Global Markets Research

Commodities: Daily Alert

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Commodities record modest gains

- Last week closed with relative stability in European debt markets leading to modest gains across most commodities on Friday. Spanish and Italian bond markets extended their impressive rally of the past week. Spanish yields plunged another 15-20bps and are now sub 5% out to 8-years. In Italy, BTP yield moves were more modest but also positive.
- However, European equity indices generally edged lower as investors grew nervous about the possibility of further ratings downgrades. Fitch placed Belgium, France, Cyprus, Ireland, Italy, Slovenia and Spain on credit watch and warned that a comprehensive solution to the debt crisis is 'technically and politically beyond reach'. The FTSEurofirst index lost 0.5% and over the week was down by 2.9%. US share markets were choppy in trade on Friday but closed relatively flat. Over the week the Dow Jones fell by 2.7% while the S&P500 lost 2.9%.
- United Co. Rusal, the world's largest aluminium producer, said last week that the euro crisis may cause a 'cyclical panic' in commodity markets prompting a decline in metal demand from smaller manufacturers. However, Rusal stated it believes declining prices create a healthy environment to close the gap between oversupply and demand. Rusal estimates the weakening spot price will force the closure of as much as 3 million tonnes of aluminium from high cost producers. The price of aluminium has fallen 28% this year from its May 3rd high of USD2,797/t, but Rusal doesn't believe prices will decline to the USD1,300/t low seen after the global financial crisis in 2009.
- Metal demand in China may grow at a slower pace in 2012 despite declining prices according to the China Nonferrous Metals Industry Association. Deputy secretary-general Wang Huajun said in an interview that it was unlikely Chinese demand would grow at more than 10% in 2012 given the weak global macro environment. The LME metal price index has fallen 23% this year, marking the first decline since 2008. OPEC forecasts Chinese economic growth of 8.5% in 2012, the slowest pace in 11 years.
- Australia's Resources and Energy Minister Martin Ferguson has confirmed Australia will begin talks with India in early 2012 over uranium exports. However, exports in the near-term remain unlikely, with negotiations to sign a nuclear-safeguards accord likely to take as long as 12 months to complete. The U308 spot price remains weak at USD52.25/lb.
- The price of copper rose the most in two weeks on Friday as concerns temporarily eased over Europe's debt crisis following last week's positive Spanish and Italian bond auctions and declining yields. Copper futures for March delivery gained 1.9% to settle at USD3.32/lb but were down by 6.4% over the week.

Overnight Price Moves (full table over)			16-Dec-11
New York (Dow Jones IA)		11,866	0.0%
London (FTSE 100)		5,387	-0.3%
AUD/USD		0.9983	0.6%
LME Metals (16-Dec)	USD/t	USc/lb	% chg
Aluminium	$1,996	91	1.2%
Copper	$7,329	332	1.9%
Lead	$1,944	88	-0.9%
Nickel	$18,558	842	3.6%
Tin	$18,753	851	1.1%
Zinc	$1,868	85	1.1%
Iron ore & Steel		USD/t	% chg
Iron ore (62% Fe, cfr China)		$132.10	-1.3%
Steel Billet (LME)		$560	0.5%
Precious Metals			
Gold			
Spot (USD/oz)		$1,598.95	1.8%
Comex (USD/oz) *		$1,595.60	1.3%
AUD spot (AUD/oz)		$1,601.79	1.2%
Silver (USD/oz)		$29.74	2.0%
Platinum (USD/oz)		$1,419.75	0.9%
Palladium (USD/oz)		$624.50	0.8%
Oil			
NYMEX light sweet crude (USD/bbl) *		$93.53	-0.4%
Brent (USD/bbl)		$104.06	0.2%
Singapore TAPIS (USD/bbl)		$114.19	-1.1%

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

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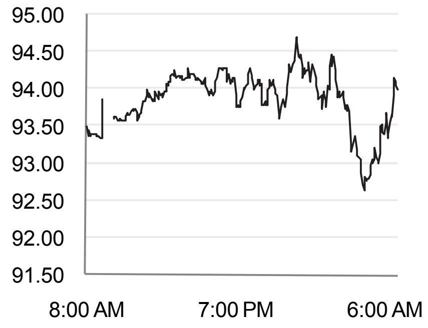
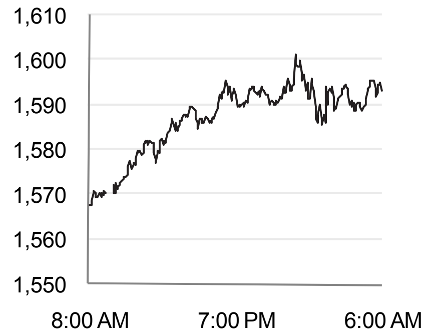
Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



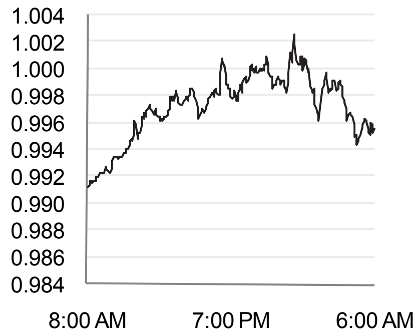
Source: Bloomberg, CBA. 5 min intervals.

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 (16-Dec)			change over		
Cash	USD/t	USc/lb	day	week	month
Aluminium	$1,996	91	1.2%	-3.3%	-4.5%
Copper	$7,329	332	1.9%	-6.0%	-2.3%
Lead	$1,944	88	-0.9%	-9.5%	-4.5%
Nickel	$18,558	842	3.6%	-0.1%	5.0%
Tin	$18,753	851	1.1%	-7.2%	-11.8%
Zinc	$1,868	85	1.1%	-6.4%	-4.5%
Steel Billet	$560	na	0.5%	4.1%	8.2%
Futures (3 mth)					
Aluminium	$2,004	91	1.5%	-3.0%	-5.0%
Copper	$7,345	333	1.9%	-6.0%	-2.4%
Lead	$1,960	89	-0.8%	-9.5%	-4.8%
Nickel	$18,550	841	3.7%	-0.3%	5.1%
Tin	$18,800	853	1.1%	-7.2%	-11.6%
Zinc	$1,868	85	1.2%	-6.7%	-4.9%
Steel Billet	$555	na	0.5%	1.4%	5.2%
Stocks		tonnes			
Aluminium		4,822,725	-2,750	233,675	262,450
Copper		381,250	-825	-4,825	-17,000
Lead		358,075	-1,575	-3,625	-16,875
Nickel		88,710	-834	-1,332	3,960
Tin		12,200	85	35	-1,125
Zinc		758,900	1,000	1,550	9,900
Steel Billet		70,460	3,250	2,990	12,415
Precious Metals					
Gold		USD/oz (unless stated otherwise)			
Spot		$1,598.95	1.8%	-6.6%	-7.3%
Comex *		$1,595.60	1.3%	-6.8%	-7.5%
AUD spot (AUD/oz)		$1,601.79	1.2%	-4.4%	-7.0%
Silver		$29.74	2.0%	-7.7%	-8.1%
Platinum		$1,419.75	0.9%	-6.3%	-11.0%
Palladium		$624.50	0.8%	-8.9%	3.6%
Natural Gas					
Henry Hub (USD/MMBtu) **		$3.127	0.0%	-5.7%	-5.7%
British NBP (GBp/therm) **		56.61	-0.5%	-5.7%	-7.3%

		change over		
Oil	USD/bl	day	week	month
NYMEX light sweet crude **	$93.53	-0.4%	-5.9%	-4.0%
Brent (Dated)	$104.06	0.2%	-4.3%	-3.6%
Singapore TAPIS	$114.19	-1.1%	-2.5%	-5.0%
Dubai	$102.52	-1.0%	-3.6%	-5.7%
Refined products, Singapore				
Gas Oil (USD/bbl) ***	$120	-1.1%	-3.6%	-6.8%
Jet Fuel (USD/bbl)	$120	-1.0%	-3.2%	-7.1%
Fuel Oil (USD/t) ****	$640	-0.5%	-2.4%	-5.6%
Currencies				
AUD/USD (London close)	0.9983	0.6%	-2.3%	-0.2%
AUD/EUR	0.7653	0.4%	0.3%	3.4%
AUD/JPY	77.63	0.5%	-2.1%	0.9%
AUD/CNY	6.34	0.2%	-2.5%	-0.3%
AUD/KOR	1,155	0.6%	-1.3%	1.3%
EUR/USD	1.3046	0.2%	-2.5%	-3.5%
Coal*	USD/t			
Newcastle	~	~	~	~
Richards Bay	~	~	~	~
DES ARA	~	~	~	~
Iron ore & Steel	USD/t			
Iron ore (62% Fe, cfr China)	$132.10	-1.3%	-5.3%	-10.4%
China domestic Rebar	$672.36	0.4%	0.4%	0.8%
East Asia HRC (cfr) *****	$630.00	0.0%	0.0%	0.0%
US domestic HRC (US/st) *****	$666.25	0.0%	1.9%	4.1%
Equity & Debt Capital Markets				
New York (Dow Jones IA)	11,866	0.0%	-2.6%	0.6%
London (FTSE 100)	5,387	-0.3%	-2.6%	0.5%
Europe (EuroStoxx50)	2,203	-1.0%	-6.0%	-1.5%
Toronto (Metals & Mining)	3,733	2.2%	-8.7%	-6.3%
Philadelphia Gold & Silver Index	183.3	1.5%	-8.6%	-6.5%
US 2 year bond yield	0.224%	-6.7%	-0.4%	-20.0%
US 10 year bond yield	1.848%	-3.2%	-10.4%	-8.1%

*Source: Bloomberg, globalCOAL, CBA. Data is indicative and prices subject to change. * Near Month (not adjusted for contract changes). ** Weekly, 16/12 *** Gas Oil is 0.5% sulphur. **** Fuel Oil is 180 centistoke. ***** Weekly, 13/12*

Unless otherwise noted, all data is sourced from Australian Bureau of Statistics material (www.abs.gov.au).

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