



## Oil up on US flood fears

- US and European crude oil prices rose again on Tuesday. Supporting prices were strong despite Chinese import data for April and supply concerns emanating from the flooding of the Mississippi River. The flooding threatens to disrupt refineries in Louisiana, including the second largest refinery in the US. US gasoline prices rose particularly strongly as inventories are at multi-month lows currently.
- US import prices rose by 2.2% in April, driven by a 7.2% lift in petroleum prices. Export prices rose by 1.1%. Economists had tipped a 1.8% rise in import prices and 0.9% lift in export prices. And US wholesale inventories rose by 1.1% in March with sales up 2.9%. The stocks to sales ratio fell to a near 3-year low. The US dollar lost ground against the Euro and commodity currencies on Tuesday as investors showed a liking for riskier, or growth-focussed, investments. France and Italy's industrial and manufacturing production unexpectedly slowed in March.
- Base metal prices ended mostly higher overnight, taking support from a weaker US dollar and lower aluminium and copper stockpiles.
- The gold price rallied again, as did silver, in line with the weaker tone of the US dollar and renewed concerns about the EU debt crisis and related demand for alternate assets to fiat currency.
- China's monthly economic data, including production of commodities, begins to be released today about 1pm AEST. Markets are expecting inflation, industrial production and fixed asset investment to ease but still remain at very healthy growth rates.

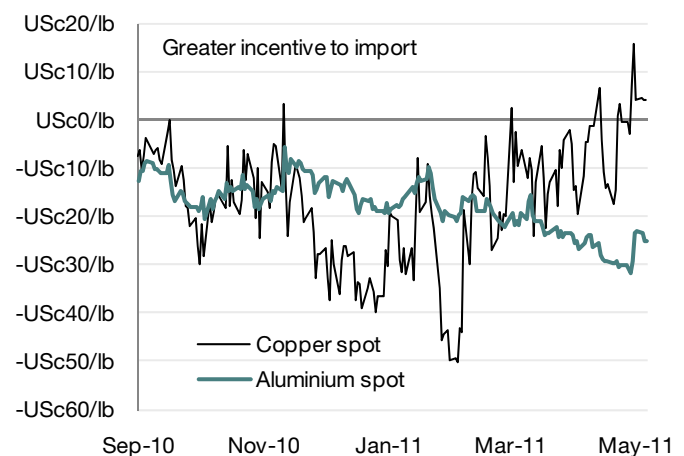
## Chart of the Day: China copper imports may bounce on lower exchange stocks and LME price

- Yesterday's April trade data for China showed a fall in total imports of copper metal to 643kt, down some 20% on April 2010 levels. High world prices combined with falls in Shanghai Futures Exchange stockpiles, and curbs on the amount of trade finance that Chinese banks can extend to copper importers, weighed on purchases.
- We think China's copper imports could rebound over coming months. The Shanghai to LME price arbitrage has not moved to be supportive of Chinese copper imports, thanks to lower LME prices in recent months. Shanghai exchange copper stocks have now fallen to levels we'd regard as tight. The risk include the large amounts of metal tied up in bonded warehouses – an exodus from these stores could delay a recovery in copper imports – as well as looming power rationing. On this latter point, if primary metal production is restricted due to power cuts, imports may increase in order for fabricators to meet orders.

Overnight Price Moves (full table over)		10-May-11	
New York (Dow Jones IA)		12,760	0.6%
London (FTSE 100)		6,019	1.3%
AUD/USD		1.0791	0.3%
<b>LME Metals (10-May)</b>			
	USD/t	USc/lb	% chg
Aluminium	\$2,654	120	1.7%
Copper	\$8,888	403	0.2%
Lead	\$2,359	107	1.0%
Nickel	\$24,848	1,127	2.0%
Tin	\$29,543	1,340	-0.7%
Zinc	\$2,156	98	0.4%
<b>Iron ore &amp; Steel</b>			
		USD/t	% chg
Iron ore (62% Fe, cfr China)		~	~
Steel Billet (LME)		\$554	0.0%
<b>Precious Metals</b>			
Gold			
Spot (USD/oz)		\$1,516.28	0.2%
Comex (USD/oz) *		\$1,516.40	0.9%
AUD spot (AUD/oz)		\$1,398.93	-0.1%
Silver (USD/oz)			
		\$38.50	1.7%
Platinum (USD/oz)			
		\$1,797.00	0.1%
Palladium (USD/oz)			
		\$730.25	0.2%
<b>Oil</b>			
NYMEX light sweet crude (USD/bbl) *			
		\$103.88	1.3%
Brent (USD/bbl)			
		\$117.22	1.3%
Singapore TAPIS (USD/bbl)			
		\$121.59	2.3%

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

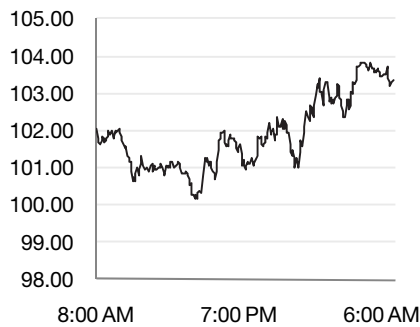
## Chart of the Day: SHFE-LME spot price arbitrage



Source: SHFE, LME, Bloomberg, CBA.

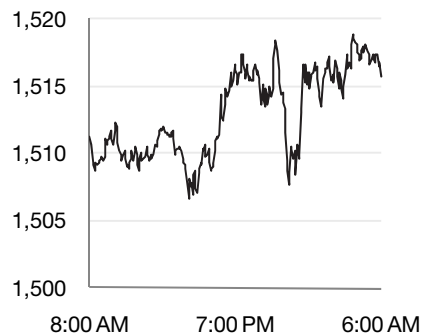


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



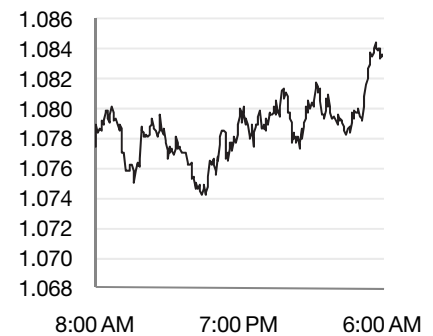
Source: Bloomberg, CBA. 5 min intervals.

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 (10-May)			change over						change over		
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bi	day	week	month	
Aluminium	\$2,654	120	1.7%	-4.7%	0.9%	NYMEX light sweet crude **	\$103.88	1.3%	-6.5%	-2.2%	
Copper	\$8,888	403	0.2%	-4.7%	-7.5%	Brent (Dated)	\$117.22	1.3%	-4.0%	-3.2%	
Lead	\$2,359	107	1.0%	-6.6%	-15.2%	Singapore TAPIS	\$121.59	2.3%	-7.3%	-7.2%	
Nickel	\$24,848	1,127	2.0%	-8.9%	-6.9%	Dubai	\$108.32	2.6%	-8.5%	-7.4%	
Tin	\$29,543	1,340	-0.7%	-8.4%	-9.1%	<b>Refined products, Singapore</b>					
Zinc	\$2,156	98	0.4%	-3.2%	-11.9%	Gas Oil (USD/bbl) ***	\$127	1.1%	-8.5%	-9.6%	
Steel Billet	\$554	na	0.0%	-1.9%	6.3%	Jet Fuel (USD/bbl)	\$128	1.8%	-8.6%	-8.8%	
<b>Futures (3 mth)</b>						Fuel Oil (USD/t) ****	\$652	1.6%	-4.6%	-5.6%	
Aluminium	\$2,652	120	1.6%	-5.2%	-0.3%	<b>Currencies</b>					
Copper	\$8,910	404	0.2%	-4.7%	-7.4%	AUD/USD (London close)	1.0791	0.3%	-1.0%	3.0%	
Lead	\$2,335	106	1.5%	-7.0%	-14.3%	AUD/EUR	0.7517	0.0%	2.4%	4.0%	
Nickel	\$24,850	1,127	1.9%	-9.0%	-6.9%	AUD/JPY	87.11	0.6%	-1.3%	-0.7%	
Tin	\$29,600	1,343	-0.7%	-8.4%	-9.1%	AUD/CNY	7.01	0.3%	-1.1%	2.3%	
Zinc	\$2,173	99	0.4%	-3.2%	-12.0%	AUD/KOR	1,167	0.4%	-0.1%	1.9%	
Steel Billet	\$550	na	0.0%	-2.7%	2.8%	EUR/USD	1.4355	0.3%	-3.3%	-0.9%	
<b>Stocks</b>			tonnes			<b>Coal*</b>			USD/t		
Aluminium	4,594,750		-2,125	-16,625	19,500	Newcastle	\$122.71	~	0.4%	-0.5%	
Copper	468,325		-275	4,525	21,625	Richards Bay	\$123.85	~	0.0%	-0.6%	
Lead	313,175		700	2,925	37,725	DES ARA	\$127.19	~	-0.3%	-1.7%	
Nickel	115,560		-312	-2,214	-5,958	<b>Iron ore &amp; Steel</b>			USD/t		
Tin	21,860		140	1,065	3,005	Iron ore (62% Fe, cfr China)	~	~	~	~	
Zinc	828,950		5,925	7,100	92,525	China domestic Rebar	\$737.85	0.0%	-0.1%	3.3%	
Steel Billet	55,965		-1,040	-2,340	-910	East Asia HRC (cfr) *****	\$725.00	0.0%	0.0%	-0.7%	
<b>Precious Metals</b>			USD/oz (unless stated otherwise)			US domestic HRC (US/st) *****			\$855.00		
Gold						<b>Equity &amp; Debt Capital Markets</b>					
Spot	\$1,516.28		0.2%	-1.3%	4.3%	New York (Dow Jones IA)	12,760	0.6%	-0.4%	4.1%	
Comex *	\$1,516.40		0.9%	-1.6%	4.4%	London (FTSE 100)	6,019	1.3%	-1.1%	0.9%	
AUD spot (AUD/oz)	\$1,398.93		-0.1%	-1.2%	0.5%	Europe (EuroStoxx50)	2,939	1.3%	-2.0%	0.2%	
Silver	\$38.50		1.7%	-7.4%	-4.0%	Toronto (Metals & Mining)	4,226	-1.1%	-1.6%	-6.3%	
Platinum	\$1,797.00		0.1%	-3.1%	1.4%	Philadelphia Gold & Silver Index	205.6	-0.4%	-2.1%	-6.0%	
Palladium	\$730.25		0.2%	-5.7%	-4.4%	US 2 year bond yield	0.587%	7.3%	-3.0%	-21.3%	
<b>Natural Gas</b>						US 10 year bond yield	3.214%	1.6%	-1.1%	-8.0%	
Henry Hub (USD/MMBtu) **	\$4.274		2.9%	-8.5%	4.3%						
British NBP (GBP/therm) **	58.36		2.6%	4.9%	-3.7%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly, 06/05 \*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly, 10/05



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