Sam Teeger (D&C) +612 9118 1184

Utilities & Toll Roads

Paul Johnston* +613 9675 7101

Paul Mason +613 9675 7275

Supervisory Analyst

Joe Pardea +612 9118 6388

Quantitative Research & Database

Nizar Torlakovic +612 9118 1178

Hendrik Botha +612 9118 1200

Publishing +612 9118 1183

Fax (Sydney) +612 9118 1000

Fax (Melbourne) +613 9675 7622

CommSec Retail

Craig James +612 9118 1806

Savanth Sebastian +612 9118 1805

To contact any of our staff via email, type: first.name.surname@cba.com.au

*Except: Dominique d'Avrincourt – dominique.davrincourt@cba.com.au

Michael Ward – michael.ward1@cba.com.au

Paul Johnston – paul.a.johnston@cba.com.au

Michael Robson - michael.robson@asb.co.nz

Nick Tuffley – nick.tuffley@asb.co.nz

Jane Turner – jane.turner@asb.co.nz

Christina Leung – christina.leung@asb.co.nz

Institutional Equities

Executive General Manager Institutional Equities & Debt Capital Markets

David Hancock +612 9118 1441

Head of Cash Equities

Lance Jenkins +612 9118 1447

Equity Distribution

Equity Research Sales – Sydney

Angus Esslemont +612 9118 1471

Christine Leonard +612 9118 1442

Rod Hardwick +612 9118 1444

Rodney Walker +612 9117 7888

Sarah Beeby +612 9118 1018

Will Corkill +612 9118 1461

Melissa George (Desk Manager) +612 9118 1446

Corporate Access

Amanda Chamberlin +612 9118 1443

Terase Davidson +612 9118 1448

Equity Research Sales – Melbourne

Boyd Carter +613 9675 6815

Wayne Murray +613 9675 7495

Nicolas Thompson +613 9675 6618

Sales Trading

Andrew Tyrrell +612 9118 1451

Jarred Rubin +612 9117 7887

Justin Rooney +612 9118 1453

Nicolas Thompson +613 9675 6618

Paul Welsh +612 9118 1450

Rod Ellis +612 9118 1452

Michael Robson* +64 9374 8693

Equity Trading

Alex Stanford +612 9118 1456

Andrew Millward (Electronic) +612 9118 1457

Anthony Brownlow (Electronic) +612 9118 1463

Hun Low (Electronic) +612 9118 1458

Jeremy Weber +612 9118 1454

Mark Ashton +612 9118 1405

Matt Bromfield +612 9118 1455

Asian Sales

Toll Free (HK) +800 901 636

Toll Free (Sing) +800 616 1949

Fax (Melbourne) +613 9675 7622

Global Markets Research

Commodities

Luke Mathews +612 9118 1098

Lachlan Shaw +613 9675 8618

Foreign Exchange

Richard Grace +612 9117 0080

Joseph Capurso +612 9118 1106

Peter Dragicevich +612 9118 1107

Andy Ji +65 6349 7056

Fixed Income

Adam Donaldson +612 9118 1095

Philip Brown +612 9118 1090

Michael Bors +612 9118 1108

Steve Shoobert +612 9118 1096

Winnie Chee +612 9118 1104

Tally Dewan +612 9118 1105

Kevin Ward +612 9118 1960

Alex Stanley +612 9118 1125

Economics

Michael Blythe +612 9118 1101

Michael Workman +612 9118 1019

John Peters +612 9117 0112

James McIntyre +612 9118 1100

Chris Tennent-Brown +64 9374 8819

Nick Tuffley* +64 9374 8604

Jane Turner* +64 9374 8185

Christina Leung* +64 9369 4421

Fax (Sydney) +612 9118 1010