

## Prices fall on abysmal US jobs data

- US employment (non-farm payrolls) rose by just 18,000 people in June, well short of forecasts centred on a jobs gain of 90,000. Private sector jobs rose by 57,000. The unemployment rate edged up from 9.1% to 9.2%. Hourly earnings were flat and average hours eased from 34.4 to 34.3 hours.
- Chinese inflation data released on Saturday indicated that CPI inflation accelerated to 6.4% yoy in June, from 5.5% in May. An explosive 11.4% price increase in pork drove a 0.9% increase in food and a 0.3% increase in overall CPI in June. Non-food and services CPI was flat in the month.
- Base metal prices were lower on Friday in response to the weak US jobs data. Tin lost 2.7% and zinc was down 2.4%. Copper fell 0.8%, the biggest fall in two weeks. Over the week metal prices were mostly higher. Tin rose 4.6% with nickel up 3.8% and copper up 2.5%. The gold price rose on Friday. Gold rose 4.0% last week, which was the biggest weekly advance since November 2009, as a sluggish US labour market signalled that interest rates will likely remain low, boosting gold's appeal as an alternative investment.
- China's copper imports (unwrought / alloys, and scrap) ended up 7% at 700kt in June or 3% higher over the year. This is the first positive year-on-year change since January.
- Benchmark crude oil prices fell on Friday as investors were concerned that the weaker-than-expected employment gains would translate into slower demand for gasoline and other oil products. Nymex crude oil fell by 2.5% to USD96.20/bbl and London Brent crude fell by 0.5% to USD118.33/bbl. Despite Friday's falls, oil was higher over the week with Nymex up 1.3% and Brent higher by 5.9%.
- Spot iron ore prices (delivered China port) rose by 0.3%. China cut purchases of iron ore by 4% in June to 51.1Mt, from the previous month. Iron ore imports remained 8% higher over the year. India's wet season curbed shipments and Chinese mills sought supplies from domestic mines.

## Chart of the Day: China's electricity output and industrial production

- China's June industrial production, GDP, fixed asset investment and retail sales data is released Wednesday 13 July. Commodity markets will focus on power output, industrial production and fixed asset investment growth. Consensus expects industrial production growth to slow from 13.3% in May to 13.1% in June.
- We would not be surprised to see industrial production slow in June. The Chinese authorities have been slowing economic growth to tame inflation for months now. We think Chinese inflation is peaking, reducing the imperative to cool growth in the immediate term. This could support economic activity and commodity demand through 2H11.

Overnight Price Moves (full table over)	08-Jul-11	
New York (Dow Jones IA)	12,657	-0.5%
London (FTSE 100)	5,991	-1.1%
AUD/USD	1.0755	-0.1%

LME Metals (08-Jul)	USD/t	USc/lb	% chg
Aluminium	\$2,505	114	-2.2%
Copper	\$9,644	437	-0.8%
Lead	\$2,710	123	-0.1%
Nickel	\$23,856	1,082	-0.1%
Tin	\$26,742	1,213	-2.7%
Zinc	\$2,330	106	-2.4%

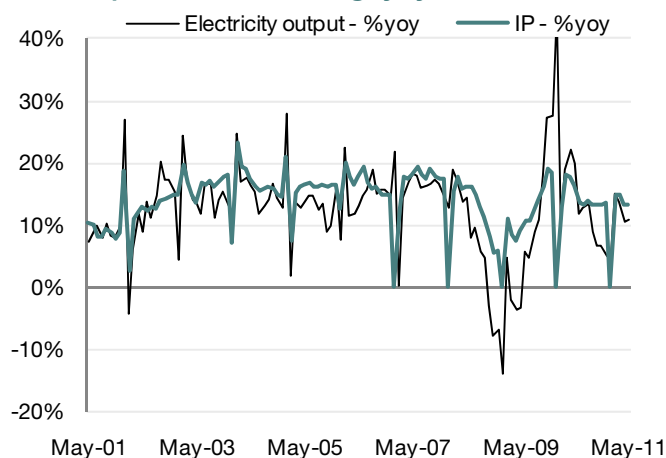
Iron ore & Steel	USD/t	% chg
Iron ore (62% Fe, cfr China)	\$171.20	0.3%
Steel Billet (LME)	\$595	-1.7%

Precious Metals			% chg
Gold			
Spot (USD/oz)	\$1,544.15		0.8%
Comex (USD/oz) *	\$1,541.60		0.7%
AUD spot (AUD/oz)	\$1,435.80		1.0%
Silver (USD/oz)	\$36.71		0.7%
Platinum (USD/oz)	\$1,737.25		-0.2%
Palladium (USD/oz)	\$778.13		-1.1%

Oil		% chg
NYMEX light sweet crude (USD/bbl) *	\$96.20	-2.5%
Brent (USD/bbl)	\$117.78	-0.5%
Singapore TAPIS (USD/bbl)	\$125.25	2.1%

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

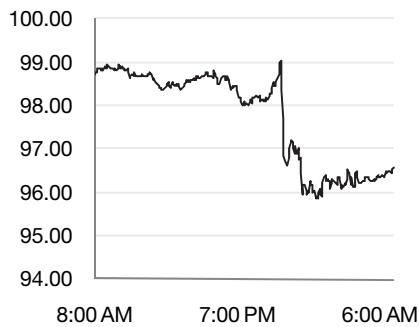
## Chart of the Day: China electricity output and industrial production - %chg, yoy



Source: China NBS, CEI, CBA



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



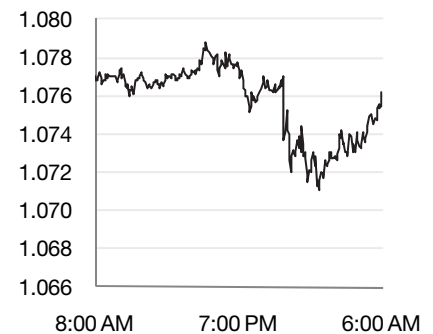
Source: Bloomberg, CBA. 5 min intervals.

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-Jul)			change over						change over		
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bi	day	week	month	
Aluminium	\$2,505	114	-2.2%	1.3%	-3.5%	NYMEX light sweet crude **	\$96.20	-2.5%	1.3%	-3.1%	
Copper	\$9,644	437	-0.8%	2.3%	8.1%	Brent (Dated)	\$117.78	-0.5%	5.7%	-0.4%	
Lead	\$2,710	123	-0.1%	1.8%	6.6%	Singapore TAPIS	\$125.25	2.1%	4.0%	-2.8%	
Nickel	\$23,856	1,082	-0.1%	3.9%	4.5%	Dubai	\$110.85	2.2%	4.6%	-1.1%	
Tin	\$26,742	1,213	-2.7%	4.6%	5.7%	<b>Refined products, Singapore</b>					
Zinc	\$2,330	106	-2.4%	-0.5%	4.2%	Gas Oil (USD/bbl) ***	\$130	2.9%	4.6%	-1.6%	
Steel Billet	\$595	na	-1.7%	1.7%	5.6%	Jet Fuel (USD/bbl)	\$130	2.6%	4.5%	-2.2%	
<b>Futures (3 mth)</b>						Fuel Oil (USD/t) ****	\$673	1.8%	2.7%	-1.8%	
Aluminium	\$2,535	115	-2.2%	1.3%	-3.2%	<b>Currencies</b>					
Copper	\$9,661	438	-0.8%	2.3%	8.1%	AUD/USD (London close)	1.0755	-0.1%	-0.1%	2.1%	
Lead	\$2,719	123	-0.1%	1.7%	6.8%	AUD/EUR	0.7540	0.5%	1.7%	2.7%	
Nickel	\$23,890	1,084	0.0%	3.9%	4.6%	AUD/JPY	86.70	-0.8%	-0.4%	2.4%	
Tin	\$26,800	1,216	-2.7%	4.5%	5.7%	AUD/CNY	6.95	-0.1%	-0.2%	1.8%	
Zinc	\$2,356	107	-2.3%	-0.4%	4.5%	AUD/KOR	1,135	-0.9%	-1.0%	-0.8%	
Steel Billet	\$580	na	0.0%	2.5%	4.6%	EUR/USD	1.4265	-0.6%	-1.8%	-0.6%	
<b>Stocks</b>			tonnes			<b>Coal*</b>			USD/t		
Aluminium	4,440,225		-8,950	-47,375	-205,700	Newcastle	\$122.45	~	1.3%	2.6%	
Copper	461,850		-100	-1,600	-16,075	Richards Bay	\$117.11	~	0.0%	-2.8%	
Lead	308,300		-1,125	-10,300	-13,900	DES ARA	\$124.19	~	1.7%	0.0%	
Nickel	104,370		-312	-2,466	-8,556	<b>Iron ore &amp; Steel</b>			USD/t		
Tin	21,890		-160	-495	-185	Iron ore (62% Fe, cfr China)	\$171.20	0.3%	2.1%	-1.1%	
Zinc	879,725		8,675	18,975	13,900	China domestic Rebar	\$722.37	0.0%	0.6%	-3.3%	
Steel Billet	38,610		0	0	-975	East Asia HRC (cfr) *****	\$715.00	0.0%	0.0%	-1.4%	
<b>Precious Metals</b>						US domestic HRC (US/st) *****	\$740.00	0.0%	-2.0%	-4.2%	
Gold	USD/oz (unless stated otherwise)					<b>Equity &amp; Debt Capital Markets</b>					
Spot	\$1,544.15		0.8%	3.8%	0.8%	New York (Dow Jones IA)	12,657	-0.5%	0.6%	5.9%	
Comex *	\$1,541.60		0.7%	4.0%	0.9%	London (FTSE 100)	5,991	-1.1%	0.0%	3.9%	
AUD spot (AUD/oz)	\$1,435.80		1.0%	4.0%	-1.2%	Europe (EuroStoxx50)	2,790	-1.9%	-3.0%	2.1%	
Silver	\$36.71		0.7%	8.3%	1.5%	Toronto (Metals & Mining)	4,257	-0.3%	~	6.0%	
Platinum	\$1,737.25		-0.2%	1.0%	-5.1%	Philadelphia Gold & Silver Index	207.8	-0.2%	4.2%	7.3%	
Palladium	\$778.13		-1.1%	2.5%	-4.3%	US 2 year bond yield	0.393%	-16.4%	-17.3%	-1.8%	
<b>Natural Gas</b>						US 10 year bond yield	3.028%	-3.5%	-4.9%	2.0%	
Henry Hub (USD/MMBtu) **	\$4.205		1.7%	-2.5%	-11.6%						
British NBP (GBP/therm) **	56.13		-1.2%	0.3%	-3.6%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. \* Near Month (not adjusted for contract changes). \*\* Weekly, 08/07

\*\*\* Gas Oil is 0.5% sulphur. \*\*\*\* Fuel Oil is 180 centistoke. \*\*\*\*\* Weekly, 05/07



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