



Piecemeal solutions disappoint

- Markets started the week in a downbeat mood overnight as ratings agencies again expressed their disappointment at the progress being made by European policy makers. Moody's said it was reviewing ratings for European sovereigns given the absence of many concrete new measures at last week's summit. Fitch also weighed into the debate stating that the latest crisis meeting made it clear that politicians were responding to the Euro-zone debt crisis through incremental improvements, with no "comprehensive solution". In the view of Fitch "the gradualist approach imposes additional economic and financial costs". Given that the Euro-zone is already in a shallow recession, it appears hard to contest this assessment.
- European shares slumped overnight with banking and insurance stocks leading the declines. The STOXX Europe 600 Banking Index fell 3.9%, taking its falls to 34% for 2011. Italian 5-year bond yields surged above 7%, while Spanish 10-year bonds topped 6%. The UK FTSE was down 1.8% and the German Dax lost 3.4%. US sharemarkets also corrected sharply overnight with the Dow Jones losing 1.8% and the S&P500 down by 1.9%.
- Commodity markets fell sharply overnight with the S&P GSCI Index closing at two week-lows, led by a slump in base metal prices. Copper, the bellwether of global economic sentiment, slumped 2.7% to finish at USD3.46/lb on the LME. Copper prices are down 22% in 2011 reflecting the escalation in European sovereign debt woes and easing demand from China.
- Aluminium inventories in warehouses monitored by the LME climbed 2.8% to a record as more metal moved into the Dutch port of Vlissingen. Stockpiles advanced 127,000 metric tonnes to close at more than 4.7m tonnes. All 23 warehouse locations in Vlissingen belong to Glencore International and it's the second biggest location for LME aluminium after Detroit. Reports suggest that some metal previously tied up in financing transactions is being offered for sale into the market partly as funding for finance is drying up. European premiums have fallen to USD100/t from approximately USD140/t in June. Aluminium prices closed down 2.6% to settle at USD2,011/t.
- Gold futures fell to the lowest level in almost seven weeks as the US dollar's rally has continued to erode demand for gold as an alternative investment. Gold futures declined 2.8% to settle at USD1,668/oz as the US dollar climbed 1.3% against a basket of six major currencies. The ongoing crisis in Europe should keep the US dollar strong against the Euro which may prove a headwind for gold prices. Nevertheless, gold prices are up 17% in 2011, marking the 11th straight annual gain.

Overnight Price Moves (full table over)		12-Dec-11	
New York (Dow Jones IA)		12,009	-1.4%
London (FTSE 100)		5,428	-1.8%
AUD/USD		1.0074	-1.4%
LME Metals (12-Dec)			
	USD/t	USc/lb	% chg
Aluminium	\$2,011	91	-2.6%
Copper	\$7,582	344	-2.7%
Lead	\$2,088	95	-2.8%
Nickel	\$18,435	836	-0.8%
Tin	\$19,796	898	-2.0%
Zinc	\$1,927	87	-3.4%
Iron ore & Steel			
		USD/t	% chg
Iron ore (62% Fe, cfr China)		\$138.30	-0.9%
Steel Billet (LME)		\$538	0.0%
Precious Metals			
Gold			
Spot (USD/oz)		\$1,665.02	-2.7%
Comex (USD/oz) *		\$1,664.20	-2.8%
AUD spot (AUD/oz)		\$1,652.70	-1.3%
Silver (USD/oz)		\$31.24	-3.1%
Platinum (USD/oz)		\$1,486.50	-1.9%
Palladium (USD/oz)		\$661.38	-3.5%
Oil			
NYMEX light sweet crude (USD/bbl) *		\$97.82	-1.6%
Brent (USD/bbl)		\$107.03	-1.6%
Singapore TAPIS (USD/bbl)		\$116.98	-0.1%

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



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

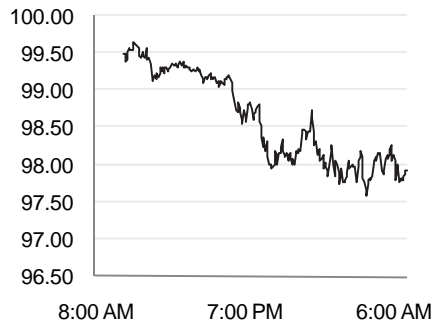


Figure 2: Gold (spot, US/oz) intraday price

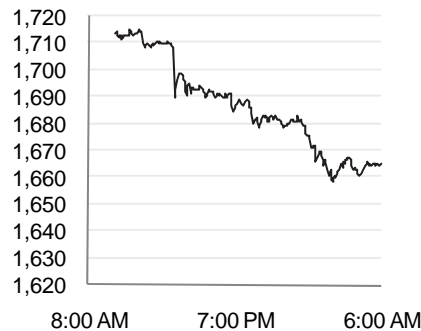
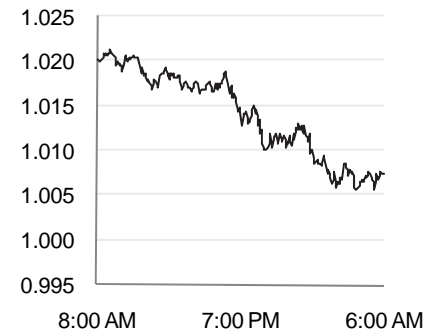


Figure 3: Australian dollar (USD/AUD) intraday price



Source: Bloomberg, CBA. 5 min intervals.

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Overnight Market Price Snapshot

LME Metals (12-Dec)			change over						change over		
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bl	day	week	month	
Aluminium	\$2,011	91	-2.6%	-5.5%	-6.3%	NYMEX light sweet crude **	\$97.82	-1.6%	-3.1%	-0.3%	
Copper	\$7,582	344	-2.7%	-4.2%	-2.0%	Brent (Dated)	\$107.03	-1.6%	-2.3%	-4.6%	
Lead	\$2,088	95	-2.8%	-0.6%	3.0%	Singapore TAPIS	\$116.98	-0.1%	-3.3%	-5.4%	
Nickel	\$18,435	836	-0.8%	-0.3%	3.6%	Dubai	\$106.66	0.3%	-2.3%	-4.3%	
Tin	\$19,796	898	-2.0%	-0.8%	-7.7%	Refined products, Singapore					
Zinc	\$1,927	87	-3.4%	-5.4%	-0.5%	Gas Oil (USD/bbl) ***	\$124	-0.8%	-2.6%	-5.9%	
Steel Billet	\$538	na	0.0%	0.5%	2.4%	Jet Fuel (USD/bbl)	\$122	-0.9%	-3.5%	-5.7%	
Futures (3 mth)						Fuel Oil (USD/t) ****	\$659	0.5%	-4.6%	-7.3%	
Aluminium	\$2,015	91	-2.4%	-5.4%	-6.9%	Currencies					
Copper	\$7,606	345	-2.7%	-4.2%	-2.0%	AUD/USD (London close)	1.0074	-1.4%	-1.9%	-1.3%	
Lead	\$2,106	96	-2.7%	-0.7%	2.5%	AUD/EUR	0.7640	0.1%	-0.3%	2.1%	
Nickel	\$18,450	837	-0.8%	-0.3%	3.7%	AUD/JPY	78.48	-1.0%	-1.8%	-0.2%	
Tin	\$19,850	900	-2.0%	-0.7%	-7.6%	AUD/CNY	6.41	-1.5%	-1.9%	-1.2%	
Zinc	\$1,933	88	-3.5%	-5.2%	-0.5%	AUD/KOR	1,165	-0.5%	0.3%	1.4%	
Steel Billet	\$548	na	0.0%	-0.5%	2.3%	EUR/USD	1.3186	-1.5%	-1.6%	-3.3%	
Stocks						Coal*					
Aluminium	tonnes					Newcastle	USD/t				
Copper	4,715,700	126,650	165,625	185,150		Richards Bay	~	~	~	~	
Lead	385,575	-500	-3,925	-19,825		DES ARA	~	~	~	~	
Nickel	360,300	-1,400	-6,075	-14,600		Iron ore & Steel					
Tin	90,324	282	-132	6,432		Iron ore (62% Fe, cfr China)	USD/t				
Zinc	12,090	-75	-75	-2,485		China domestic Rebar	\$138.30	-0.9%	-1.1%	0.0%	
Steel Billet	759,900	2,550	21,825	6,000		East Asia HRC (cfr) *****	\$669.72	0.1%	0.0%	1.1%	
Precious Metals						US domestic HRC (US/st) *****	\$630.00	0.0%	0.0%	0.0%	
Gold	USD/oz (unless stated otherwise)					US domestic HRC (US/st) *****	\$653.75	0.0%	0.6%	2.1%	
Spot	\$1,665.02	-2.7%	-3.4%	-6.5%		Equity & Debt Capital Markets					
Comex *	\$1,664.20	-2.8%	-3.8%	-6.4%		New York (Dow Jones IA)	12,009	-1.4%	-0.7%	-0.6%	
AUD spot (AUD/oz)	\$1,652.70	-1.3%	-1.5%	-5.3%		London (FTSE 100)	5,428	-1.8%	-2.5%	-1.7%	
Silver	\$31.24	-3.1%	-2.8%	-8.8%		Europe (EuroStoxx50)	2,269	-3.1%	-4.2%	-0.8%	
Platinum	\$1,486.50	-1.9%	-2.2%	-9.5%		Toronto (Metals & Mining)	3,965	-3.0%	-2.9%	-6.3%	
Palladium	\$661.38	-3.5%	4.5%	-0.4%		Philadelphia Gold & Silver Index	193.5	-3.6%	-4.0%	-7.5%	
Natural Gas						US 2 year bond yield	0.224%	-0.4%	-13.8%	-3.4%	
Henry Hub (USD/MMBtu) **	\$3.252	-2.0%	-6.0%	-6.0%		US 10 year bond yield	2.023%	-1.9%	-1.0%	-1.7%	
British NBP (GBP/therm) **	58.68	-2.3%	1.5%	-5.9%							

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly,09/12 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly,06/12



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