

European bonds continue to rally

- European markets started their week overnight with the Spanish and Italian bond markets extending their impressive rally. Spanish government yields ended the session under 5% out to 9-year maturities. The main story of the day was that there had not yet been any wider downgrade of European sovereigns despite Fitch's decision to lower Belgium's rating a couple of notches late on Friday. EU finance ministers joined a conference call to discuss swift implementation of the €200b expansion of IMF resources as well as initial discussions on the 'fiscal compact' agreed at the EU summit a couple of weeks ago. But there were no concrete announcements made during the European session.
- European shares were mixed in overnight trade. Despite no further downgrade of sovereign credit ratings, investors remained cautious. The UK FTSE was down by 0.4% while the German Dax was lower by 0.5%. Similarly in the US, key share market indices edged lower with the Dow Jones closing down by 0.8% and the S&P 500 closing down by 1.2%.
- The big news in gold markets overnight was that Eldorado Gold Corp has agreed to buy European Goldfields Limited for USD2.5b, causing Eldorado shares to drop 12% in trade. The price paid represents a 31% premium to European Goldfields 30-day VWAP. Meanwhile the price of gold edged slightly lower overnight as it continues to face headwinds from a strengthening US dollar which is eroding the demand for gold. Gold futures closed down 0.3% to settle at USD1,594.40/oz.
- The voluntary ban of spot exports of tin from Indonesia, the world's largest exporter, has been breached this month and the Indonesian Tin Association will meet to reassess curbing exports before the end of the year. The Indonesian producers association agreed to suspend spot shipments of the metal from October 1st in a bid to push prices back to USD25,000/t in a pact that was to last until December 31st. The metal which is used in packaging and as a solder, has plunged 31% this year amid the European debt crisis. However, the voluntary ban has helped to deplete tin inventories in LME warehouses to their lowest level since April 2009.
- Base metal prices all traded lower on the LME overnight, with copper dropping for the fifth time in six sessions amid ongoing concerns over a slow-down in China and the European debt crisis. Copper futures for March delivery closed down 1.2% to settle at USD3.29/lb.

Overnight Price Moves (full table over)		19-Dec-11	
New York (Dow Jones IA)		11,766	-0.8%
London (FTSE 100)		5,365	-0.4%
AUD/USD		0.9889	-0.9%
LME Metals (19-Dec)			
	USD/t	USc/lb	% chg
Aluminium	\$1,948	88	-2.4%
Copper	\$7,243	329	-1.2%
Lead	\$1,918	87	-1.4%
Nickel	\$18,371	833	-1.0%
Tin	\$18,641	846	-0.6%
Zinc	\$1,833	83	-1.9%
Iron ore & Steel			
	USD/t		% chg
Iron ore (62% Fe, cfr China)	\$131.30		-0.6%
Steel Billet (LME)	\$560		0.0%
Precious Metals			
Gold			
Spot (USD/oz)	\$1,593.68		-0.3%
Comex (USD/oz) *	\$1,594.40		-0.1%
AUD spot (AUD/oz)	\$1,611.56		0.6%
Silver (USD/oz)	\$28.79		-3.2%
Platinum (USD/oz)	\$1,407.75		-0.8%
Palladium (USD/oz)	\$608.50		-2.6%
Oil			
NYMEX light sweet crude (USD/bbl) *	\$93.84		0.3%
Brent (USD/bbl)	\$104.06		0.0%
Singapore TAPIS (USD/bbl)	\$113.75		-0.4%

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

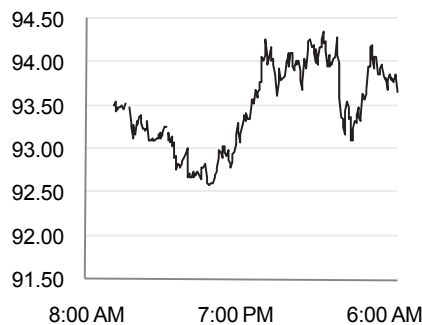


Figure 2: Gold (spot, US/oz) intraday price

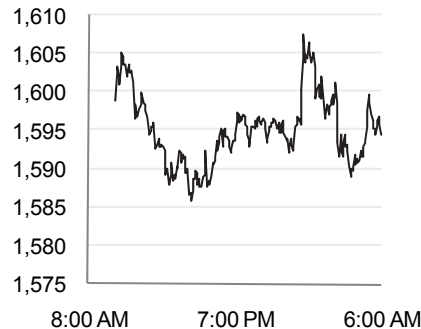
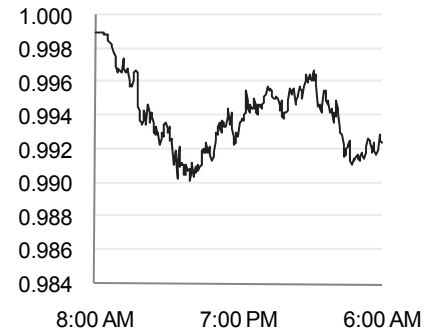


Figure 3: Australian dollar (USD/AUD) intraday price



Source: Bloomberg, CBA. 5 min intervals.

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Overnight Market Price Snapshot

LME Metals (19-Dec)			change over						change over		
Cash	USD/t	USc/lb	day	week	month	Oil	USD/bl	day	week	month	
Aluminium	\$1,948	88	-2.4%	-3.1%	-4.8%	NYMEX light sweet crude **	\$93.84	0.3%	-4.0%	-2.9%	
Copper	\$7,243	329	-1.2%	-4.5%	-0.5%	Brent (Dated)	\$104.06	0.0%	-2.5%	-2.2%	
Lead	\$1,918	87	-1.4%	-8.2%	-2.6%	Singapore TAPIS	\$113.75	-0.4%	-2.8%	-2.0%	
Nickel	\$18,371	833	-1.0%	-0.3%	3.1%	Dubai	\$102.13	-0.4%	-4.2%	-4.6%	
Tin	\$18,641	846	-0.6%	-5.8%	-8.5%	Refined products, Singapore					
Zinc	\$1,833	83	-1.9%	-4.9%	-3.9%	Gas Oil (USD/bbl) ***	\$119	-1.0%	-3.7%	-6.0%	
Steel Billet	\$560	na	0.0%	4.6%	8.7%	Jet Fuel (USD/bbl)	\$118	-1.0%	-3.2%	-6.7%	
						Fuel Oil (USD/t) ****	\$639	-0.2%	-3.1%	-3.2%	
Futures (3 mth)						Currencies					
Aluminium	\$1,962	89	-2.1%	-2.6%	-5.1%	AUD/USD (London close)	0.9889	-0.9%	-1.8%	0.5%	
Copper	\$7,260	329	-1.2%	-4.5%	-0.7%	AUD/EUR	0.7610	-0.6%	-0.4%	4.3%	
Lead	\$1,937	88	-1.2%	-8.0%	-2.8%	AUD/JPY	77.18	-0.6%	-1.7%	2.0%	
Nickel	\$18,380	834	-0.9%	-0.4%	3.3%	AUD/CNY	6.27	-1.2%	-2.2%	0.1%	
Tin	\$18,695	848	-0.6%	-5.8%	-8.4%	AUD/KOR	1,165	0.9%	0.1%	3.1%	
Zinc	\$1,838	83	-1.6%	-4.9%	-4.0%	EUR/USD	1.2994	-0.4%	-1.5%	-3.7%	
Steel Billet	\$555	na	0.0%	1.8%	5.7%	Coal*	USD/t				
Stocks		tonnes				Newcastle	~	~	~	~	
Aluminium		4,873,025	50,300	157,325	315,700	Richards Bay	~	~	~	~	
Copper		373,950	-7,300	-11,625	-22,025	DES ARA	~	~	~	~	
Lead		362,650	4,575	2,350	-11,175	Iron ore & Steel	USD/t				
Nickel		88,338	-372	-1,986	4,398	Iron ore (62% Fe, cfr China)	\$131.30	-0.6%	-5.1%	-10.9%	
Tin		12,200	0	110	-1,125	China domestic Rebar	\$673.81	0.2%	0.6%	0.9%	
Zinc		765,625	6,725	5,725	18,225	East Asia HRC (cfr) *****	\$630.00	0.0%	0.0%	0.0%	
Steel Billet		69,485	-975	3,640	8,775	US domestic HRC (US/st) *****	\$666.25	0.0%	1.9%	4.1%	
Precious Metals						Equity & Debt Capital Markets					
Gold	USD/oz (unless stated otherwise)					New York (Dow Jones IA)	11,766	-0.8%	-2.1%	1.9%	
Spot	\$1,593.68		-0.3%	-4.4%	-5.0%	London (FTSE 100)	5,365	-0.4%	-1.2%	2.7%	
Comex *	\$1,594.40		-0.1%	-4.2%	-5.0%	Europe (EuroStoxx50)	2,203	0.0%	-2.9%	2.0%	
AUD spot (AUD/oz)	\$1,611.56		0.6%	-2.6%	-5.5%	Toronto (Metals & Mining)	3,641	-2.5%	-8.4%	-7.2%	
Silver	\$28.79		-3.2%	-8.1%	-9.0%	Philadelphia Gold & Silver Index	179.0	-2.3%	-7.6%	-6.9%	
Platinum	\$1,407.75		-0.8%	-5.3%	-9.1%	US 2 year bond yield	0.236%	5.4%	5.4%	-10.6%	
Palladium	\$608.50		-2.6%	-7.9%	3.0%	US 10 year bond yield	1.807%	-2.2%	-10.3%	-7.6%	
Natural Gas											
Henry Hub (USD/MMBtu) **	\$3.114		-0.4%	-4.3%	-8.4%						
British NBP (GBP/therm) **	55.98		-1.1%	-4.6%	-9.7%						

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



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