



US jobless claims disappoint

- US jobless claims rose unexpectedly by 35,000 to 445,000 in the past week. The four week moving average of claims - a better indication of underlying trends - rose by a more modest 5,500 to 416,500 in the past week. US producer prices rose by a larger than expected 1.1% in December after the 0.8% lift in November. Core producer prices rose by a more sedate 0.2%. UK manufacturing production rose slightly faster than forecast in November to be 5.6% higher over the year, against 5.3% expected by economists. The US dollar slid against the Euro after well supported European debt auctions, and speculation that the ECB could raise interest rates.
- Base metals finished 0.6%-0.9% lower overnight, as a weaker than expected US jobless claims report, plus ongoing concerns about slowing Chinese demand weighed on sentiment. LME aluminium stocks rose again. Rio Tinto declared force majeure on shipments from its Boyne smelter in flood-affected Queensland.
- European aluminium premia have risen steadily to USD 122.50/t, or USc 5.6/lb in recent weeks. Physical availability remains tight as large swathes of metal are held under financial warehousing deals.
- BHP Billiton and Xstrata both admitted that rains in South Africa were disrupting coal trains and impacting Richards Bay thermal coal shipments, compounding tight Australian supply following the devastating Queensland floods.
- US crude oil prices fell on Thursday in response to the disappointing jobs data and a possibility that OPEC may look at raising output, despite a weaker US dollar supporting the bid.

Chart of the Day: OECD leading indicators show China moderation, US/EU acceleration

- Leading economic indicators are a useful guide to likely industrial production growth one to three quarters from now. The most recent OECD leading indicators for the US, Eurozone and China show future growth shifting away from China and towards the US and Europe over 1H 2011.
- Should China slow its growth rate (and likely commodity demand growth as well), the US and EU will become more important in determining overall commodity demand. We would not be surprised to see strong US GDP and IP growth in 2011 as a post recession rebound fuelled by quantitative easing and additional fiscal stimulus takes hold. The growth outlook in the EU is more sanguine, thanks to sovereign debt concerns and austerity measures in a number of countries. Still, if Germany maintains its recent strong export-led GDP growth, Europe should manage to record modest nominal growth over 2011.

OVERNIGHT MARKET SNAPSHOT

13-Jan-11

Dow Jones Industrial average	11,714	-0.3%
AUD/USD	0.9997	0.6%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,465	112 -0.9%
Copper	\$9,622	436 -0.8%
Lead	\$2,659	121 -0.9%
Nickel	\$25,527	1,158 -0.9%
Tin	\$26,889	1,220 -0.7%
Zinc	\$2,452	111 -0.6%

Precious Metals

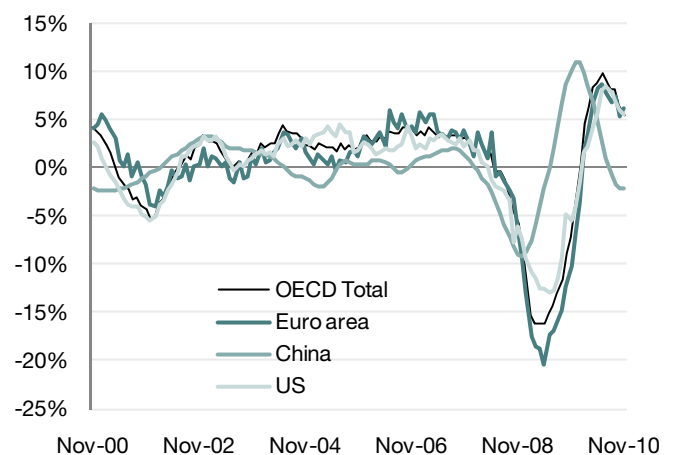
Gold		
Spot (USD/oz)	\$1,378.07	-0.7%
Comex (USD/oz)**	\$1,376.50	-0.7%
AUD spot (AUD/oz)	\$1,381.34	-0.8%
Silver (USD/oz)	\$28.81	-2.9%
Platinum (USD/oz)	\$1,811.50	0.6%
Palladium (USD/oz)	\$809.75	-0.1%

Oil

NYMEX light sweet crude (USD/bbl)**	\$91.34	-0.6%
Brent (USD/bbl)	\$96.87	-0.5%
Dubai (USD/bbl)	\$93.99	-0.4%

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

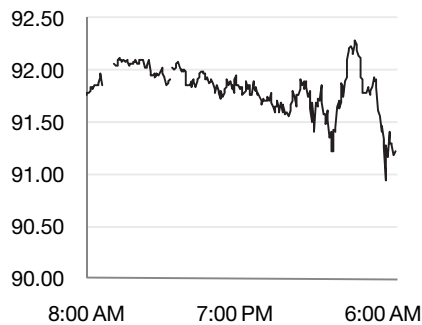
Chart of the Day: Leading indicators underscore importance of US, EU growth outlook



Source: OECD, Bloomberg, CBA.

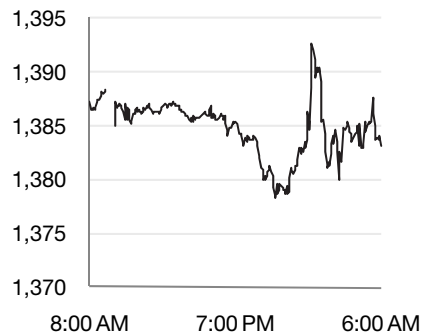


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



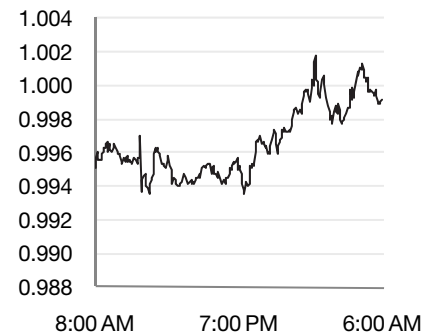
Source: Bloomberg, CBA. 5 min intervals.

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.

PROVISIONAL PRICES AS AT : 13-Jan-11

LME base metals			change over						change over		
Cash	USD/t	USc/lb	1 day	1 wk	1 mth	Oil	USD/bl	1 day	1 wk	1 mth	
Aluminium	\$2,465	112	-0.9%	-1.6%	7.0%	NYMEX light sweet crude**	\$91.34	-0.6%	3.3%	4.2%	
Copper	\$9,622	436	-0.8%	1.4%	6.6%	Brent (Dated)	\$96.87	-0.5%	3.1%	6.0%	
Lead	\$2,659	121	-0.9%	-0.9%	12.4%	Dubai	\$93.99	-0.4%	2.6%	4.6%	
Nickel	\$25,527	1,158	-0.9%	4.1%	3.6%	Refined products, Singapore					
Tin	\$26,889	1,220	-0.7%	2.4%	2.7%	Gas Oil (USD/bbl)	\$109	0.0%	2.6%	6.6%	
Zinc	\$2,452	111	-0.6%	0.2%	11.0%	Jet Fuel (USD/bbl)	\$111	0.2%	3.1%	7.1%	
LME futures (3 mth)						Fuel Oil (USD/t)	\$537	0.3%	1.3%	4.3%	
	USD/t	USc/lb				<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>					
Aluminium	\$2,484	113	-0.8%	-1.4%	7.2%	Currencies					
Copper	\$9,615	436	-0.8%	1.5%	6.9%	AUD/USD (London close)	0.9997	0.6%	0.3%	1.1%	
Lead	\$2,645	120	-0.6%	-0.4%	11.8%	AUD/EUR	0.7485	-1.5%	-2.2%	0.2%	
Nickel	\$25,550	1,159	-1.0%	4.0%	3.4%	AUD/JPY	82.68	0.0%	-0.2%	-0.6%	
Tin	\$26,850	1,218	-0.7%	2.4%	2.7%	AUD/KOR	1,111	0.6%	-0.8%	-2.9%	
Zinc	\$2,456	111	-0.9%	0.0%	10.6%	EUR/USD	1.3355	2.1%	2.5%	0.9%	
LME stocks						USD/JPY	82.71	-0.6%	-0.5%	-1.7%	
	tonnes				Coal*						
Aluminium	4,434,950	26,600	160,075	145,650	USD/t						
Copper	377,350	-825	-2,050	16,550	Newcastle	\$129.90	~	1.1%	~		
Lead	211,425	-550	1,575	3,650	Richards Bay	\$125.16	~	-1.3%	~		
Nickel	136,662	1,566	-378	5,244	DES ARA	\$129.50	~	-1.2%	~		
Tin	17,170	55	615	1,280	Iron ore & Steel						
Zinc	709,825	-200	8,700	10,650	USD/t						
Precious Metals						Iron ore (62% Fe, cfr China)	\$176.50	0.6%	3.0%	4.6%	
	USD/oz (unless stated otherwise)				China domestic Rebar	\$697.08	0.4%	1.3%	0.6%		
Gold					East Asia HRC (cfr) ***	\$660.00	0.0%	2.7%	9.1%		
Spot	\$1,378.07	-0.7%	0.5%	0.6%	US domestic HRC (US/st)***	\$752.50	0.0%	4.5%	14.2%		
Comex**	\$1,376.50	-0.7%	0.3%	0.4%	Freight						
AUD spot (AUD/oz)	\$1,381.34	-0.8%	0.1%	-0.2%	Index						
Silver	\$28.81	-2.9%	-0.9%	-0.2%	Baltic Dry Index	~	~	~	~		
Platinum	\$1,811.50	0.6%	4.6%	6.7%	Baltic Capesize Index	~	~	~	~		
Palladium	\$809.75	-0.1%	6.2%	9.8%	Baltic Panamax Index	~	~	~	~		
Natural Gas						<i>*Weekly, 07/01 ***Weekly, 11/01</i>					
Henry Hub (USD/MMBtu)**	\$4.389	-3.1%	-1.0%	8.4%	<i>**Near Month (not adjusted for contract changes)</i>						
British NBP (GBP/therm)**	55.99	-1.2%	-2.8%	-4.2%							

Source: Bloomberg, globalCOAL, CBA. Data is indicative snapshot, prices subject to change.



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