



New ECB policy measures disappoint

- As expected, the ECB cut its refi rate by another 25bps to 1.0%. However the decision was not unanimous. ECB president Draghi also announced another set of ECB non-standard measures to ease liquidity conditions for the bank and attempt to prevent a credit crunch in the wider economy. The ECB published its updated GDP growth forecasts for 2012, with growth lowered from 1.3% to 0.3%.
- Base metals ended mostly lower except for nickel. The firmer US dollar and disappointment that the ECB isn't planning to increase bond purchases eroded risk appetite.
- The International Aluminium Institute expects global demand for primary aluminium to reach 75Mtpa by 2020, led by growth in China, India and Brazil. For instance, per capita annual consumption in India is currently 1.8kg, vs a global average of 8kg per capita per annum.
- Exxon Mobil Corp forecasts global oil, natural gas and nuclear consumption to increase 32% over the next three decades. Natural gas usage will rise 62% by 2040, displacing coal as the second most important energy source behind oil, as coal consumption *declines* 6% by 2040. Nuclear's contribution to world energy needs will more than double to make up 8% of total energy supplies by 2040.
- Crude oil benchmarks slipped between 1.7-2.1%, US WTI more so than UK Brent. The National Iranian Oil Company (NIOC) plans to lift Iranian crude capacity from 4.2mmbbls/d currently to 5.1mmbbls/d by 2015. The country currently produces 3.5mmbbls/d, according to NIOC, who also downplayed any likely impact from oil export sanctions.
- Spot iron ore prices (cfr China) were steady yesterday.

Chart of the Day: China's average daily crude steel output picks up at end-November

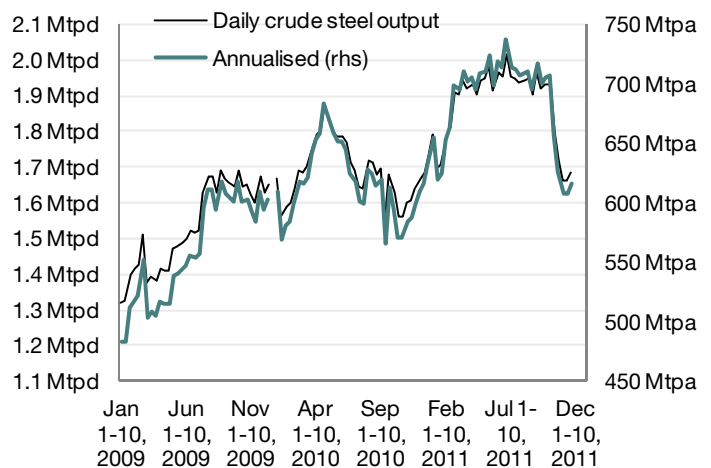
- China's average daily crude steel output rose to 1.685Mt during the last 10 days of November, up 1.3% from rates recorded earlier in the month. The pick up – albeit very slight – is consistent with industry reports that utilisation rates have started to recover in China's steel sector following the slump in mid-late October and early-mid November.
- The daily run rates at end November annualise at 615Mtpa, still well down on peak rates from mid year. Even with a steady increase in utilisation rates through the rest of December, it looks increasingly likely that China's crude steel output will undershoot our forecast of 694Mt this year.
- We continue to monitor the situation closely. End demand remains challenged by weak new residential construction activity, and slowing growth in steel demand more broadly. However, the recent targeted credit easing and cut to bank required reserve ratios are reportedly improving sentiment and access to trade finance. Plus, steel inventories remain relatively low. A moderate demand recovery and/or restocking cycle cannot be ruled out in the short term.

Overnight Price Moves (full table over)

		08-Dec-11	
New York (Dow Jones IA)		11,998	-1.6%
London (FTSE 100)		5,484	-1.1%
AUD/USD (as at 09-Dec-11)		1.0167	-0.1%
LME Metals (08-Dec)			
	USD/t	USc/lb	% chg
Aluminium	\$2,061	93	-0.5%
Copper	\$7,686	349	-1.4%
Lead	\$2,085	95	-2.1%
Nickel	\$18,285	829	1.4%
Tin	\$20,105	912	-1.7%
Zinc	\$1,976	90	-2.2%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$139.40		0.0%
Steel Billet (LME)	\$536		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,709.32		-1.9%
Comex (USD/oz) *	\$1,707.90		-1.9%
AUD spot (AUD/oz)	\$1,679.26		-0.8%
Silver (USD/oz)	\$31.65		-2.7%
Platinum (USD/oz)	\$1,494.50		-2.1%
Palladium (USD/oz)	\$673.00		-0.7%
Oil			
	USD/bbl		% chg
NYMEX light sweet crude (USD/bbl) *	\$98.34		-2.1%
Brent (USD/bbl)	\$107.35		-1.7%
Singapore TAPIS (USD/bbl)	\$120.23		-0.7%

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

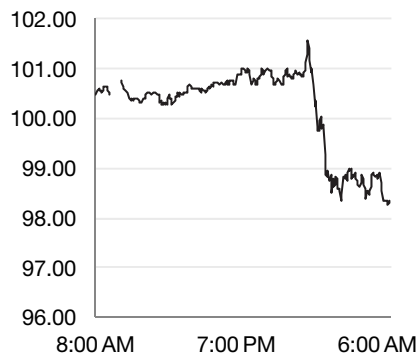
Chart of the Day: China's average daily crude steel output picks up through end-November



Source: Bloomberg, CBA

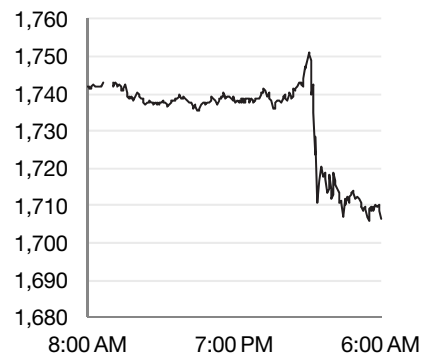


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



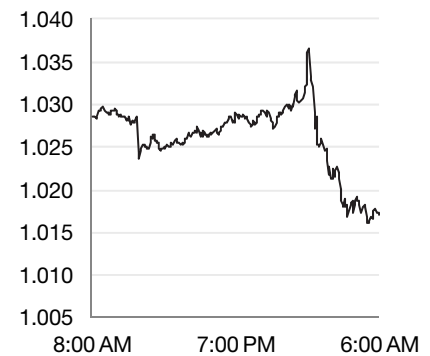
Source: Bloomberg, CBA. 5 min intervals.

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 (08-Dec)

Cash	USD/t	USc/lb	change over		
			day	week	month
Aluminium	\$2,061	93	-0.5%	-3.6%	-2.9%
Copper	\$7,686	349	-1.4%	-1.0%	3.1%
Lead	\$2,085	95	-2.1%	0.0%	8.7%
Nickel	\$18,285	829	1.4%	9.4%	0.8%
Tin	\$20,105	912	-1.7%	0.2%	-5.0%
Zinc	\$1,976	90	-2.2%	-3.6%	5.0%
Steel Billet	\$536	na	0.0%	2.8%	2.0%

Futures (3 mth)

Aluminium	\$2,065	94	-0.6%	-3.7%	-3.5%
Copper	\$7,710	350	-1.4%	-1.0%	3.1%
Lead	\$2,103	95	-2.1%	-0.1%	8.2%
Nickel	\$18,300	830	1.4%	9.3%	0.8%
Tin	\$20,150	914	-1.7%	0.2%	-5.0%
Zinc	\$1,985	90	-2.1%	-2.9%	5.0%
Steel Billet	\$550	na	0.0%	2.8%	2.8%

Stocks

	tonnes			
Aluminium	4,546,050	-2,950	-11,600	9,175
Copper	387,400	-2,050	700	-22,625
Lead	363,325	-1,075	-5,925	-15,450
Nickel	90,348	-162	-726	7,068
Tin	11,905	-20	-245	-3,080
Zinc	758,200	20,225	16,850	1,275
Steel Billet	68,900	325	455	8,190

Precious Metals

	USD/oz (unless stated otherwise)			
Gold				
Spot	\$1,709.32	-1.9%	-2.0%	-2.8%
Comex *	\$1,707.90	-1.9%	-1.6%	-2.9%
AUD spot (AUD/oz)	\$1,679.26	-0.8%	-1.8%	-3.0%
Silver	\$31.65	-2.7%	-3.3%	-7.1%
Platinum	\$1,494.50	-2.1%	-4.2%	-8.0%
Palladium	\$673.00	-0.7%	6.7%	3.9%

Natural Gas

Henry Hub (USD/MMBtu) **	\$3.441	0.6%	-5.7%	-5.7%
British NBP (GBP/therm) **	58.68	1.5%	0.0%	-8.0%

Oil

	USD/bbl	day	week	month
NYMEX light sweet crude **	\$98.34	-2.1%	-1.9%	0.6%
Brent (Dated)	\$107.35	-1.7%	-1.8%	-4.8%
Singapore TAPIS	\$120.23	-0.7%	0.6%	-1.8%
Dubai	\$108.74	-0.6%	0.7%	-0.7%

Refined products, Singapore

Gas Oil (USD/bbl) ***	\$127	-0.6%	0.7%	-2.4%
Jet Fuel (USD/bbl)	\$126	-0.6%	0.4%	-2.5%
Fuel Oil (USD/t) ****	\$691	2.1%	-0.1%	-3.2%

Currencies (as at 09-Dec-11)

AUD/USD (London close)	1.0167	-0.1%	-0.4%	0.1%
AUD/EUR	0.7618	-0.2%	0.3%	2.1%
AUD/JPY	79.118	-1.0%	-0.3%	0.3%
AUD/CNY	6.477	-1.1%	-0.4%	0.5%
AUD/KOR	1,153	-0.6%	0.2%	0.4%
EUR/USD	1.333	-0.7%	-0.8%	-2.1%

Coal*

	USD/t			
Newcastle	\$111.29	~	-0.6%	-4.8%
Richards Bay	\$102.81	~	1.1%	-5.2%
DES ARA	\$111.60	~	-0.5%	-5.3%

Iron ore & Steel

	USD/t			
Iron ore (62% Fe, cfr China)	\$139.40	0.0%	4.3%	3.4%
China domestic Rebar	\$669.51	0.0%	0.1%	1.2%
East Asia HRC (cfr) *****	\$630.00	0.0%	0.0%	0.0%
US domestic HRC (US/st) *****	\$653.75	0.0%	0.6%	2.1%

Equity & Debt Capital Markets

New York (Dow Jones IA)	11,998	-1.6%	-0.2%	0.9%
London (FTSE 100)	5,484	-1.1%	-0.1%	0.7%
Europe (EuroStoxx50)	2,288	-2.4%	-1.1%	1.5%
Toronto (Metals & Mining)	4,064	-2.1%	-3.2%	-5.0%
Philadelphia Gold & Silver Index	198.2	-3.3%	-4.6%	-3.6%
US 2 year bond yield	0.224%	-5.1%	-12.5%	-3.4%
US 10 year bond yield	1.976%	-2.7%	-5.4%	-4.0%

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 02/12 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 06/12



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