

China's October trade data resilient

- China's preliminary October trade data was released yesterday. Exports came in weaker and imports stronger than expected, reinforcing the relative strength of domestic demand. At the commodity level, import demand was solid once the week-long National Holiday in early October was taken into account. For instance, iron ore imports fell 18% m/m in original terms, but rose (on our estimates) 5% m/m in seasonally adjusted terms; copper metal and scrap imports fell 5% m/m (orig) but rose 13% m/m (sa). We expect China's commodity demand to remain robust on strong domestic demand (led by social housing and poor province development), re-stocking and, targeted and measured credit easing over coming months and into 2012.
- US jobless claims fell by 10,000 to a seasonally adjusted 390,000 in the past week - marking the lowest reading in almost 8 months. The US trade deficit unexpectedly narrowed by 4% to \$43.1 billion in September. A 1.4% surge in exports to a record \$180.36 billion drove the result. Imports rose by just 0.3%. The Bank of England left interest rates unchanged at 0.5% at its November meeting. French and Italian industrial production numbers both fell back in September following decent gains in August. The Italian production number in particular dropped by 4.8% m/m pushing the y/y rate of production growth into negative territory at -2.7% y/y. The European Commission cut their Eurozone GDP growth forecast to 1.5% in 2011 and 0.5% in 2012, down from 1.6% and 1.8% six months ago.
- Base metals ended mixed, with gains for aluminium and nickel offset by losses for the other metals. Copper dropped 2% on the weaker Eurozone growth outlook. Gold slipped on heightened demand for US dollars.
- The stronger US jobless claims data spurred US WTI crude prices higher, moreso than UK Brent.
- Spot iron ore prices firmed another 0.3%.

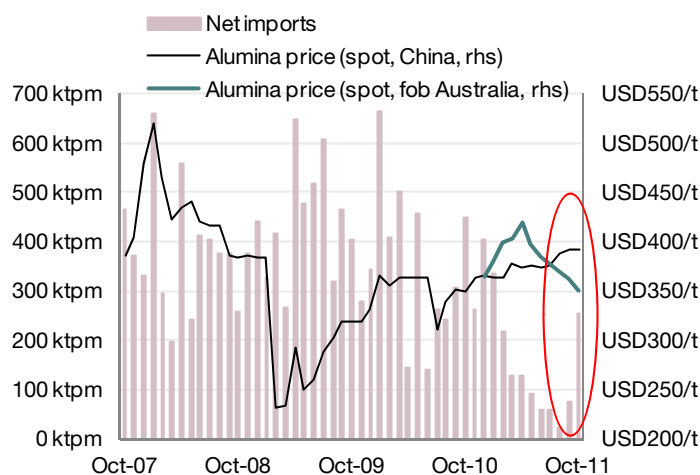
Chart of the Day: China's alumina import gaps higher in October on price arbitrage

- We have highlighted for some time how a large arbitrage was opening up between domestic alumina prices in China and seaborne spot alumina prices (in this case, spot prices fob Australia). Given that the recent dramatic fall in China's alumina imports signals adequate internal alumina refinery capacity now, we had nominated that China's alumina trade would likely become more heavily influenced by domestic to international price arbitrage.
- This seems to have been the case. Preliminary October trade data, released yesterday, showed a large jump in China's alumina imports from 80kt in September to 260kt in October (refer to chart). We would not be surprised to see China's alumina imports rise further still in coming months - the price arbitrage between more costly domestic supply and international prices remains wide.

Overnight Price Moves (full table over)		10-Nov-11	
New York (Dow Jones IA)		11,874	0.8%
London (FTSE 100)		5,445	-0.3%
AUD/USD (as at 11-Nov-11)		1.0143	-0.1%
LME Metals (10-Nov)			
	USD/t	USc/lb	% chg
Aluminium	\$2,112	96	0.3%
Copper	\$7,456	338	-2.0%
Lead	\$1,922	87	-1.6%
Nickel	\$18,150	823	0.7%
Tin	\$21,285	965	-3.1%
Zinc	\$1,883	85	-2.2%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$134.80		0.3%
Steel Billet (LME)	\$524		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,761.70		-0.5%
Comex (USD/oz) *	\$1,759.80		-1.8%
AUD spot (AUD/oz)	\$1,734.47		-0.1%
Silver (USD/oz)	\$34.01		-0.2%
Platinum (USD/oz)	\$1,621.25		-0.4%
Palladium (USD/oz)	\$648.25		0.0%
Oil			
NYMEX light sweet crude (USD/bbl) *	\$97.90		2.3%
Brent (USD/bbl)	\$113.09		0.8%
Singapore TAPIS (USD/bbl)	\$122.45		-1.5%

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

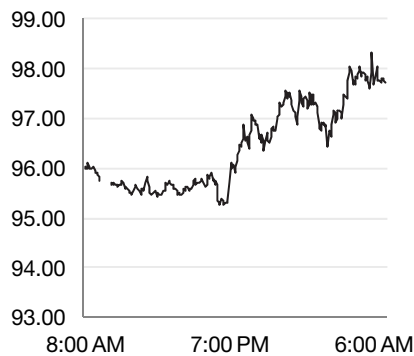
Chart of the Day: China's alumina import gaps higher in October on price arbitrage



Source: China Customs, Metal Bulletin, Bloomberg, CBA

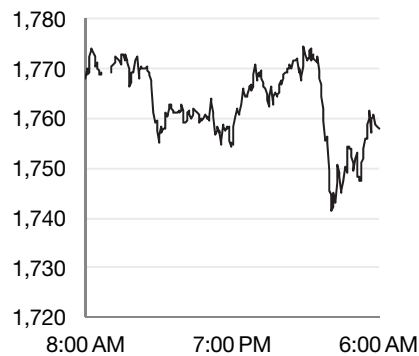


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



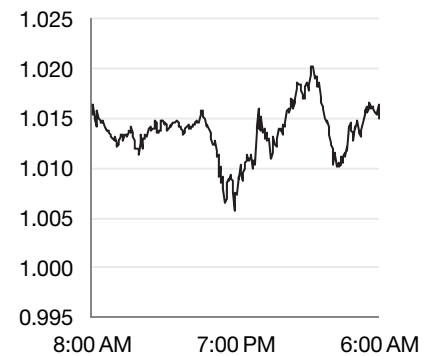
Source: Bloomberg, CBA. 5 min intervals.

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-Nov)

Cash	USD/t	USc/lb	change over		
			day	week	month
Aluminium	\$2,112	96	0.3%	-0.6%	-3.0%
Copper	\$7,456	338	-2.0%	-5.6%	2.2%
Lead	\$1,922	87	-1.6%	-4.6%	-4.9%
Nickel	\$18,150	823	0.7%	-1.4%	-1.4%
Tin	\$21,285	965	-3.1%	-3.1%	-3.1%
Zinc	\$1,883	85	-2.2%	-4.0%	-1.1%
Steel Billet	\$524	na	0.0%	0.8%	-7.1%

Futures (3 mth)

Aluminium	\$2,150	98	1.2%	0.2%	-2.6%
Copper	\$7,470	339	-2.0%	-5.5%	2.2%
Lead	\$1,943	88	-1.8%	-4.5%	-4.6%
Nickel	\$18,178	825	0.7%	-1.3%	-1.5%
Tin	\$21,475	974	-2.4%	-2.4%	-2.4%
Zinc	\$1,891	86	-2.2%	-4.0%	-1.7%
Steel Billet	\$534	na	0.0%	1.7%	-0.9%

Stocks

	tonnes				
Aluminium	4,536,875	-4,050	-7,975	-14,800	
Copper	410,025	-2,125	-12,100	-43,075	
Lead	378,775	-1,275	-6,525	-9,550	
Nickel	83,280	120	-2,706	-7,740	
Tin	14,985	-25	-705	-4,050	
Zinc	756,925	-1,375	-12,425	-41,950	
Steel Billet	60,710	-1,560	-2,015	-5,525	

Precious Metals

Gold	USD/oz (unless stated otherwise)			
Spot	\$1,761.70	-0.5%	-0.1%	5.6%
Comex *	\$1,759.80	-1.8%	-0.3%	5.5%
AUD spot (AUD/oz)	\$1,734.47	-0.1%	2.3%	5.5%
Silver	\$34.01	-0.2%	-1.5%	6.7%
Platinum	\$1,621.25	-0.4%	-1.4%	5.9%
Palladium	\$648.25	0.0%	-1.4%	8.9%

Natural Gas

Henry Hub (USD/MMBtu) **	\$3.649	-0.1%	-3.4%	3.3%
British NBP (GBP/therm) **	63.75	-0.8%	-2.5%	-0.5%

Oil

	USD/bbl	day	week	month
NYMEX light sweet crude **	\$97.90	2.3%	4.1%	16.2%
Brent (Dated)	\$113.09	0.8%	1.9%	0.8%
Singapore TAPIS	\$122.45	-1.5%	1.3%	1.3%
Dubai	\$109.54	-1.2%	3.7%	5.7%

Refined products, Singapore

Gas Oil (USD/bbl) ***	\$130	-0.9%	3.8%	7.8%
Jet Fuel (USD/bbl)	\$129	-1.6%	3.7%	5.8%
Fuel Oil (USD/t) ****	\$714	-1.2%	4.1%	7.7%

Currencies (as at 11-Nov-11)

		day	week	month
AUD/USD (London close)	1.0143	-0.1%	-2.5%	-0.1%
AUD/EUR	0.7461	0.0%	-0.8%	1.1%
AUD/JPY	78.850	-0.5%	-2.8%	1.1%
AUD/CNY	6.447	-0.3%	-0.9%	-0.5%
AUD/KOR	1,149	0.7%	-1.1%	-2.2%
EUR/USD	1.361	0.1%	-1.6%	-1.0%

Coal*

	USD/t			
Newcastle	\$116.94	~	-0.8%	-3.5%
Richards Bay	\$108.44	~	-0.2%	-3.5%
DES ARA	\$117.83	~	-0.6%	-3.0%

Iron ore & Steel

	USD/t			
Iron ore (62% Fe, cfr China)	\$134.80	0.3%	9.9%	-15.9%
China domestic Rebar	\$661.70	-0.1%	0.0%	-5.3%
East Asia HRC (cfr) *****	\$630.00	0.0%	-2.3%	-10.6%
US domestic HRC (US/st) *****	\$640.00	0.0%	0.0%	-3.8%

Equity & Debt Capital Markets

New York (Dow Jones IA)	11,874	0.8%	-1.4%	3.5%
London (FTSE 100)	5,445	-0.3%	-1.8%	0.8%
Europe (EuroStoxx50)	2,255	0.2%	-4.0%	-3.3%
Toronto (Metals & Mining)	4,160	-1.3%	-3.3%	5.6%
Philadelphia Gold & Silver Index	205.6	-0.4%	-2.0%	7.4%
US 2 year bond yield	0.232%	1.8%	-3.3%	-16.8%
US 10 year bond yield	2.050%	4.5%	-1.2%	-6.1%

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 04/11 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 08/11



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