



China steel output may reach 700Mt

- China's National Development and Reform Commission stated that steel production in 2011 may reach 700Mt (626Mt in 2010), based on daily production rates so far this year, according to a statement on its website. The figure is substantially higher than the previous estimate of 660Mt, and compares against our own forecast for 661Mt, and Chinese channel checks indicating 640-650Mt for 2011 output. If steel output ends up at 700Mt, iron ore markets will be tighter and prices higher than previously expected.
- US producer prices rose by a less than expected 0.7% in March. Higher energy prices accounted for almost 90% of the increase in wholesale prices. In the 12 months to March, producer prices rose by 5.8% - the biggest gain in a year. US initial jobless claims rose by 27,000 to 412,000 last week - above expectations for a fall to 380,000.
- Base metals ended mostly lower, as concerns about lower Chinese demand from further credit tightening outweighed support from a weaker US dollar. Zinc held up relatively well given a large jump in LME stockpiles. And gold finished higher on poorer US data and a weaker US dollar.
- NYMEX crude oil ended up and Brent flat as reports emerged that Saudi Arabia reduced output by 300,000bpd in April due to lower Japanese demand.
- Iron ore spot prices rose by 0.8% to USD183.30/t. Chinese buyers continue to be hesitant. Any impact of the overturn of the iron ore export ban in Karnataka State is not expected to be felt until late April or early May, although we caution that Indian supply is more likely to gradually return to the market, rather than a sudden step jump in export supply.

Chart of the Day: Chinese money supply and bank loan growth picks up in March

- Much is currently being made of tighter credit conditions in China as the authorities try to cool inflation by tightening access to, and the cost of, liquidity. Latest money supply and new bank loan data for March surprised on the upside. New bank loans of RMB 679b in March were above forecasts of RMB 600b, while M2 money supply rose by 16.6% in March, against forecasts for a 15.4% increase.
- Our China trip highlighted that credit is tight in some parts of the economy, in particular for small State Owned Enterprises and the private sector. But the GDP growth targets of 8% (official) and 9% (expected) still require a significant contribution from fixed asset investment, particularly in social housing and development of central and western provinces. This needs new lending to finance construction. Higher loans and money supply in March is consistent with accelerating growth and GDP targets.

Overnight Price Moves (full table over)	14-Apr-11	
New York (Dow Jones IA)	12,285	0.1%
London (FTSE 100)	5,964	-0.8%
AUD/USD	1.0543	0.5%

LME Metals (14-Apr)	USD/t	US\$/lb	% chg
Aluminium	\$2,619	119	0.1%
Copper	\$9,389	426	-1.0%
Lead	\$2,665	121	-2.5%
Nickel	\$25,799	1,170	-1.7%
Tin	\$32,188	1,460	-0.1%
Zinc	\$2,379	108	-0.9%

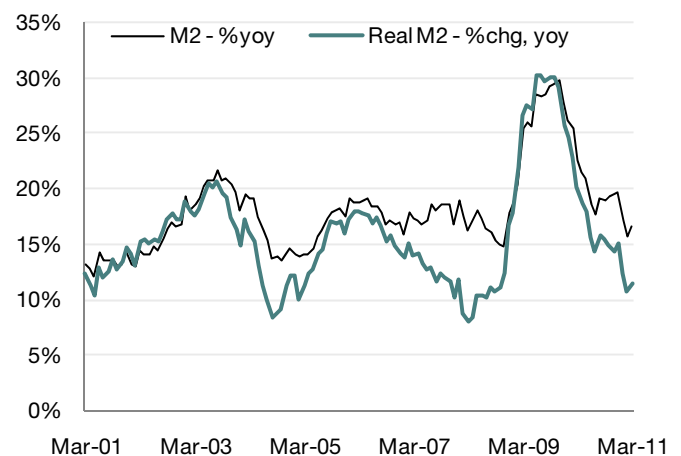
Iron ore & Steel	USD/t	% chg
Iron ore (62% Fe, cfr China)	\$183.30	0.8%
Steel Billet (LME)	\$536	0.0%

Precious Metals		% chg
Gold		
Spot (USD/oz)	\$1,473.65	1.1%
Comex (USD/oz) *	\$1,471.70	1.2%
AUD spot (AUD/oz)	\$1,397.99	0.8%
Silver (USD/oz)	\$42.08	3.6%
Platinum (USD/oz)	\$1,794.00	1.0%
Palladium (USD/oz)	\$775.75	1.8%

Oil		% chg
NYMEX light sweet crude (USD/bbl) *	\$108.11	0.9%
Brent (USD/bbl)	\$122.69	-0.1%
Singapore TAPIS (USD/bbl)	\$129.24	0.9%

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

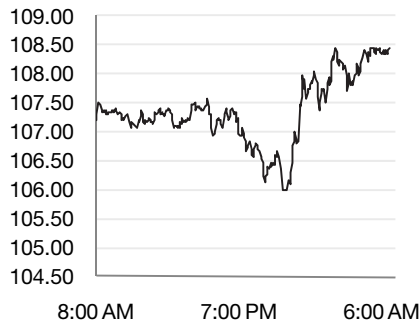
Chart of the Day: China M2 money supply growth (real and nominal)



Source: PBoC, Bloomberg, CBA.

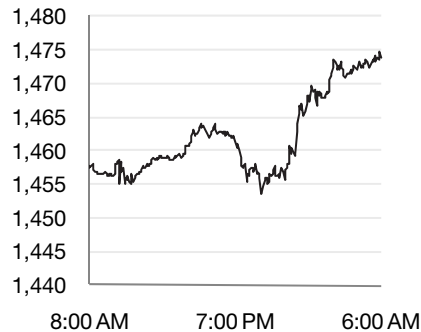


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



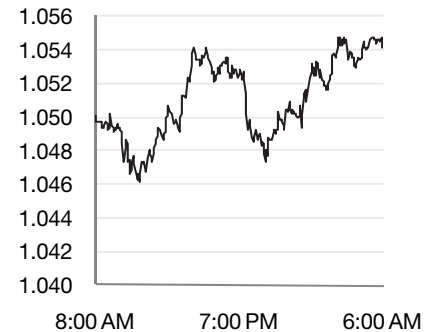
Source: Bloomberg, CBA. 5 min intervals.

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 (14-Apr)			change over						change over		
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bi	day	week	month	
Aluminium	\$2,619	119	0.1%	-0.9%	5.0%	NYMEX light sweet crude **	\$108.11	0.9%	-2.0%	6.6%	
Copper	\$9,389	426	-1.0%	-2.7%	-1.8%	Brent (Dated)	\$122.69	-0.1%	0.0%	6.9%	
Lead	\$2,665	121	-2.5%	-6.2%	0.0%	Singapore TAPIS	\$129.24	0.9%	0.7%	10.7%	
Nickel	\$25,799	1,170	-1.7%	-3.7%	-0.5%	Dubai	\$115.27	1.0%	0.3%	7.6%	
Tin	\$32,188	1,460	-0.1%	-1.0%	9.5%						
Zinc	\$2,379	108	-0.9%	-2.2%	2.9%	Refined products, Singapore					
Steel Billet	\$536	na	0.0%	4.1%	-3.5%	Gas Oil (USD/bbl) ***	\$138	0.4%	-0.9%	6.0%	
						Jet Fuel (USD/bbl)	\$138	0.8%	-0.5%	5.8%	
						Fuel Oil (USD/t) ****	\$686	1.1%	0.0%	8.2%	
Futures (3 mth)						Currencies					
Aluminium	\$2,643	120	0.0%	-1.1%	4.8%	AUD/USD (London close)	1.0543	0.5%	0.8%	7.5%	
Copper	\$9,410	427	-1.1%	-2.7%	-1.6%	AUD/EUR	0.7278	0.2%	-0.5%	4.0%	
Lead	\$2,614	119	-2.5%	-6.3%	-1.4%	AUD/JPY	88.01	0.1%	-1.0%	13.6%	
Nickel	\$25,800	1,170	-1.7%	-3.7%	-0.5%	AUD/CNY	6.89	0.5%	0.6%	6.8%	
Tin	\$32,225	1,462	-0.1%	-1.0%	9.7%	AUD/KOR	1,145	0.2%	0.5%	2.9%	
Zinc	\$2,399	109	-0.9%	-2.2%	2.8%	EUR/USD	1.4485	0.2%	1.3%	3.4%	
Steel Billet	\$550	na	0.0%	4.2%	-3.2%						
Stocks		tonnes				Coal*	USD/t				
Aluminium		4,569,125	-2,075	-15,350	-50,275	Newcastle	\$123.30	~	1.8%	-4.9%	
Copper		450,800	875	8,425	22,000	Richards Bay	\$124.59	~	2.8%	4.1%	
Lead		283,850	3,450	5,725	-5,650	DES ARA	\$129.43	~	1.7%	4.9%	
Nickel		121,182	-876	-570	-4,416						
Tin		19,025	230	270	935	Iron ore & Steel	USD/t				
Zinc		763,725	26,675	28,900	30,250	Iron ore (62% Fe, cfr China)	\$183.30	0.8%	2.1%	11.8%	
Steel Billet		58,305	0	6,175	7,150	China domestic Rebar	\$715.02	0.0%	2.1%	2.2%	
						East Asia HRC (cfr) *****	\$730.00	0.0%	0.0%	0.0%	
						US domestic HRC (US/st) *****	\$875.00	0.0%	0.0%	0.6%	
Precious Metals											
Gold		USD/oz (unless stated otherwise)				Equity & Debt Capital Markets					
Spot	\$1,473.65		1.1%	1.1%	5.0%	New York (Dow Jones IA)	12,285	0.1%	-1.0%	4.3%	
Comex *	\$1,471.70		1.2%	0.9%	4.8%	London (FTSE 100)	5,964	-0.8%	-0.7%	4.7%	
AUD spot (AUD/oz)	\$1,397.99		0.8%	0.4%	-2.4%	Europe (EuroStoxx50)	2,918	-1.1%	-1.6%	4.7%	
Silver	\$42.08		3.6%	6.2%	22.8%	Toronto (Metals & Mining)	4,534	0.9%	-2.5%	6.1%	
Platinum	\$1,794.00		1.0%	0.5%	5.5%	Philadelphia Gold & Silver Index	219.2	1.2%	-3.0%	8.5%	
Palladium	\$775.75		1.8%	-0.1%	9.4%						
Natural Gas						US 2 year bond yield	0.762%	4.4%	-3.1%	29.4%	
Henry Hub (USD/MMBtu) **	\$4.219		1.9%	4.0%	1.5%	US 10 year bond yield	3.494%	1.0%	-1.5%	7.3%	
British NBP (GBP/therm) **	59.12		-1.6%	-2.2%	-6.1%						

Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 08/04 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 12/04



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