



Gold eases as long futures trimmed

- US pending home sales rose 2.0% in December, above forecasts for a 1.0pct gain. US durable goods orders fell by 2.5pct in December, but was up 1.4pct excluding defence goods and aircraft. And US jobless claims spiked 51,000 higher to 454,000 in the latest week due to the effects of significant snow storms and seasonal volatility. Europe's business climate indicator rose to a stronger than forecast 1.58, from 1.31 in December, while general economic confidence rose to 106.5 from 106.2 in January, lower than 106.7 forecast. Standard and Poor's has cut Japan's credit rating for the first time since 2002, lowering the rating from AA to AA-minus. The US dollar fell against the euro but ended higher against the Australian dollar.
- Base metal prices ended mostly flat to higher. Lead, aluminium and copper all rose while zinc fell. Spot gold closed 2.5% lower on reduced demand for safe haven assets (refer chart of the day).
- Japan's rolled aluminium shipments rose 7.6% yoy in December, down from November's 11.4% growth, with demand driven by China and South East Asian countries, according to the Japan Aluminium Association.
- Lakshmi Mittal, CEO of ArcelorMittal the world's largest steel maker, said demand is improving in all regions currently, led by consumer demand in Asia.
- Oil prices slid 1.9% overnight thanks to the poor US initial jobless claims data and reports that OPEC countries are boosting shipments through to end February, according to oil tanker booking data.

Chart of the Day: Gold price momentum eases as managed money lightens net long position

- The gold price has fallen by about 6.5% over the last month with another 2.5% decline last night, despite no real change in many of the factors often cited in support of structurally higher gold prices. One factor that does appear to have shifted in recent weeks is the net futures position of managed money trades in the Commodity Futures Trading Commission commitment of traders report (refer chart).
- Recent weeks has seen the net long futures position held by managed money traders retreat. Long futures holdings have been scaled back and short holdings increased. This suggests that principals behind managed money trades have lightened bets that the gold price will continue higher.
- We expect that a firmer US dollar from mid-2011, thanks to an improving US, plus improving world growth prospects and improving returns on alternate assets, will combine to put downward pressure on gold prices through end 2011 and into 2012.

OVERNIGHT MARKET SNAPSHOT

27-Jan-11

Dow Jones Industrial average	11,991	0.0%
AUD/USD	0.9918	-0.3%
LME base metals		
	USD/t	USc/lb % chg
Aluminium	\$2,409	109 2.0%
Copper	\$9,452	429 1.2%
Lead	\$2,479	112 2.5%
Nickel	\$26,465	1,200 0.0%
Tin	\$29,143	1,322 1.6%
Zinc	\$2,244	102 -0.8%

Precious Metals

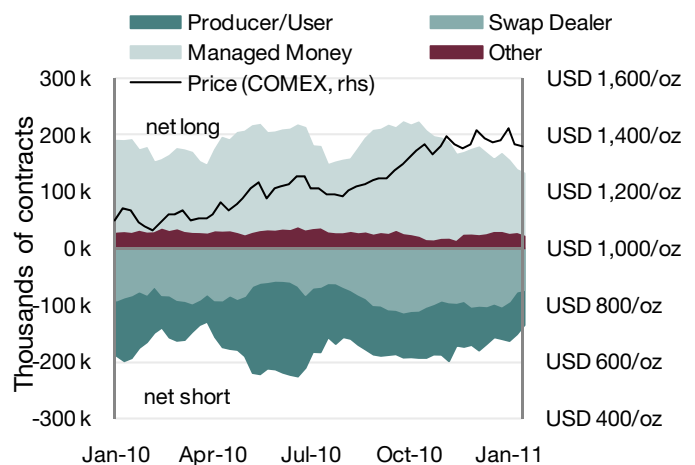
Gold		
Spot (USD/oz)	\$1,312.85	-2.5%
Comex (USD/oz)**	\$1,311.40	-1.6%
AUD spot (AUD/oz)	\$1,322.97	-1.8%
Silver (USD/oz)		
	\$26.94	-2.4%
Platinum (USD/oz)		
	\$1,787.50	-1.4%
Palladium (USD/oz)		
	\$807.25	-0.9%

Oil

NYMEX light sweet crude (USD/bbl)**	\$85.64	-1.9%
Brent (USD/bbl)	\$96.74	-0.9%
Dubai (USD/bbl)	\$93.46	2.0%

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

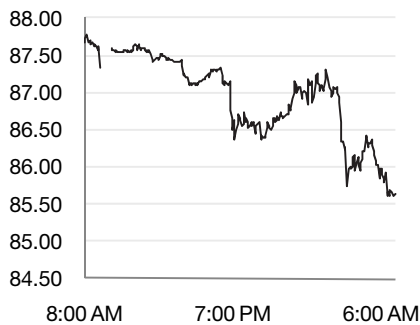
Chart of the Day: Gold spot price and futures position by type of trader



Source: CFTC, Bloomberg, CBA.

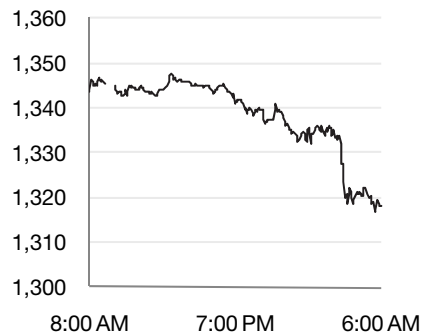


Figure 1: NYMEX light sweet crude (US/bbl) first month intraday price



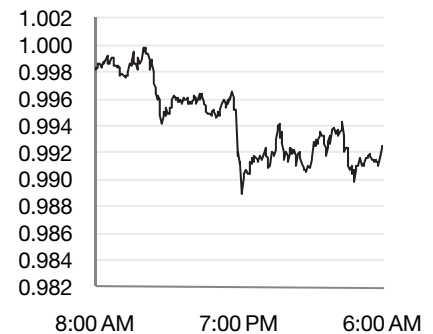
Source: Bloomberg, CBA. 5 min intervals.

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 : 27-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	\$2,409	109	2.0%	1.1%	-1.5%	NYMEX light sweet crude**	\$85.64	-1.9%	-3.6%	-4.7%	
Copper	\$9,452	429	1.2%	0.9%	-0.9%	Brent (Dated)	\$96.74	-0.9%	1.0%	4.7%	
Lead	\$2,479	112	2.5%	0.0%	-1.9%	Dubai	\$93.46	2.0%	0.6%	3.7%	
Nickel	\$26,465	1,200	0.0%	2.8%	9.1%	Refined products, Singapore					
Tin	\$29,143	1,322	1.6%	7.9%	9.8%	Gas Oil (USD/bbl)	\$109	1.3%	-0.1%	3.8%	
Zinc	\$2,244	102	-0.8%	-3.0%	-6.5%	Jet Fuel (USD/bbl)	\$112	1.3%	0.4%	5.8%	
						Fuel Oil (USD/t)	\$542	1.1%	-0.2%	4.7%	
						<i>Gas Oil is 0.5% sulphur, Fuel Oil is 180 Centistoke</i>					
LME futures (3 mth)						Currencies					
	USD/t	USc/lb				AUD/USD (London close)	0.9918	-0.3%	0.4%	-2.0%	
Aluminium	\$2,435	110	2.0%	1.1%	-0.8%	AUD/EUR	0.7238	-0.5%	-1.3%	-5.2%	
Copper	\$9,523	432	2.1%	1.8%	0.3%	AUD/JPY	82.24	0.3%	0.5%	-0.6%	
Lead	\$2,429	110	2.2%	-0.3%	-3.5%	AUD/KOR	1,103	-0.7%	-0.6%	-3.6%	
Nickel	\$26,700	1,211	0.8%	3.6%	9.9%	EUR/USD	1.3703	0.1%	1.7%	3.3%	
Tin	\$29,100	1,320	1.7%	7.9%	9.7%	USD/JPY	82.93	0.6%	0.0%	1.5%	
Zinc	\$2,285	104	0.3%	-1.9%	-5.1%	Coal*					
						Newcastle	USD/t	\$130.37	~	-4.4%	~
						Richards Bay		\$120.77	~	-6.4%	~
						DES ARA		\$123.27	~	-4.9%	~
						Iron ore & Steel					
						Iron ore (62% Fe, cfr China)	USD/t	\$185.60	0.0%	0.1%	9.1%
						China domestic Rebar		\$713.85	0.0%	2.0%	4.1%
						East Asia HRC (cfr) ***		\$715.00	0.0%	3.6%	15.3%
						US domestic HRC (US/st)***		\$805.00	0.0%	3.9%	14.2%
						Freight					
						Baltic Dry Index	Index	~	~	~	~
						Baltic Capesize Index		~	~	~	~
						Baltic Panamax Index		~	~	~	~
						*Weekly, 21/01 ***Weekly, 25/01					
						**Near Month (not adjusted for contract changes)					

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



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