



## Copper inventories fall, led by Asia

- US and European markets were “risk on” on Thursday following news that a Greek referendum on the bailout package was cancelled after Greece’s conservative opposition party agreed to support the bailout package. In addition the European Central Bank surprised markets by cutting its refi rate by 0.25% to 1.25% at its board meeting. ECB President Draghi presided over his first post-meeting press conference and confirmed that it was a unanimous decision. Draghi did indicate that some of the downside risks to growth that have been highlighted in the past are now starting to materialise and added that “significant cuts to growth forecasts are likely.”
- In the US, the ISM non-manufacturing index eased modestly from 53.0 to 52.9 in October. A reading above 50 indicates the sector is expanding. Business activity, new orders and exports remained healthy. US factory orders rose 0.3% in September ahead of forecasts which expected a 0.2% fall. Orders for non-defence capital goods ex aircraft (seen as a measure of business confidence and spending plans) jumped 2.9% in September.
- Base metals ended mostly flat to higher with zinc and aluminium leading the gains. The nickel price fell. Gold rose strongly thanks to a weaker US dollar.
- Crude oil rallied, taking support from the ECB interest rate cut and firmer US economic data. UK crude rose less than US crude, further narrowing the Brent to WTI premium.
- Spot iron ore prices (cfr China port) rose 1.9%.

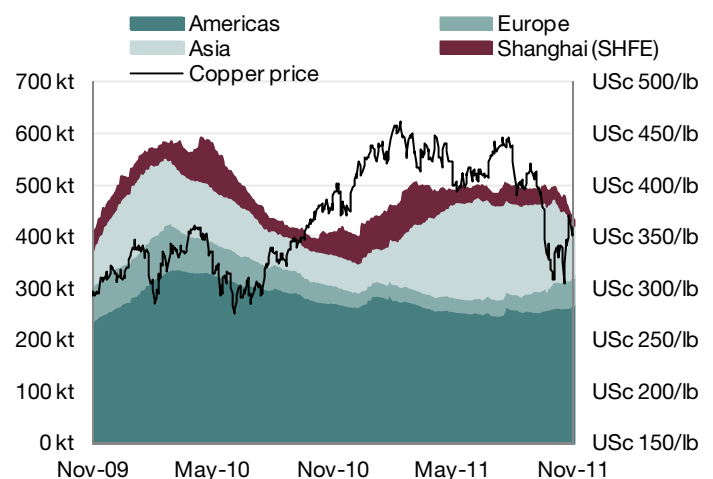
## Chart of the Day: Copper exchange stocks sliding lower, led by Asia

- LME warehouse copper stocks fell 49,600 tonnes to 422,125 tonnes over the last month (refer table on page 2). The falls in stocks have reflected large declines in LME warehouses in Asia, especially South Korean warehouses. We flagged this some weeks ago after noticing a dramatic spike in cancelled warrants on LME warehouses in Asia. No doubt some of that reflected non-fundamental factors, but arguably some South Korean warehouse outflows may reflect increased Chinese demand. The latter’s import of unwrought and product copper rose to 380,530 tonnes in September, from 340,400 tonnes in August.
- In our view, reasons for the jump in Chinese copper imports include a combination of earlier de-stocking and a more favourable LME to SHFE copper price arbitrage from a few months ago. As the price arbitrage is now more neutral to slightly supportive of additional Chinese copper imports, we expect China to maintain copper imports in coming months.
- The final point is that lower copper stocks have been associated with firmer pricing in recent weeks. Additional warehouse stock falls would continue to support the copper price. But we caution against reading too much into cancelled warrant changes, due to non-fundamental factors.

Overnight Price Moves (full table over)		03-Nov-11	
New York (Dow Jones IA)		12,060	1.9%
London (FTSE 100)		5,546	1.1%
AUD/USD (as at 04-Nov-11)		1.0422	0.2%
<b>LME Metals (03-Nov)</b>			
	USD/t	USc/lb	% chg
Aluminium	\$2,125	96	0.9%
Copper	\$7,902	358	0.4%
Lead	\$2,014	91	0.5%
Nickel	\$18,402	835	-0.8%
Tin	\$21,965	996	0.0%
Zinc	\$1,962	89	2.2%
<b>Iron ore &amp; Steel</b>			
	USD/t	% chg	
Iron ore (62% Fe, cfr China)	\$122.70	1.9%	
Steel Billet (LME)	\$529	0.0%	
<b>Precious Metals</b>			
Gold			
Spot (USD/oz)	\$1,764.95	1.5%	
Comex (USD/oz) *	\$1,764.70	2.0%	
AUD spot (AUD/oz)	\$1,696.25	0.6%	
Silver (USD/oz)	\$34.56	0.8%	
Platinum (USD/oz)	\$1,642.50	2.4%	
Palladium (USD/oz)	\$655.25	0.5%	
<b>Oil</b>			
NYMEX light sweet crude (USD/bbl) *	\$94.13	1.8%	
Brent (USD/bbl)	\$110.87	1.2%	
Singapore TAPIS (USD/bbl)	\$120.82	-1.2%	

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

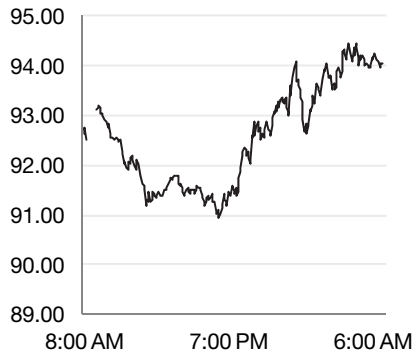
## Chart of the Day: Copper exchange stocks by region and spot price



Source: LME, SHFE, Bloomberg, CBA

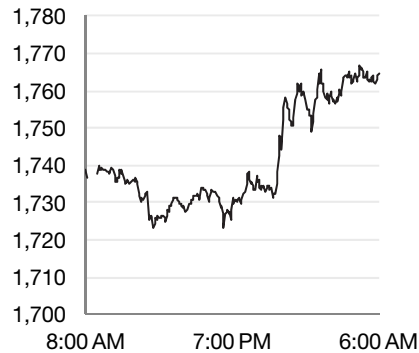


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



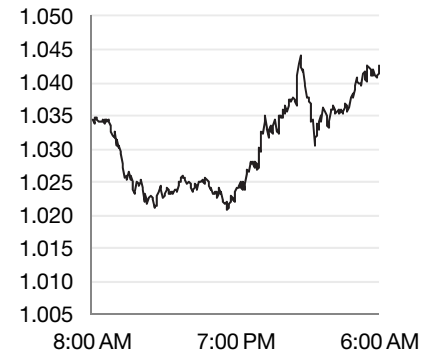
Source: Bloomberg, CBA. 5 min intervals.

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 (03-Nov)			change over			change over					
Cash	USD/t	US\$/lb	day	week	month	Oil	USD/bbl	day	week	month	
Aluminium	\$2,125	96	0.9%	-5.0%	-3.2%	NYMEX light sweet crude **	\$94.13	1.8%	0.2%	14.0%	
Copper	\$7,902	358	0.4%	-3.0%	9.6%	Brent (Dated)	\$110.87	1.2%	-2.1%	4.7%	
Lead	\$2,014	91	0.5%	-0.2%	3.6%	Singapore TAPIS	\$120.82	-1.2%	-0.5%	5.0%	
Nickel	\$18,402	835	-0.8%	-7.4%	-2.7%	Dubai	\$105.63	-0.4%	-1.3%	6.9%	
Tin	\$21,965	996	0.0%	-0.2%	-0.8%	<b>Refined products, Singapore</b>					
Zinc	\$1,962	89	2.2%	1.9%	6.2%	Gas Oil (USD/bbl) ***	\$125	-1.3%	-0.8%	7.1%	
Steel Billet	\$529	na	0.0%	-0.1%	-8.8%	Jet Fuel (USD/bbl)	\$125	-1.6%	-2.3%	5.7%	
<b>Futures (3 mth)</b>						Fuel Oil (USD/t) ****	\$686	-0.8%	1.2%	9.9%	
Aluminium	\$2,146	97	0.9%	-4.8%	-3.7%	<b>Currencies (as at 04-Nov-11)</b>					
Copper	\$7,915	359	0.4%	-2.8%	9.6%	AUD/USD (London close)	1.0422	0.2%	-2.7%	7.5%	
Lead	\$2,035	92	0.5%	-0.2%	5.9%	AUD/EUR	0.7542	0.3%	-0.1%	4.2%	
Nickel	\$18,420	836	-0.9%	-7.4%	-2.8%	AUD/JPY	81.130	0.8%	-0.1%	9.1%	
Tin	\$22,000	998	0.0%	-0.2%	-0.7%	AUD/CNY	6.506	-0.7%	-4.5%	5.5%	
Zinc	\$1,970	89	2.2%	1.3%	5.5%	AUD/KOR	1,162	0.5%	-2.0%	1.2%	
Steel Billet	\$530	na	0.0%	0.0%	-4.3%	EUR/USD	1.383	0.6%	-2.5%	3.2%	
<b>Stocks</b>			tonnes			<b>Coal*</b>			USD/t		
Aluminium		4,544,850	-1,825	-9,600	-6,900	Newcastle	\$117.89	~	-0.2%	-3.8%	
Copper		422,125	-1,150	-12,550	-49,600	Richards Bay	\$108.70	~	-0.7%	-5.0%	
Lead		385,300	-1,300	-3,075	4,425	DES ARA	\$118.52	~	0.0%	-2.3%	
Nickel		85,986	-552	-2,142	-8,898	<b>Iron ore &amp; Steel</b>					
Tin		15,690	-205	-900	-5,015	Iron ore (62% Fe, cfr China)	\$122.70	1.9%	2.1%	-27.8%	
Zinc		769,350	-3,825	-15,525	-41,375	China domestic Rebar	\$665.15	0.2%	0.7%	-5.0%	
Steel Billet		62,725	-325	-2,600	9,815	East Asia HRC (cfr) *****	\$645.00	0.0%	-1.5%	-11.0%	
<b>Precious Metals</b>			USD/oz (unless stated otherwise)			US domestic HRC (US/st) *****	\$640.00	0.0%	-1.9%	-3.8%	
Gold						<b>Equity &amp; Debt Capital Markets</b>					
Spot	\$1,764.95		1.5%	1.2%	6.9%	New York (Dow Jones IA)	12,060	1.9%	-1.2%	8.4%	
Comex *	\$1,764.70		2.0%	1.0%	6.8%	London (FTSE 100)	5,546	1.1%	-2.9%	4.8%	
AUD spot (AUD/oz)	\$1,696.25		0.6%	4.1%	-0.4%	Europe (EuroStoxx50)	2,348	2.4%	-5.2%	4.4%	
Silver	\$34.56		0.8%	-1.6%	8.0%	Toronto (Metals & Mining)	4,301	2.3%	5.1%	7.9%	
Platinum	\$1,642.50		2.4%	0.3%	8.5%	Philadelphia Gold & Silver Index	209.6	2.9%	3.1%	9.4%	
Palladium	\$655.25		0.5%	-1.7%	8.1%	US 2 year bond yield	0.236%	3.5%	-24.1%	-10.9%	
<b>Natural Gas</b>						US 10 year bond yield	2.061%	3.8%	-14.1%	3.7%	
Henry Hub (USD/MMBtu) **	\$3.793		1.2%	7.6%	5.4%						
British NBP (GBP/therm) **	65.40		0.3%	3.6%	-0.9%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly, 28/10 \*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly, 01/11



Please view our website at [www.research.commbank.com.au](http://www.research.commbank.com.au). The Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and its subsidiaries, including Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814 ("CommSec"), Commonwealth Australia Securities LLC, CBA Europe Ltd and Global Markets Research, are domestic or foreign entities or business areas of the Commonwealth Bank Group of Companies (CBGOC). CBGOC and their directors, employees and representatives are referred to in this Appendix as "the Group". This report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy any securities or financial instruments. This report has been prepared without taking account of the objectives, financial situation and capacity to bear loss, knowledge, experience or needs of any specific person who may receive this report. No member of the Group does, or is required to, assess the appropriateness or suitability of the report for recipients who therefore do not benefit from any regulatory protections in this regard. All recipients should, before acting on the information in this report, consider the appropriateness and suitability of the information, having regard to their own objectives, financial situation and needs, and, if necessary seek the appropriate professional, foreign exchange or financial advice regarding the content of this report. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this report. Any opinions, conclusions or recommendations set forth in this report are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by the Group. We are under no obligation to, and do not, update or keep current the information contained in this report. The Group does not accept any liability for any loss or damage arising out of the use of all or any part of this report. Any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. The Group does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met. Past performance is not a reliable indicator of future performance. The Group has provided, provides, or seeks to provide, investment banking, capital markets and/or other services, including financial services, to the companies described in the report and their associates. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject any entity within the Group to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to the Group. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior written permission of the appropriate entity within the Group. In the case of certain products, the Bank or one of its related bodies corporate is or may be the only market maker. The Group, its agents, associates and clients have or have had long or short positions in the securities or other financial instruments referred to herein, and may at any time make purchases and/or sales in such interests or securities as principal or agent, including selling to or buying from clients on a principal basis and may engage in transactions in a manner inconsistent with this report.

**US Investors:** If you would like to speak to someone regarding the subject securities described in this report, please contact Commonwealth Australia Securities LLC (the "US Broker-Dealer"), a broker-dealer registered under the U.S. Securities Exchange Act of 1934 (the "Exchange Act") and a member of the Financial Industry Regulatory Authority ("FINRA") at 1 (212) 336-7737. This report was prepared, approved and published by Global Markets Research, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 ("the Bank") and distributed in the U.S. by the US Broker-Dealer. The Bank is not registered as a broker-dealer under the Exchange Act and is not a member of FINRA or any U.S. self-regulatory organization. Commonwealth Australia Securities LLC ("US Broker-Dealer") is a wholly owned, but non-guaranteed, subsidiary of the Bank, organized under the laws of the State of Delaware, USA, with limited liability. The US Broker-Dealer is not authorized to engage in the underwriting of securities and does not make markets or otherwise engage in any trading in the securities of the subject companies described in our research reports. The US Broker-Dealer is the distributor of this research report in the United States under Rule 15a-6 of the Exchange Act and accepts responsibility for its content. Global Markets Research and the US Broker-Dealer are affiliates under common control. Computation of 1% beneficial ownership is based upon the methodology used to compute ownership under Section 13(d) of the Exchange Act. The securities discussed in this research report may not be eligible for sale in all States or countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this research report, and the distribution of this report, may be made only in States and countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. The preparer of this research report is employed by Global Markets Research and is not registered or qualified as a research analyst, representative, or associated person under the rules of FINRA, the New York Stock Exchange, Inc., any other U.S. self-regulatory organization, or the laws, rules or regulations of any State.

**European Investors:** This report is published, approved and distributed in the UK by the Bank and by CBA Europe Ltd ("CBAE"). The Bank and CBAE are both registered in England (No. BR250 and 05687023 respectively) and authorised and regulated in the UK by the Financial Services Authority ("FSA"). This report does not purport to be a complete statement or summary. For the purpose of the FSA rules, this report and related services are not intended for retail customers and are not available to them. The products and services referred to in this report may put your capital at risk. Investments, persons, matters and services referred to in this report may not be regulated by the FSA. CBAE can clarify where FSA regulations apply.

**Singapore Investors:** This report is distributed in Singapore by Commonwealth Bank of Australia, Singapore Branch (company number F03137W) and is made available only for persons who are Accredited Investors as defined in the Singapore Securities and Futures Act and the Financial Advisers Act. It has not been prepared for, and must not be distributed to or replicated in any form, to anyone who is not an Accredited Investor.

**Hong Kong Investors:** This report was prepared, approved and published by the Bank, and distributed in Hong Kong by the Bank's Hong Kong Branch. The Hong Kong Branch is a registered institution with the Hong Kong Monetary Authority to carry out the Type 1 (Dealing in securities) and Type 4 (Advising on securities) regulated activities under the Securities and Futures Ordinance. Investors should understand the risks in investments and that prices do go up as well as down, and in some cases may even become worthless. Research report on collective investment schemes which have not been authorized by the Securities and Futures Commission is not directed to, or intended for distribution in Hong Kong.

**All investors: Analyst Certification and Disclaimer:** Each research analyst, primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the report. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing, and interpreting market information. Directors or employees of the Group may serve or may have served as officers or directors of the subject company of this report. The compensation of analysts who prepared this report is determined exclusively by research management and senior management (not including investment banking). No inducement has been or will be received by the Group from the subject of this report or its associates to undertake the research or make the recommendations. The research staff responsible for this report receive a salary and a bonus that is dependent on a number of factors including their performance and the overall financial performance of the Group, including its profits derived from investment banking, sales and trading revenue.

Unless agreed separately, we do not charge any fees for any information provided in this presentation. You may be charged fees in relation to the financial products or other services the Bank provides, these are set out in the relevant Financial Services Guide (FSG) and relevant Product Disclosure Statements (PDS). Our employees receive a salary and do not receive any commissions or fees. However, they may be eligible for a bonus payment from us based on a number of factors relating to their overall performance during the year. These factors include the level of revenue they generate, meeting client service standards and reaching individual sales portfolio targets. Our employees may also receive benefits such as tickets to sporting and cultural events, corporate promotional merchandise and other similar benefits. If you have a complaint, the Bank's dispute resolution process can be accessed on [132221](http://132221).

Unless otherwise noted, all data is sourced from Australian Bureau of Statistics material ([www.abs.gov.au](http://www.abs.gov.au)).




---

**Equities Research**
**Head of Research**

Mark Storey +612 9118 1198

**Banks/Insurance/Diversified Financials**

Ben Zucker (Banks) +612 9118 1185

Jeff Cai (Banks) +612 9118 1186

Cindy Dowling (Banks) +612 9118 7582

Ross Curran (Insurance/Div Fin) +612 9118 1181

Naveen Patney (Insurance/Div Fin) +612 9118 6391

**Basic Materials**

Michael Ward\* +612 9118 1139

Rahul Badethalav +612 9117 1243

**Economics**

Michael Blythe +612 9118 1101

James McIntyre +612 9118 1100

**Emerging Companies**

Nick Maclean +613 9675 7972

Wassim Kisirwani +612 9118 1187

**Healthcare**

Natalie Kelly +613 9675 7107

Bruce Du +613 9675 6244

**Media & Telecommunications**

Alice Bennett +613 9675 7118

Dominique d'Avrincourt\* +613 9675 6933

James Xavier\* +613 9675 7218

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 &amp; Mining) +613 9675 6791

Tomas Vasquez (Metals &amp; Mining) +613 9675 6059

Paul Hodsmen (Metals &amp; Mining) +613 9675 8532

Luke Smith (Energy) +612 9118 2868

**Retail, Food & Beverage**

Andrew McLennan +612 9118 1199

Jordan Rogers +612 9118 1177

Amy Toepfer +612 9118 1182

**Transport / Developers & Contractors**

Matt Crowe (Transport) +612 9118 1189

Andre Fromyhr (Transport) +612 9118 1188

Ben Brownette (D&amp;C) +612 9118 1190

Sam Teeger (D&amp;C) +612 9118 1184

**Utilities & Toll Roads**

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

Darko Roupell +612 9117 1254

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 – davrindo@cba.com.au

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

James Xavier – xavierj@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

Chad Mikhael (Emerging Companies) +612 9118 1210

James Barrett (Hedge Funds) +612 9118 4446

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

Mags Ni Mhaonaigh +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

Anthony Brownlow (Electronic) +612 9118 1463

Suzie Tooney (Electronic) +612 9118 1459

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

Chris Tennent-Brown +612 9117 1378

Martin McMahon +44 20 7710 3918

**Fixed Income**

Adam Donaldson +612 9118 1095

Philip Brown +612 9118 1090

Steve Shoober +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

Nick Tuffley\* +64 9374 8604

Jane Turner\* +64 9374 8185

Christina Leung\* +64 9369 4421

Fax (Sydney) +612 9118 1010